



LEE METAL GROUP LTD

Steel Delivering

ANNUAL REPORT 2015



Through all the ups and downs since 2002, Lee Metal Group has managed to deliver profitable results. Despite a challenging FY2015, we managed to achieve profitability. Hence the tagline 'Steel Delivering' best encapsulates our story of success.



Contents

04	Letter to Shareholders
10	Financial Highlights
14	Group Structure
15	Corporate Directory
16	Financial Report and Corporate Governance



Corporate Profile

Lee Metal Group Ltd ("Lee Metal Group") is an established company in the niche steel market. Founded in 1982, Lee Metal Group is listed on the SGX Mainboard. The Group is primarily engaged in two core business segments. Its Steel Merchandising business supplies steel and steel-related products to overseas markets. Its Fabrication & Manufacturing business focuses on the supply of value-added reinforcement steel rebar and welded mesh to the local market. Lee Metal Group employs over 550 employees and has presence in Singapore and Malaysia.

The Group is constantly on the lookout for investment opportunities that can enhance its market share in the global and domestic markets. We will continue to be a solution provider delivering customised trade solutions to meet customers' needs and be a value add partner as well as a customer's preferred choice.

With our new factory in operation and investment in cutting-edge machines, Lee Metal Group looks forward to deliver more value-added products to our clients and strengthen our foothold in the industry.

Expanding Capabilities







Letter to Shareholders

“The Group remained financially healthy with a solid balance sheet. The Net Asset Value per Ordinary Share as at 31 December 2015 increased to 38.09 cents from 37.44 cents as at 31 December 2014.”

Dear Valued Shareholders,

The year 2015 proved to be yet another challenging year for the world economy. In particular, declining economic indicators continued to prevail in Singapore and globally.

In 2015, China's economy grew by 6.9%, its lowest growth in 25 years, signalling a slackening of its economic momentum. The slowdown in its construction and manufacturing industries also meant further contraction of China's steel demand.

Similarly, Singapore's GDP growth in 2015 softened to 2.1% from 2.9% in 2014, reflecting the country's weakest growth since 2009. Construction demand amounted to about \$27.2 billion in 2015

with a few major public infrastructure contracts rescheduled from the fourth quarter of 2015 to early 2016. About \$14 billion or slightly more than half of the construction contracts in 2015 were awarded by the public sector, while \$13.2 billion were private sector deals.

2015 Performance

Against this sluggish economic backdrop, Lee Metal Group delivered a profitable set of financial results for the financial year ended 31 December 2015 (“FY2015”). Group turnover was lower at \$445.4 million in FY2015 compared to \$519.3 million recorded in the preceding financial year ended 31 December 2014 (“FY2014”). Record production tonnage was achieved in the Fabrication & Manufacturing business, but was offset by the lower volume in the Steel Merchandising business and weaker steel prices in both business segments.

The Group's gross profit margin continued to improve at 19.6% (FY2014: 17.2%). For FY2015, the Group generated a net profit attributable to equity holders of \$15.6 million, down 52.9% from \$33.1 million in FY2014. Excluding FY2014's share of profit of \$11.5 million from its first joint venture executive condominium



project, Austville Residences, the Group's net profit for FY2015 would have decreased by 27.8% from FY2014. Notwithstanding the lower net profit in FY2015, the Group is pleased with its achievements and maintaining profitability during these difficult times.

The Group remained financially healthy with a solid balance sheet. The Net Asset Value per Ordinary Share as at 31 December 2015 increased to 38.09 cents from 37.44 cents as at 31 December 2014. Cash and cash equivalents stood at \$96.0 million as at 31 December 2015, compared to \$88.6 million as at 31 December 2014.

The Group's debt to equity ratio (measured by total liabilities divided by total equity) improved further to 0.86 times as at 31 December 2015 from 1.23 times as at 31 December 2014.

Proposed Dividend

In FY2015, shareholders received three interim one-tier tax exempt dividends amounting to 1.00 cent per ordinary share. It gives the directors much pleasure now to recommend a final dividend of 1.00 cent per ordinary share, subject to shareholders' approval at the forthcoming Annual General Meeting. Inclusive of the total

interim dividend of 1.00 cent per ordinary share already paid in 2015, the Group's total dividend pay-out will amount to \$9.5 million.

Key Developments in FY2015

Strengthening Our Business Model

In recent years, worldwide economic slowdown coupled with tapering steel demand in China have resulted in a global steel industry that is dragged down by over-capacity and declining prices. This in turn has increasingly eroded our Steel Merchandising segment's turnover and profitability. With the steel mills in the ASEAN region facing competition from steel imports, coupled with the high risks and thin returns of this business, this segment's viability has weakened over the last few years. To minimise our business risks and strengthen our business model, the Group had started winding down the Steel Merchandising business in 2015. Going forward, our business model will become more Singapore-centric with core focus in Fabrication and Manufacturing segment.

Value-added Manufacturing

During FY2015, to counter rising labour costs and softening steel prices, the Group focused its efforts on promoting

Letter to Shareholders *(cont'd)*



our value-added products and services to our clients. This was achieved through investment in more cutting-edge machines which had increased capacity and delivered more value-added solutions faster and more efficiently to our customers. Innovative practices are implemented to improve the productivity of the Fabrication & Manufacturing segment.

Steering Ahead

Modest Upturn in Global Steel Demand

World Steel Association's Short Range Outlook 2015-2016 forecasts that global steel demand will grow by 0.7% in 2016 with volume of 1,523 million tons. This is based on the expectation that current headwinds will moderate in 2016, stability in the Chinese economy and that the recovery of steel demand in the developed economies remains on track.

Public Projects Drive Local Steel Demand

Singapore's BCA has estimated construction demand in 2016 to be worth between \$27 billion to \$34 billion, with majority of the contracts awarded from the public sector projects. Private sector demand will slow down with the

increased supply of completed projects. Keen competition and escalating costs will continue to exert pressure on the margins for the reinforcement steel suppliers in Singapore. Despite these tough conditions, the forecasted construction demand is expected to generate a sustained workload for the reinforcement steel industry, and our Fabrication & Manufacturing business is expected to benefit from this trend.

The Group will continue to ramp up its Fabrication & Manufacturing business with the commissioning of our two factories at 1 and 3 Tuas Avenue 8, while constantly improving on the productivity of our existing factories. While the management will continue to be vigilant and strive to tighten our cost structure wherever possible, we will also be looking out for strategic opportunities, especially mergers and acquisitions that can synergise with our existing business and enhance the value to our shareholders.

"Steel Delivering"

While some of our industry peers have been buffeted by the turbulence in the steel industry, the Group has been very fortunate in being able to navigate somewhat safely through these rough



“The forecasted construction demand is expected to generate a sustained workload for the reinforcement steel industry, and our Fabrication & Manufacturing business is expected to benefit from this trend.”

waters. For the last 14 years, we have delivered profitable results, and distributed dividends – very attractive ones at times – to our loyal shareholders. “Steel Delivering” has thus become the cover tagline for our Annual Report this year.

Looking ahead, we are aware that persistent economic issues will continue to cast their shadow over the world economy, with its impact on Singapore and the region. However, the Group, with its strong financial position, is prepared to ride out the challenges, and to capitalise on opportunities which may arise during crises.

A Note of Appreciation

On behalf of the Board of Directors, we wish to acknowledge our thanks and gratitude to all our stakeholders – from shareholders, customers, business partners,

bankers to our staff – for our profitable results in FY2015. Being able to prove our mettle, and demonstrate our innovative spirit will be key to our efforts to deliver a gratifying performance in FY2016.

Lee Lin Poey
Executive Chairman

Lee Heng Thiam
Managing Director

Sources: Building & Construction Authority Singapore and World Steel Association



Value creation is topmost priority at Lee Metal Group where we seek to give our stakeholders our best. With the latest machinery installed, we are able to achieve higher productivity in our operations.

Driving Value





Financial Highlights

	2015	2014	2013	2012
Turnover (\$'000)	445,443	519,270	635,854	696,201
Pretax Profit / (Loss) (\$'000)	18,369	37,643	47,867	32,047
Net Profit / (Loss) (\$'000)	15,573	33,100	40,150	26,922
Return on Average Equity (%)	8.69	19.60	27.61	21.89
Return on Average Assets (%)	4.25	8.12	10.20	7.33

Financial Position

Total Assets (\$'000)	335,898	396,550	418,847	368,476
Shareholders' equity (\$'000)	180,735	177,673	160,092	130,792

Per Share Data

Earnings Per Share (cents)	3.28	6.98	8.46	5.67
NTA Per Share (cents)	38.09	37.44	33.74	27.56
Gross Dividends Per Share (cents)	2.00	3.00	3.50	2.50

Segmental Turnover by Business Activities and Geographical Segments

By Business Activities (\$'000)

Steel Merchandising	49,830	135,029	248,854	334,483
Fabrication & Manufacturing	395,613	384,241	387,000	361,718
Total	445,443	519,270	635,854	696,201

By Business Activities (%)

Steel Merchandising	11	26	39	48
Fabrication & Manufacturing	89	74	61	52
Total	100	100	100	100

By Geographical Segments (\$'000)

Singapore	376,662	374,393	385,631	361,228
ASEAN	68,781	144,877	250,223	334,973
Australia	—	—	—	—
Others	—	—	—	—
Total	445,443	519,270	635,854	696,201

By Geographical Segments (%)

Singapore	85	72	61	52
ASEAN	15	28	39	48
Australia	—	—	—	—
Others	—	—	—	—
Total	100	100	100	100

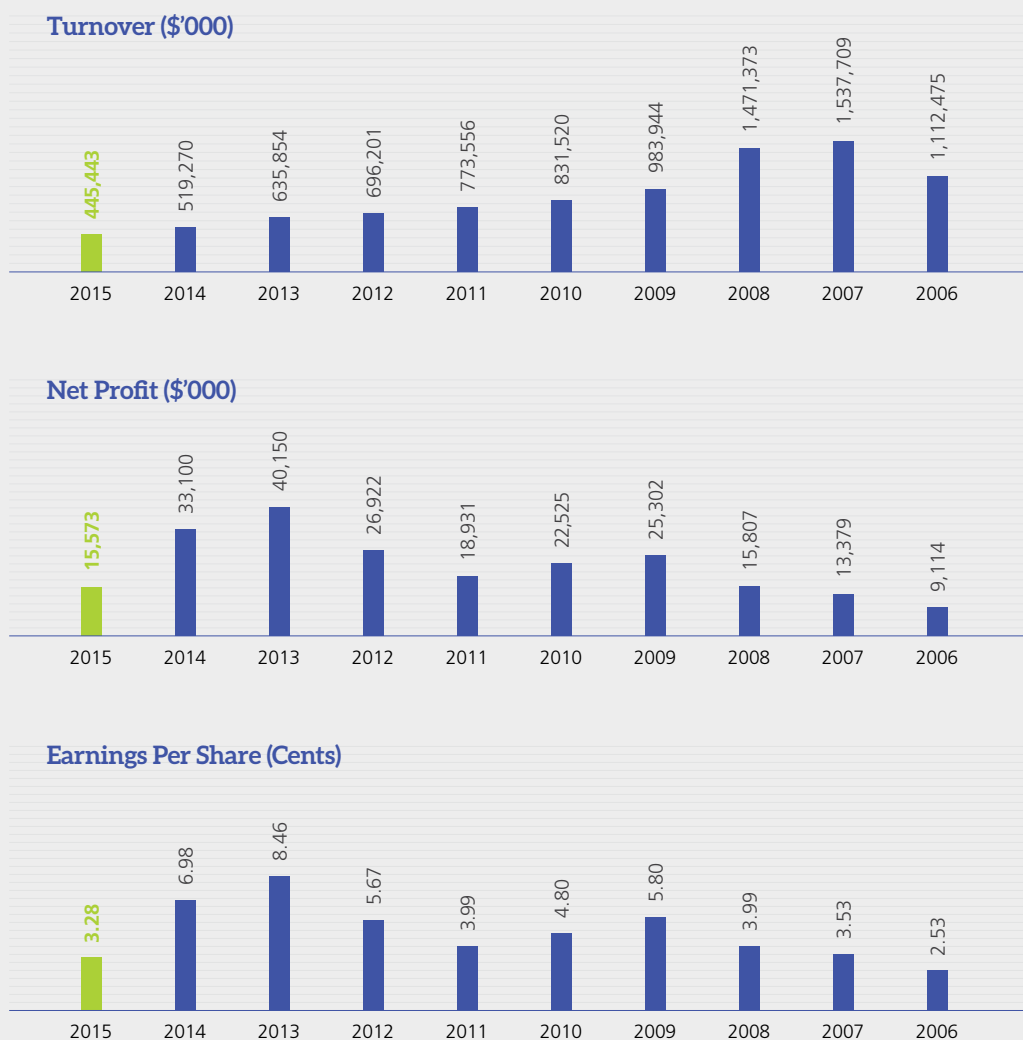


Notes - The earnings per share and NTA per share data were calculated based on weighted average number of shares in issue for the years 2006 of 360,000,000 shares, 2007 of 379,134,246 shares, 2008 of 396,000,000 shares, 2009 of 435,902,526 shares, 2010 of 469,014,611 shares and 2011 to 2015 of 474,551,093 shares.

- * Prior years' Segmental Turnover by Business Activities have been restated for comparative purposes.

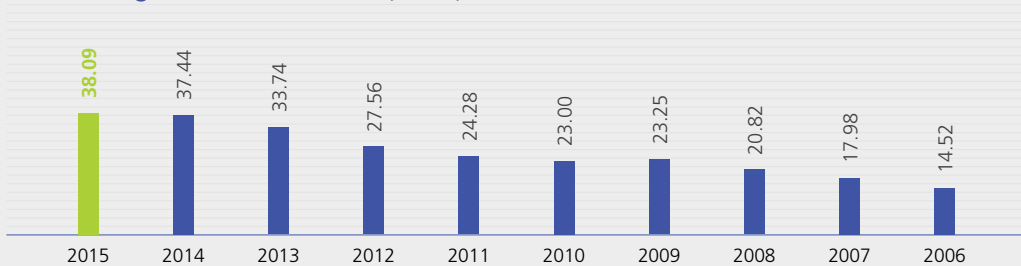
2011	2010	2009	2008	2007	2006
773,556	831,520	983,944	1,471,373	1,537,709	1,112,475
22,582	26,556	29,921	20,395	15,486	10,265
18,931	22,525	25,302	15,807	13,379	9,114
16.97	21.53	27.54	20.99	22.22	18.22
5.10	5.89	5.04	3.14	3.69	2.80
366,548	375,384	389,085	615,206	392,074	333,966
115,214	107,872	101,333	82,445	68,163	52,277
3.99	4.80	5.80	3.99	3.53	2.53
24.28	23.00	23.25	20.82	17.98	14.52
2.00	2.50	3.00	1.30	1.20	1.80
466,975	611,821	751,209	1,192,324	1,399,610*	993,725*
306,581	219,699	232,735	279,049	138,099*	118,750*
773,556	831,520	983,944	1,471,373	1,537,709	1,112,475
60	74	76	81	91	89
40	26	24	19	9	11
100	100	100	100	100	100
306,554	219,236	245,252	287,736	138,313	116,853
467,002	612,255	738,529	1,183,278	1,397,520	993,232
-	3	163	359	1,876	1,656
-	26	-	-	-	734
773,556	831,520	983,944	1,471,373	1,537,709	1,112,475
40	26	25	20	9	11
60	74	75	80	91	89
-	-	-	-	-	-
-	-	-	-	-	-
100	100	100	100	100	100

Financial Highlights

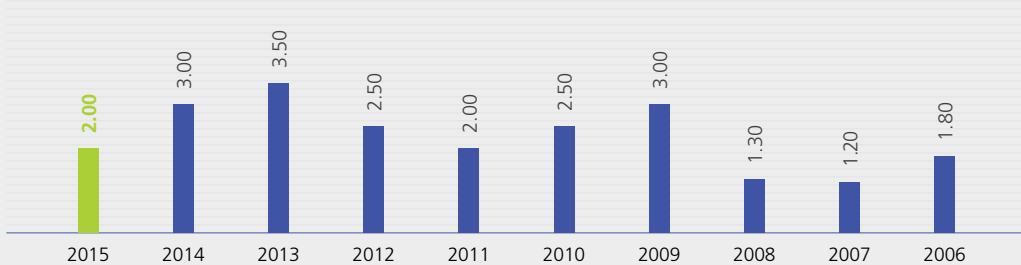




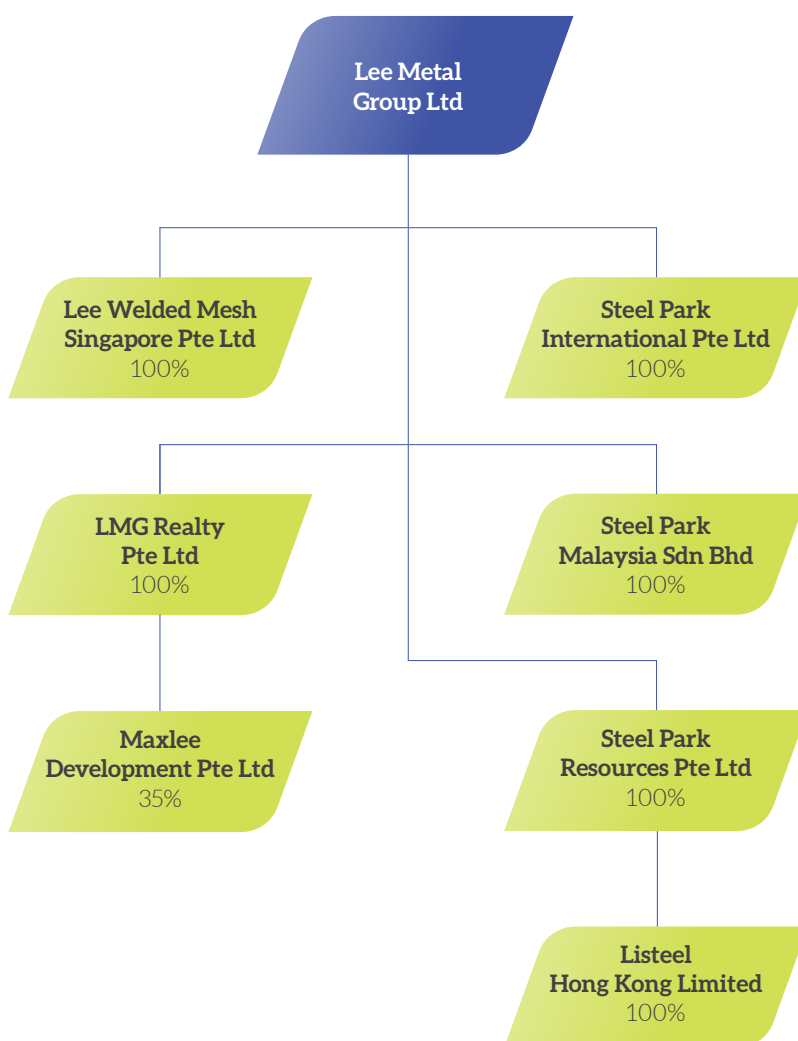
Net Tangible Assets Per Share (Cents)



Gross Dividends Per Share (Cents)



Group Structure





Corporate Directory

Directors

Executive Chairman

Lee Lin Poey

Managing Director

Lee Heng Thiam

Non-Executive, Independent Directors

Foo Meng Kee

Ms. Lee Kim Lian, Juliana

Kewee Kho

Company Secretary

Ms. Foo Soon Soo

Auditors

Ernst & Young LLP

One Raffles Quay,
North Tower, Level 18
Singapore 048583

Partner-in-charge

Philip Ng Weng Kwai
(Since financial year ended
31 December 2013)

Registered Office

No. 7 Tuas Avenue 16
Singapore 638934
T 65 6862 2467
F 65 6862 1664
Co. Reg. No. 198205439C

Principal Bankers

DBS Bank Ltd
Oversea-Chinese Banking
Corporation Limited
Societe Generale
United Overseas Bank Limited

Registrar and Share Transfer Office

KCK CorpServe Pte. Ltd.
333 North Bridge Road
#08-00 KH Kea Building
Singapore 188721

Financial Report and Corporate Governance

Contents

17	Directors' Statement
20	Independent Auditor's Report
22	Income Statements
23	Statements of Comprehensive Income
24	Statements of Financial Position
26	Statements of Changes in Equity
28	Consolidated Statement of Cash Flows
30	Notes to the Financial Statements
91	Statement of Corporate Governance
107	Directors' Profile
109	Key Executive Officers' Profile
111	Shareholding Statistics
113	Notice of Annual General Meeting
	Proxy Form

Directors' Statement



The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Lee Metal Group Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position, income statement, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying statements of financial position, income statements, statements of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date, and
- (b) 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.

Directors

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

Lee Lin Poey	(Executive Chairman)
Lee Heng Thiam	(Managing Director)
Foo Meng Kee	
Lee Kim Lian, Juliana	
Kewee Kho	

Arrangements to enable directors to acquire shares and debentures

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

Directors' Statement *(cont'd)*



Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
	At 1 January 2015	At 31 December 2015	At 21 January 2016	At 1 January 2015	At 31 December 2015	At 21 January 2016

Lee Metal Group Ltd

Ordinary shares

Lee Lin Poey	83,888,608	83,888,608	83,888,608	—	—	—
Lee Heng Thiam	46,597,471	46,597,471	46,597,471	—	—	—
Foo Meng Kee	1,200,000	1,200,000	1,200,000	—	—	—

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 or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Audit committee

The audit committee performed the functions specified in Section 201B(5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance. The audit committee comprises three members, all of whom are non-executive and independent directors. The members of the audit committee are:

Foo Meng Kee	Chairman and Independent Director
Lee Kim Lian, Juliana	Independent Director
Kewee Kho	Independent Director

Directors' Statement *(cont'd)*



Auditor

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

On behalf of the Board of Directors,

Lee Lin Poey
Director

Lee Heng Thiam
Director

Singapore
23 March 2016

Independent Auditor's Report



For the financial year ended 31 December 2015

Independent auditor's report to the members of Lee Metal Group Ltd

Report on the financial statements

We have audited the accompanying financial statements of Lee Metal Group Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 22 to 90, which comprise the statements of financial position, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Company as at 31 December 2015, and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report *(cont'd)*



For the financial year ended 31 December 2015

Opinion

In our opinion, the consolidated financial statements of the Group and the income statement, statement of comprehensive income, statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date.

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
23 March 2016

Income Statements

For the financial year ended 31 December 2015



	Note	2015 \$	Group 2014 \$	2015 \$	Company 2014 \$
Turnover	4	445,442,912	519,270,220	–	–
Other operating income	5	489,043	2,074,033	8,837,801	17,838,977
Changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased		(357,951,497)	(430,028,335)	–	–
Employee benefits expense	6	(24,539,699)	(26,691,194)	(270,000)	(300,000)
Depreciation and amortisation expense		(11,877,732)	(10,160,916)	(406,606)	(349,134)
Insurance, freight and transportation		(5,458,980)	(3,830,666)	–	–
Rental and utilities		(8,768,673)	(8,443,363)	(211,131)	(201,083)
Repair and maintenance		(4,611,654)	(4,318,584)	(22,041)	(22,081)
Other operating expenses	7	(11,664,965)	(9,469,246)	(448,644)	(477,778)
Finance expenses	8	(2,983,537)	(3,678,264)	–	–
Finance income	9	479,856	1,373,747	311,078	930,227
Share of results of associate		(186,460)	11,545,369	–	–
Profit before tax	10	18,368,614	37,642,801	7,790,457	17,419,128
Income tax expense	11	(2,795,389)	(4,542,695)	(169,345)	(241,066)
Profit for the year attributable to owners of the Company		15,573,225	33,100,106	7,621,112	17,178,062
Earnings per share, basic and diluted	12	3.28 cents	6.98 cents		

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

Statements of Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015 \$	Group 2014 \$	2015 \$	Company 2014 \$
Profit for the year		15,573,225	33,100,106	7,621,112	17,178,062
Other comprehensive income:					
<i>Item that may be reclassified subsequently to profit or loss</i>					
- Foreign currency translation	32	1,725,497	1,089,927	–	–
Other comprehensive income for the year, net of tax		1,725,497	1,089,927	–	–
Total comprehensive income for the year		17,298,722	34,190,033	7,621,112	17,178,062
Total comprehensive income for the year attributable to owners of the Company		17,298,722	34,190,033	7,621,112	17,178,062

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

Statements of Financial Position

As at 31 December 2015



	Note	2015 \$	Group 2014 \$	2015 \$	Company 2014 \$
ASSETS					
Non-current assets					
Property, plant and equipment	13	61,851,198	49,588,823	4,130,224	4,514,961
Investment property	14	1,961,209	2,004,313	–	–
Investment in subsidiaries	15	–	–	20,490,124	20,490,124
Investment in associate	16	1,646,293	11,982,753	–	–
Club memberships	17	611,746	579,384	245,639	226,840
Deferred tax assets	30	73,172	98,811	–	–
		66,143,618	64,254,084	24,865,987	25,231,925
Current assets					
Loans to associate	18	–	10,783,557	–	–
Asset held for sale	19	12,842,809	–	–	–
Inventories	20	89,438,363	139,616,544	–	–
Trade receivables	21	68,862,037	85,166,148	–	–
Other receivables and deposits	21	506,020	637,492	11,870	10,570
Prepayments		1,133,341	6,450,066	4,079	22,871
Forward currency contracts	27	514,531	595,739	–	–
Due from subsidiaries (non-trade)	21	–	–	9,360	11,082,996
Cash and bank balances	22	68,677,854	46,100,740	2,841,402	853,460
Fixed deposits	22	27,779,634	42,946,036	26,011,807	23,303,325
		269,754,589	332,296,322	28,878,518	35,273,222
Total assets		335,898,207	396,550,406	53,744,505	60,505,147

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

Statements of Financial Position (cont'd)

As at 31 December 2015



	Note	2015 \$	Group 2014 \$	2015 \$	Company 2014 \$
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	23	25,855,597	43,234,174	25,292	24,049
Bills payable to banks (secured)	24	73,767,362	117,258,158	—	—
Other payables and accruals	25	9,913,031	14,260,250	410,574	440,334
Advance payment from customers		347,336	5,617,845	—	—
Provision for onerous contracts	26	7,499,092	6,645,092	—	—
Hire purchase creditors	28	5,421,401	4,506,364	—	—
Bank term loans (secured)	29	3,370,000	3,370,000	—	—
Income tax payable		5,958,304	6,291,807	472,180	557,044
		132,132,123	201,183,690	908,046	1,021,427
Net current assets		137,622,466	131,112,632	27,970,472	34,251,795
Non-current liabilities					
Hire purchase creditors	28	9,293,003	10,313,984	—	—
Bank term loans (secured)	29	13,488,333	7,098,333	—	—
Deferred tax liabilities	30	249,522	281,361	249,522	281,361
		23,030,858	17,693,678	249,522	281,361
Total liabilities		155,162,981	218,877,368	1,157,568	1,302,788
Net assets		180,735,226	177,673,038	52,586,937	59,202,359
Equity attributable to owners of the Company					
Share capital	31	46,472,892	46,472,892	46,472,892	46,472,892
Retained earnings		138,791,281	137,454,590	6,114,045	12,729,467
Foreign currency translation reserve	32	(4,528,947)	(6,254,444)	—	—
Total equity		180,735,226	177,673,038	52,586,937	59,202,359
Total equity and liabilities		335,898,207	396,550,406	53,744,505	60,505,147

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

Statements of Changes in Equity

For the financial year ended 31 December 2015



Attributable to owners of the Company				
Note	Share capital (Note 31) \$	Foreign currency translation reserve (Note 32) \$	Retained earnings \$	Total equity \$
Group				
Balance at 1 January 2014	46,472,892	(7,344,371)	120,963,774	160,092,295
Profit for the year	–	–	33,100,106	33,100,106
Other comprehensive income for the year	–	1,089,927	–	1,089,927
Total comprehensive income for the year, net of tax	–	1,089,927	33,100,106	34,190,033
Distributions to owners: Dividends on ordinary shares	33	–	(16,609,290)	(16,609,290)
Balance at 31 December 2014 and 1 January 2015	46,472,892	(6,254,444)	137,454,590	177,673,038
Profit for the year	–	–	15,573,225	15,573,225
Other comprehensive income for the year	–	1,725,497	–	1,725,497
Total comprehensive income for the year, net of tax	–	1,725,497	15,573,225	17,298,722
Distributions to owners: Dividends on ordinary shares	33	–	(14,236,534)	(14,236,534)
Balance at 31 December 2015	46,472,892	(4,528,947)	138,791,281	180,735,226

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

Statements of Changes in Equity *(cont'd)*

For the financial year ended 31 December 2015

Attributable to owners of the Company			
Note	Share capital (Note 31) \$	Retained earnings \$	Total equity \$
Company			
Balance at 1 January 2014	46,472,892	12,160,695	58,633,587
Profit for the year	–	17,178,062	17,178,062
Total comprehensive income for the year, net of tax	–	17,178,062	17,178,062
Distributions to owners:			
Dividends on ordinary shares	33 –	(16,609,290)	(16,609,290)
Balance at 31 December 2014 and 1 January 2015	46,472,892	12,729,467	59,202,359
Profit for the year	–	7,621,112	7,621,112
Total comprehensive income for the year, net of tax	–	7,621,112	7,621,112
Distributions to owners:			
Dividends on ordinary shares	33 –	(14,236,534)	(14,236,534)
Balance at 31 December 2015	46,472,892	6,114,045	52,586,937

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 31 December 2015

	Note	2015 \$	2014 \$
Operating activities			
Profit before tax		18,368,614	37,642,801
Adjustments for:			
Amortisation of club memberships	17	63,037	62,439
Depreciation of property, plant and equipment	13	11,771,591	8,962,190
Depreciation of investment property	14	43,104	1,136,287
Property, plant and equipment written off	7	7,619	1,208
Gain on disposal of property, plant and equipment	5	(119,161)	(19,536)
Interest expense	8	2,983,537	3,678,264
Interest income	9	(479,856)	(1,373,747)
Fair value gain/(loss) on forward exchange contracts, net	10	81,208	(186,878)
Foreign currency translation adjustments		1,071,512	723,907
Share of results of associate		186,460	(11,545,369)
Provision for onerous contracts	10	854,000	–
Bad debt written off	7	174,197	–
Operating cash flows before changes in working capital		35,005,862	39,081,566
Decrease/(increase) in:			
Inventories		50,178,181	17,330,196
Trade receivables		16,129,914	(13,827,442)
Other receivables and deposits		131,472	(97,996)
Prepayments		5,316,725	(5,357,164)
(Decrease)/increase in:			
Trade payables		(17,378,577)	19,220,125
Other payables and accruals		(9,617,728)	(2,860,579)
Cash flows from operations		79,765,849	53,488,706
Interest paid		(2,983,537)	(3,678,264)
Interest received		479,856	1,373,747
Income taxes paid		(3,135,092)	(7,596,156)
Net cash flows from operating activities		74,127,076	43,588,033

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

Consolidated Statement of Cash Flows (cont'd)

For the financial year ended 31 December 2015

	Note	2015 \$	2014 \$
Investing activities			
Proceeds from disposal of property, plant and equipment		338,808	131,851
Dividend received from an associate		10,150,000	—
Purchase of asset held for sale		(3,082,809)	—
Purchase of property, plant and equipment	13	(19,860,232)	(5,522,580)
Acquisition of club membership	17	(95,399)	—
Loans repaid by associate		10,783,557	5,565,590
Net cash flows (used in)/from investing activities		(1,766,075)	174,861
Financing activities			
(Increase)/decrease in fixed deposits - pledged		(227)	68
Decrease in bills payable to banks		(43,490,796)	(45,971,478)
Repayment of bank term loans		(3,370,000)	(3,370,000)
Repayment of hire purchase, net		(4,478,779)	(4,281,302)
Dividends paid on ordinary shares	33	(14,236,534)	(16,609,290)
Net cash flows used in financing activities		(65,576,336)	(70,232,002)
Net increase/(decrease) in cash and cash equivalents		6,784,665	(26,469,108)
Effect of exchange rate changes on cash and cash equivalents		625,820	346,997
Cash and cash equivalents at beginning of year		88,596,776	114,718,887
Cash and cash equivalents at end of year	22	96,007,261	88,596,776

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 31 December 2015

1. Corporate information

Lee Metal Group Ltd (the “Company”) is a limited liability company domiciled and incorporated 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 No. 7 Tuas Avenue 16, Singapore 638934.

The principal activities of the Company are those of steel merchandising (including international trading of steel and related products), fabrication, metal recycling, property development, construction and management. The principal activities of its subsidiaries are disclosed in Note 15 of the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position, income statement, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

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 \$), except when otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.3 *Standards issued but not yet effective (cont'd)*

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109.

2.4 *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 controls 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.

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



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

2.5 Foreign currency

The 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 rate of exchange ruling at the end of the 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.

(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.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

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

Leasehold properties	Over the remaining period of lease ranging from 13 years to 30 years
Leasehold improvement	5 to 10 years
Plant and machinery	5 years
Furniture and fittings	5 years
Office equipment	5 to 10 years
Computers	3 to 5 years
Motor vehicles	5 to 10 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at 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 on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

Fully depreciated assets are retained in the accounts until they are no longer in use.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.7 *Investment property*

Investment property is a property that is either owned by the Group or leased under a finance lease that is held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment property is initially measured at cost, including transaction costs and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

Investment property held by the Group is a leasehold property with remaining lease term of 47 years. Depreciation on leasehold property is computed using the straight-line method to allocate their depreciable amount over the remaining lease term.

The carrying value of investment property is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. When cost model is adopted, transfers between property do not change the carrying amount of the property transferred and the cost of the property remain unchanged for measurement or disclosure purposes.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.8 *Intangible assets – club memberships*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as finite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club memberships were acquired separately and is amortised on a straight-line basis over its finite useful life of between 8 to 30 years.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any 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.

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.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.10 *Subsidiaries*

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

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

2.11 *Associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

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

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

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

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

The financial statements of the associate are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised when 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 is recognised in profit or loss.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(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

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

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

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.12 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

De-recognition

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

2.13 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.13 *Impairment of financial assets (cont'd)*

Financial assets carried at amortised cost (cont'd)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 *Cash and cash equivalents*

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

2.15 *Asset held for sale*

Asset held for sale is property acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Asset held for sale is held as inventories and is measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of asset held for sale is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of asset held for sale recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.16 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost includes materials, all direct expenditure and an attributable portion of overheads, determined on a weighted average basis. Certain items of inventories are accounted for using specific identification of costs.

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.

2.17 *Provisions*

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

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

2.18 *Financial guarantee*

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

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

2.19 *Borrowing costs*

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

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

2.20 *Employee benefits*

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

2.21 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



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

2.21 Leases (cont'd)

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(d).

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

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

(d) *Rental income*

Rental income arising on leasehold properties and investment properties is accounted for on a straight-line basis over the lease terms.

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



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

2.23 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of 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 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 income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



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

2.23 Taxes (cont'd)

(c) Sales tax

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

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

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products 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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

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

2.26 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



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

2.26 Related parties (cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.27 Contingencies

A contingent liability is:

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

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



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.

3.1 *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. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period 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.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

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

3.2 Key sources of estimation uncertainty (cont'd)

(a) *Useful lives of property, plant and equipment*

The cost of property, plant and equipment is depreciated on a straight-line basis over its estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 30 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's and the Company's property, plant and equipment at the end of the reporting period is disclosed in Note 13.

(b) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 21 of the financial statements.

(c) *Impairment of non-financial assets*

These assets are reviewed for impairment whenever there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the amount of impairment loss. In determining the recoverable value, an estimate of the expected future cash flows from each cash generating unit and an appropriate discount rate is required to be made.

(d) *Provision for onerous contracts*

The Group recognises a provision for onerous contracts when the unavoidable costs of meeting the obligations under existing purchase and sales contracts exceed the economic benefits to be received under them. In determining the amount of the provision, assumptions and estimates are made in relation to selling price, costs of completion and costs necessary to make the sale. The carrying amount of the Group's provision for onerous contracts at the end of the reporting period is disclosed in Note 26.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



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

3.2 Key sources of estimation uncertainty (cont'd)

(e) *Estimation of net realisable value for asset held for sale*

Asset held for sale is stated at the lower of cost and net realisable value (NRV).

NRV in respect of asset held for sale under construction is assessed with reference to market prices at the reporting date for similar completed property less estimated costs to complete construction and less an estimate of the time value of money to the date of completion. The carrying amount of the asset held for sale stated at cost as at 31 December 2015 was \$12,842,809 (2014: \$Nil).

(f) *Income taxes*

The Group has exposure to income taxes in various jurisdictions. Significant judgment is required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amounts of the Group's income tax payable, deferred tax liabilities and deferred tax assets at the end of the reporting period were \$5,958,304 (2014: \$6,291,807), \$249,522 (2014: \$281,361) and \$73,172 (2014: \$98,811) respectively. The carrying amounts of the Company's income tax payable and deferred tax liabilities at the end of the reporting period were \$472,180 (2014: \$557,044) and \$249,522 (2014: \$281,361) respectively.

4. Turnover

	2015 \$	Group 2014 \$
Steel merchandising	49,830,030	135,028,851
Fabrication and manufacturing	395,612,882	384,241,369
	445,442,912	519,270,220

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



5. Other operating income

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Rental income	140,515	1,723,136	1,836,000	1,836,000
Bad debts recovered	4,475	–	–	–
Dividend income from subsidiaries	–	–	7,000,000	16,000,000
Gain on disposal of property, plant and equipment	119,161	19,536	–	–
Net gain in foreign exchange	–	–	1,801	1,095
Commission income	16,044	228,390	–	–
Other miscellaneous income	208,848	102,971	–	1,882
	489,043	2,074,033	8,837,801	17,838,977

6. Employee benefits expense

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Salaries, wages and bonuses	17,926,358	20,873,332	–	–
Central Provident Fund contributions	928,716	898,915	–	–
Directors' fees	270,000	300,000	270,000	300,000
Foreign workers levy	3,914,759	3,268,421	–	–
Others	1,499,866	1,350,526	–	–
	24,539,699	26,691,194	270,000	300,000

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

7. Other operating expenses

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Bank charges	139,514	456,569	190	253
Commission	521,185	375,876	–	–
Donations	172,803	179,788	10,000	–
Entertainment	300,484	295,589	45,066	23,593
Bad debt written off	174,197	–	–	–
Net loss in foreign exchange	3,057,383	1,105,694	–	–
Insurance	1,253,991	1,134,544	15,780	15,780
Printing and stationery	516,073	564,069	22,631	24,592
Professional fees	498,780	775,153	122,719	221,256
Property, plant and equipment written off	7,619	1,208	–	–
Property tax	322,794	328,416	118,024	126,161
Tools and consumables	1,371,412	1,469,745	–	–
Workers' dormitories and related costs	1,664,088	1,437,707	–	–
Telephone and fax	156,436	146,521	3,517	3,361
Travelling	676,362	602,167	491	394
Other miscellaneous expenses	831,844	596,200	110,226	62,388
	11,664,965	9,469,246	448,644	477,778

8. Finance expenses

	Group	
	2015 \$	2014 \$
Interest expense on:		
- hire purchase creditors	302,003	329,831
- bills payable to banks	2,478,087	3,082,061
- bank term loans	269,270	232,808
- trade payables	–	33,564
	3,049,360	3,678,264
Less: interest expense capitalised in:		
- asset held for sale (Note 19)	(65,823)	–
Total finance expenses	2,983,537	3,678,264

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

9. Finance income

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Interest income from:				
- fixed deposits	146,937	91,636	81,459	13,326
- loans to associate	250,381	1,275,295	–	–
- due from subsidiaries (non-trade)	–	–	229,619	916,901
- due from third party	82,538	6,816	–	–
	479,856	1,373,747	311,078	930,227

10. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Amortisation of club memberships (Note 17)	63,037	62,439	13,001	12,825
Audit fees:				
- Auditors of the Company	223,000	226,571	85,000	85,000
- Other auditors	43,761	42,000	–	–
Non-audit fees:				
- Auditors of the Company	40,069	42,909	13,000	13,000
Depreciation of property, plant and equipment (Note 13)	11,771,591	8,962,190	393,605	336,309
Depreciation of investment property (Note 14)	43,104	1,136,287	–	–
Fair value gain/(loss) on forward exchange contracts, net	81,208	(186,878)	–	–
Operating lease expenses	6,505,692	6,351,401	193,131	183,084
Professional fee paid to a firm in which a director is a member	53,315	36,377	1,250	5,100
Provision for onerous contracts (Note 26)	854,000	–	–	–

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

11. Income tax expense

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Current income tax				
- current income taxation	2,801,589	4,504,217	201,184	201,457
Deferred tax (Note 30)				
- origination and reversal of temporary differences	(6,200)	38,478	(31,839)	39,609
	2,795,389	4,542,695	169,345	241,066

A Singapore subsidiary is entitled to the Productivity and Innovation Credit ("PIC") Scheme introduced by the Singapore Government in 2010 and enjoys 250% tax deduction for spending on automation equipment. In 2011, the PIC tax deduction was increased to 400% by the Government. The PIC scheme is effective from year of assessment 2011 to year of assessment 2018.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



11. Income tax expense (cont'd)

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Profit before tax	18,368,614	37,642,801	7,790,457	17,419,128
Tax at statutory rate of 17%	3,122,664	6,399,276	1,324,378	2,961,252
Adjustments:				
Non-deductible expenses	204,115	1,120,046	71,888	62,250
Income not subject to taxation	(1,474)	(266,312)	(1,190,000)	(2,720,000)
Effect of partial tax exemption	(66,549)	(77,712)	(25,925)	(25,925)
Effect of tax relief	(430,485)	(651,650)	(20,000)	(30,000)
Deferred tax assets not recognised	288,305	8,648	—	—
Benefits from previously unrecognised tax credits	(363,426)	—	—	—
Share of results of associate	31,698	(2,364,714)	—	—
Others	10,541	375,113	9,004	(6,511)
Income tax expense recognised in profit or loss	2,795,389	4,542,695	169,345	241,066

12. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company of \$15,573,225 (2014: \$33,100,106) by the weighted average number of ordinary shares outstanding during the financial year of 474,551,093 shares (2014: 474,551,093 shares).

Diluted earnings per share are the same as basic earnings per share as there are no dilutive potential ordinary shares.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

13. Property, plant and equipment

Group	Leasehold properties and improvement \$	Plant and machinery \$	Furniture and fittings \$	Office equipment and computers \$	Motor vehicles \$	Construction in progress \$	Total \$
Cost:							
At 1 January 2014	12,519,121	39,644,200	1,252,279	3,302,799	4,878,968	4,408,171	66,005,538
Additions	165,647	2,785,394	331,400	474,322	1,739,347	367,233	5,863,343
Disposals	–	(344,775)	–	(323,946)	(237,348)	–	(906,069)
Written off	–	(41,477)	–	(861,350)	–	–	(902,827)
Transfer	725,800	3,682,371	–	–	–	(4,408,171)	–
Transfer from investment properties (Note 14)	15,702,100	–	–	–	–	–	15,702,100
Exchange differences	–	–	1,445	2,022	30,143	–	33,610
At 31 December 2014 and 1 January 2015	29,112,668	45,725,713	1,585,124	2,593,847	6,411,110	367,233	85,795,695
Additions	80,168	16,838,401	274,122	348,009	1,508,747	5,183,620	24,233,067
Disposals	–	(1,358,569)	–	(9,100)	(110,800)	–	(1,478,469)
Written off	(99,503)	(214,651)	–	(623,661)	–	(3,424)	(941,239)
Transfer	–	294,744	–	–	–	(294,744)	–
Exchange differences	–	–	3,788	23,876	129,324	–	156,988
At 31 December 2015	29,093,333	61,285,638	1,863,034	2,332,971	7,938,381	5,252,685	107,766,042
Accumulated depreciation:							
At 1 January 2014	6,515,911	15,192,716	810,328	2,783,610	2,338,260	–	27,640,825
Depreciation charge for the year	653,361	7,310,600	166,678	345,665	485,886	–	8,962,190
Disposals	–	(232,460)	–	(323,946)	(237,348)	–	(793,754)
Written off	–	(40,269)	–	(861,350)	–	–	(901,619)
Transfer from investment properties (Note 14)	1,284,673	–	–	–	–	–	1,284,673
Exchange differences	–	–	1,355	1,604	11,598	–	14,557
At 31 December 2014 and 1 January 2015	8,453,945	22,230,587	978,361	1,945,583	2,598,396	–	36,206,872
Depreciation charge for the year	1,810,520	8,656,558	227,789	395,253	681,471	–	11,771,591
Disposals	–	(1,153,832)	–	(6,082)	(98,908)	–	(1,258,822)
Written off	(95,308)	(214,651)	–	(623,661)	–	–	(933,620)
Exchange differences	–	–	4,620	22,027	102,176	–	128,823
At 31 December 2015	10,169,157	29,518,662	1,210,770	1,733,120	3,283,135	–	45,914,844
Net carrying amount:							
At 31 December 2014	20,658,723	23,495,126	606,763	648,264	3,812,714	367,233	49,588,823
At 31 December 2015	18,924,176	31,766,976	652,264	599,851	4,655,246	5,252,685	61,851,198

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

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

Company	Leasehold properties and improvement \$	Furniture and fittings \$	Office equipment and computers \$	Construction in progress \$	Total \$
Cost:					
At 1 January 2014	9,375,901	382,860	398,777	725,800	10,883,338
Additions	42,460	–	–	–	42,460
Written off	–	–	(323,946)	–	(323,946)
Transfer	725,800	–	–	(725,800)	–
At 31 December 2014 and 1 January 2015	10,144,161	382,860	74,831	–	10,601,852
Additions	8,868	–	–	–	8,868
Written off	–	–	(785)	–	(785)
At 31 December 2015	10,153,029	382,860	74,046	–	10,609,935
Accumulated depreciation:					
At 1 January 2014	5,309,233	382,790	382,505	–	6,074,528
Depreciation charge for the year	328,637	70	7,602	–	336,309
Written off	–	–	(323,946)	–	(323,946)
At 31 December 2014 and 1 January 2015	5,637,870	382,860	66,161	–	6,086,891
Depreciation charge for the year	389,425	–	4,180	–	393,605
Written off	–	–	(785)	–	(785)
At 31 December 2015	6,027,295	382,860	69,556	–	6,479,711
Net carrying amount:					
At 31 December 2014	4,506,291	–	8,670	–	4,514,961
At 31 December 2015	4,125,734	–	4,490	–	4,130,224

Construction in progress

The Group's construction in progress relate to expenditure for leasehold properties and improvement of \$5,128,159 and plant and machinery of \$124,526 (2014: leasehold properties and improvement of \$Nil and plant and machinery of \$367,233) incurred in the course of construction.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



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

Assets held under finance leases

During the financial year, the Group acquired motor vehicles with an aggregate cost of \$Nil and plant and machinery of \$4,372,835 (2014: motor vehicles of \$340,703 and plant and machinery of \$Nil) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to \$19,860,232 (2014: \$5,522,580).

The carrying amount of motor vehicles and plant and machinery held under finance leases at the end of the reporting period were \$981,994 and \$15,499,441 (2014: \$1,683,024 and \$15,148,604) respectively.

Assets pledged as security

The Group's leasehold properties with carrying amounts of \$13,125,482 (2014: \$14,318,046) are mortgaged to secure bank loans (Note 29).

14. Investment property

	Group \$
Statement of financial position:	
Cost:	
At 1 January 2014	17,756,700
Transfer to property, plant and equipment (Note 13)	(15,702,100)
	<hr/>
At 31 December 2014, 1 January 2015 and 31 December 2015	2,054,600
Accumulated depreciation:	
At 1 January 2014	198,673
Depreciation charge for the year	1,136,287
Transfer to property, plant and equipment (Note 13)	(1,284,673)
	<hr/>
At 31 December 2014 and 1 January 2015	50,287
Depreciation charge for the year	43,104
	<hr/>
At 31 December 2015	93,391
Net carrying amount:	
At 31 December 2014	<hr/> 2,004,313
At 31 December 2015	<hr/> 1,961,209

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



14. Investment property (cont'd)

	2015 \$	Group 2014 \$
Income statement:		
Rental income from investment property:		
- Minimum lease payments	140,515	1,723,136
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	91,638	768,158

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Properties pledged as security

Investment property amounting to \$1,961,209 (2014: \$2,004,313) are mortgaged to secure bank loans (Note 29).

Transfer to property, plant and equipment

In November 2014, the Group transferred certain property units previously classified as investment property to owner-occupied property upon the commencement of the use of these units for the Group's production of its products.

The investment property held by the Group as at 31 December 2015 is as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Factory unit, 3791 Jalan Bukit Merah [^]	Industrial	Leasehold	47 years

[^] Independently valued by Knight Frank Pte Ltd at \$2,200,000 in December 2015 (2014: \$2,200,000 in September 2013). The valuation was carried out based on direct comparison approach in which current market conditions and other relevant factors were considered.

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015

15. Investment in subsidiaries

	2015 \$	Company 2014 \$
Unquoted equity shares, at cost	21,990,124	21,990,124
Less: Impairment losses	(1,500,000)	(1,500,000)
	20,490,124	20,490,124

There was no movement in allowance for impairment losses for the years ended 31 December 2015 and 2014.

(a) *Composition of the Company*

The Company held the following subsidiaries as at 31 December:

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2015 %	2014 %
<i>Held by the Company</i>				
⁽²⁾ Steel Park Resources Pte Ltd	Singapore	Under members' voluntary liquidation	100	100
⁽¹⁾ Lee Welded Mesh Singapore Pte Ltd	Singapore	Manufacture of reinforcing mesh and any other manufactured mesh and the processing of fabricated reinforcing bars	100	100
⁽¹⁾ Steel Park International Pte Ltd	Singapore	International trading of steel and metal materials and/or products	100	100
⁽³⁾ Steel Park Malaysia Sdn. Bhd.	Malaysia	Trading business of steel, metal and related materials	100	100
⁽¹⁾ LMG Realty Pte Ltd.	Singapore	Property development, construction and management	100	100

⁽¹⁾ Audited by Ernst & Young LLP, Singapore.

⁽²⁾ Not material to the Group and not required to be disclosed under SGX Listing Rule 717.

⁽³⁾ Audited by member firm of EY Global in the respective country.

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015

15. Investment in subsidiaries (cont'd)

(a) *Composition of the Company (cont'd)*

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2015 %	2014 %
<i>Held through subsidiary</i>				
# Listeel Hong Kong Limited	Hong Kong	Inactive	100	100

Not required to be audited under the laws of incorporation of Hong Kong.

The Group does not have subsidiaries with material non-controlling interest.

16. Investment in associate

The Group's material investments in associate are summarised below:

	2015 \$	Group 2014 \$
MaxLee Development Pte Ltd.	1,646,293	11,982,753

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2015 %	2014 %
<i>Held through subsidiary</i>				
⁽¹⁾ MaxLee Development Pte Ltd.	Singapore	Property development	35	35

⁽¹⁾ Audited by Ernst & Young LLP, Singapore.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

16. Investment in associate (cont'd)

The summarised financial information in respect of the associate, MaxLee Development Pte Ltd., based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	2015 \$'000	Group 2014 \$'000
Current assets	12,560	81,031
Total assets	12,560	81,031
Current liabilities	(7,856)	(9,122)
Non-current liabilities	–	(37,673)
Total liabilities	(7,856)	(46,795)
Net assets	4,704	34,236
Proportion of the Group's ownership	35%	35%
Group's share of net assets	1,646	11,983
Carrying amount of the investment	1,646	11,983

Summarised statement of comprehensive income

	2015 \$'000	2014 \$'000
Revenue	1,659	402,225
Profit, net of tax, representing total comprehensive income for the year	(533)	32,987
Proportion of the Group's ownership	35%	35%
Group's share of (loss)/profits	(187)	11,545

The associate's total comprehensive income is represented by its profit. Dividends amounting to \$10,150,000 (2014: \$Nil) were received from the associate during the year ended 31 December 2015.

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



17. Club memberships

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Cost:				
At 1 January	790,986	790,986	354,150	354,150
Additions	95,399	–	31,800	–
At 31 December	886,385	790,986	385,950	354,150
Accumulated amortisation:				
At 1 January	211,602	149,163	127,310	114,485
Amortisation	63,037	62,439	13,001	12,825
At 31 December	274,639	211,602	140,311	127,310
Net carrying amount:				
At 31 December	611,746	579,384	245,639	226,840

Club memberships with finite useful lives have remaining amortisation periods of 6 to 18 years (2014: 7 to 19 years).

Amortisation of club memberships is included in "Depreciation and amortisation expense" in profit or loss.

18. Loans to associate

Loans to associate are unsecured, interest bearing at 6.5% (2014: 6.5%) per annum and are to be settled in cash. The loans are subordinated to a bank as security for banking facilities granted to an associate and are expected to be repaid within the next 12 months.

During the year, the loans and related interests have been fully repaid by the associate.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



19. Asset held for sale

	2015 \$	Group 2014 \$
Leasehold land	12,200,000	–
Development costs	642,809	–
At 31 December	12,842,809	–

During the financial year, borrowing costs of \$65,823 (2014: \$Nil), arising from borrowings obtained specifically for the asset held for sale were capitalised under “Development costs”. The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.64%, which is the effective interest rate of the specific borrowing.

The leasehold land under development has been pledged as security for a bank loan (Note 29).

The asset held for sale is expected to be recovered more than twelve months after the reporting period.

20. Inventories

	2015 \$	Group 2014 \$
Balance sheet:		
Finished goods (at cost)	3,383,800	38,619,156
Work-in-progress (at cost)	1,077,476	1,403,671
Raw materials (at cost)	60,315,915	70,533,065
Goods-in-transit (at cost)	24,661,172	29,060,652
Total inventories at lower of cost and net realisable value	89,438,363	139,616,544
Profit or loss:		
Inventories recognised as an expense in changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased	357,951,497	430,028,335

Inventories amounting to \$86,877,375 (2014: \$133,238,438) have been pledged as security for trade financing facilities granted to the Group as disclosed in Note 24.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

21. Trade and other receivables

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Trade receivables	68,862,037	85,166,148	–	–
Deposits	444,236	561,913	11,870	10,570
Other receivables	61,784	75,579	–	–
Other receivables and deposits	506,020	637,492	11,870	10,570
Due from subsidiaries (non-trade)	–	–	9,360	11,082,996
Add:				
Loans to associate (Note 18)	–	10,783,557	–	–
Cash and bank balances (Note 22)	68,677,854	46,100,740	2,841,402	853,460
Fixed deposits (Note 22)	27,779,634	42,946,036	26,011,807	23,303,325
	165,825,545	185,633,973	28,874,439	35,250,351
Less: Sales tax receivables	(2,390)	(3,272)	–	–
Total loans and receivables	165,823,155	185,630,701	28,874,439	35,250,351

Trade receivables

Trade receivables are non-interest bearing and generally on 7 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables amounting to \$21,176,482 (2014: \$35,540,673) have been pledged as securities for trade financing facilities granted to the Group (Note 24).

Related party balances

The amounts due from subsidiaries as at 31 December 2014 included loans of \$11,074,485 that were unsecured, bore interest at 6.5% per annum and repayable upon demand. The loans were fully repaid during the year. The remaining balance of \$9,360 (2014: \$8,511) is unsecured, non-interest bearing, repayable upon demand and is to be settled in cash.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

21. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$33,432,480 (2014: \$32,836,815) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	2015 \$	Group 2014 \$
Trade receivables past due but not impaired:		
Lesser than 30 days	21,134,743	25,713,572
30 to 60 days	5,801,521	5,666,497
61 to 90 days	3,456,107	1,135,164
More than 90 days	3,040,109	321,582
	33,432,480	32,836,815

Receivables that are impaired

The Group does not have trade receivables that are impaired at the end of the reporting period.

Trade receivables denominated in foreign currencies as at 31 December are as follows:

	2015 \$	Group 2014 \$
United States Dollars	2,390	25,024
Malaysian Ringgit	5,168,724	4,702,996
Euro	7,032	—

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



21. Trade and other receivables (cont'd)

Receivables subject to offsetting arrangements

The Group's trade receivable and trade payables that are off-set are as follows:

Description	Gross carrying amounts \$	31 December 2015 Gross amounts offset in the balance sheet \$	Net amounts in the balance sheet \$
Trade receivables	–	–	–
Trade payables	–	–	–

Description	Gross carrying amounts \$	31 December 2014 Gross amounts offset in the balance sheet \$	Net amounts in the balance sheet \$
Trade receivables	8,488,703	(8,488,703)	–
Trade payables	8,638,458	(8,488,703)	149,755

22. Cash and cash equivalents

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Cash at bank and on hand	68,677,854	46,100,740	2,841,402	853,460
Fixed deposits	27,779,634	42,946,036	26,011,807	23,303,325
	96,457,488	89,046,776	28,853,209	24,156,785
Less: Fixed deposits – pledged	(450,227)	(450,000)	–	–
	96,007,261	88,596,776	28,853,209	24,156,785

Fixed deposits of \$450,227 (2014: \$450,000) are pledged to banks to secure credit facilities for subsidiaries and may not be withdrawn without the banks' prior approval.

Fixed deposits at the end of the reporting period have maturity ranging from 4 - 21 days (2014: 7 - 90 days) from the end of the financial year and earn an average interest rate of 1.365% (2014: 0.31%) per annum.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

22. Cash and cash equivalents (cont'd)

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
<i>Cash at bank and on hand:</i>				
United States Dollars	15,387,981	6,189,510	29,956	27,995
Malaysian Ringgit	1,255,745	1,656,160	–	–
Australian Dollars	8,335	9,116	2,554	2,678

23. Trade payables

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Trade payables	25,855,597	43,234,174	25,292	24,049
Add:				
Bills payable to banks (secured) (Note 24)	73,767,362	117,258,158	–	–
Other payables and accruals (Note 25)	9,913,031	14,260,250	410,574	440,334
Hire purchase creditors (current and non-current) (Note 28)	14,714,404	14,820,348	–	–
Bank term loans (secured) (current and non-current) (Note 29)	16,858,333	10,468,333	–	–
	141,108,727	200,041,263	435,866	464,383
Less: Sales tax payables	(1,110,578)	(820,254)	–	–
Total financial liabilities carried at amortised cost	139,998,149	199,221,009	435,866	464,383

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



23. Trade payables (cont'd)

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 day terms.

Trade payables denominated in foreign currencies as at 31 December are as follows:

	2015 \$	Group 2014 \$
Euro	83,887	–
Malaysian Ringgit	281,288	37,725
United States Dollars	1,209,715	8,123,867

24. Bills payable to banks (secured)

Bills payable to banks are secured by the following:

- (a) corporate guarantees given by Company and certain subsidiaries to the banks;
- (b) letters of negative pledges on the assets of the Company and certain subsidiaries, with the exception of property, plant and equipment under hire purchase arrangements as disclosed in Note 28; and
- (c) a deed of charge and assignment of inventories, charge over fixed deposits and floating charge over trade receivables.

The effective interest rates for the bills payable ranged from 2.06% to 2.84% (2014: 1.50% to 2.27%) per annum.

25. Other payables and accruals

	2015 \$	Group 2014 \$	Company 2015 \$	2014 \$
Other payables	3,925,083	4,304,691	10,095	9,855
Accrued operating expenses	5,987,948	9,955,559	400,479	430,479
	9,913,031	14,260,250	410,574	440,334

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

26. Provision for onerous contracts

Movement in provision for onerous contracts is as follows:

	2015 \$	Group 2014 \$
At 1 January	6,645,092	6,645,092
Arose during the financial year (Note 10)	854,000	—
At 31 December	7,499,092	6,645,092

Provision for onerous contracts is made when the unavoidable costs of meeting the obligations under existing purchase and sales contracts exceed the economic benefits expected to be received under them.

Movement in provision for onerous contracts is included in "changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased" in profit or loss.

27. Forward currency contracts

Forward currency contracts included in the statements of financial position as at 31 December are as follows:

	2015 \$	Group 2014 \$
Forward currency contracts - assets	514,531	595,739
Total financial assets at fair value through profit or loss classified as held for trading	514,531	595,739

As at 31 December, the Group has the following outstanding forward currency contracts to hedge foreign currency risk arising from the Group's purchases denominated in foreign currencies for which firm commitments existed at the end of the reporting period, extending to April 2016 (2014: June 2015):

	2015		2014	
	Contract/ notional amount \$	Assets \$	Contract/ notional amount \$	Assets \$
Forward currency contracts	65,328,927	514,531	96,498,590	595,739

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



28. Hire purchase creditors

	Minimum lease payments \$	Interest \$	Present value of payments \$
Group			
2015			
Within one year	5,582,669	(161,268)	5,421,401
After one year but not more than five years	9,507,778	(214,775)	9,293,003
	15,090,447	(376,043)	14,714,404
2014			
Within one year	4,753,771	(247,407)	4,506,364
After one year but not more than five years	10,563,347	(249,363)	10,313,984
	15,317,118	(496,770)	14,820,348

Lease terms range from 2 to 5 years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The effective interest rate for the leases ranged from 1.75% to 4.37% (2014: 1.75% to 4.37%) per annum.

29. Bank term loans (secured)

Details of secured bank term loans are as follows:

	2015 \$	Group 2014 \$
Due within one year	3,370,000	3,370,000
Due after one year but not more than five years	13,488,333	7,098,333
	16,858,333	10,468,333

As at 31 December 2015, the Group had three bank loans (2014: two bank loans).

The above term loans are interest bearing at 2.49% to 2.64% (2014: 1.91% to 1.92%) per annum and are repayable on December 2017, September 2018 and October 2018 respectively. These loans are secured by mortgage over certain leasehold properties and asset held for sale (Note 13, Note 14 and Note 19) held by the Group.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

30. Deferred tax

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Balance at beginning of year	182,550	144,072	281,361	241,752
Movement in temporary differences during the year	(6,692)	39,610	(31,839)	39,609
Exchange difference	492	(1,132)	–	–
Balance at end of year	176,350	182,550	249,522	281,361

Deferred income tax as at 31 December relates to the following:

Deferred tax liabilities

Excess of net book value over tax written down value of property, plant and equipment

	1,188,848	1,220,688	249,522	281,361
--	-----------	-----------	---------	---------

Deferred tax assets

Provisions

	(1,012,498)	(1,038,138)	–	–
--	-------------	-------------	---	---

Presented as:

Deferred tax liabilities

	249,522	281,361	249,522	281,361
--	---------	---------	---------	---------

Deferred tax assets

	(73,172)	(98,811)	–	–
--	----------	----------	---	---

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$1,848,000 (2014: \$152,000) that are available for offset against future taxable profits of a subsidiary in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of the country in which the subsidiary operates.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



31. Share capital

	Group and Company	
	2015	2014
	\$	\$
Issued and fully paid ordinary shares		
At 1 January and 31 December		
474,551,093 (2014: 474,551,093) ordinary shares	46,472,892	46,472,892

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 restrictions. The ordinary shares have no par value.

32. 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.

33. Dividends

	Group and Company	
	2015	2014
	\$	\$
<i>Declared and paid during the financial year:</i>		
Dividends on ordinary shares:		
Final exempt (one-tier) dividend for 2014 and 2013		
- 1.0 cent per share	4,745,511	4,745,511
Special exempt (one-tier) dividend for 2014 and 2013		
- 1.0 cents per share and 1.5 cent per share	4,745,511	7,118,268
Interim exempt (one-tier) dividend for 2015 and 2014		
- 1.0 cent per share	4,745,512	4,745,511
	14,236,534	16,609,290

Proposed but not recognised as a liability as at 31 December:

Dividends on ordinary shares, subject to shareholders' approval at Annual General Meeting:

- Final exempt (one-tier) dividend for 2015: 1.0 cent (2014: 1.0 cent) per ordinary share	4,745,511	4,745,511
- Special exempt (one-tier) dividend for 2014: 1.0 cent per ordinary share	–	4,745,511

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

34. Related party transactions

(a) *Sale and purchase of goods and services*

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:

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
<i>Other operating expenses</i>				
Professional fee paid to a firm in which a director is a member	53,315	36,377	1,250	5,100
Rental income received from a subsidiary	–	–	1,836,000	1,836,000
<i>Financial income</i>				
Interest income from:				
- Associate	250,381	1,275,295	–	–
- Subsidiaries	–	–	229,619	916,901

(b) *Compensation of key management personnel*

	Group	
	2015 \$	2014 \$
Short-term employee benefits	4,964,205	8,487,194
Central Provident Fund contributions	121,950	123,225
Directors' fees	270,000	300,000
Total compensation paid to key management personnel	5,356,155	8,910,419
Comprise amounts paid/payable to:		
- Directors of the Company	3,527,809	6,669,036
- Other key management personnel	1,828,346	2,241,383
	5,356,155	8,910,419

(c) *Compensation of close family members of key management personnel*

Remuneration paid to close family members of key management personnel	273,013	156,958
---	---------	---------

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



35. Commitments and contingencies

(a) *Corporate guarantees*

The Company has provided corporate guarantees amounting to \$492,000,000 (2014: \$452,000,000) to certain banks for bank facilities granted to subsidiaries. As at 31 December 2015, \$197,151,649 (2014: \$251,934,521) of the bank facilities have been utilised.

(b) *Operating lease commitments - as lessee*

The Group and the Company have entered into non-cancellable operating lease agreements for office, factory and warehousing facilities. These leases have an average tenure of between one month and thirteen years. Lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debt or further leasing.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Future minimum lease payments				
- not later than 1 year	4,102,665	2,006,230	203,780	152,860
- 1 year to 5 years	3,059,952	3,194,928	933,535	611,438
- after 5 years	5,826,729	5,313,665	1,659,511	1,146,446
	12,989,346	10,514,823	2,796,826	1,910,744

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

35. Commitments and contingencies (cont'd)

(c) *Operating lease commitments - as lessor*

The Group has entered into commercial property lease for its investment property. This lease has a remaining lease term of 4 years.

Future minimum rental receivable under operating leases at the end of the reporting period are as follows:

	2015 \$	Group 2014 \$
Future minimum lease payments		
- not later than 1 year	140,515	140,515
- 1 year to 5 years	316,159	444,965
	456,674	585,480

(d) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period as are follows:

Capital commitments in respect of property, plant and equipment	4,844,947	15,790,997
---	------------------	------------

36. Fair value of assets and liabilities

A. *Fair value hierarchy*

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

- Level 1 – Quoted prices (unadjusted) in active market 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 or indirectly, and
- Level 3 – 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 (cont'd)

For the financial year ended 31 December 2015



36. Fair value of assets and liabilities (cont'd)

B. *Assets and liabilities measured 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:

	Note	Quoted prices in active markets for identical instruments (Level 1) \$	Significant observable inputs other than quoted prices (Level 2) \$	Significant unobservable inputs (Level 3) \$	Total \$
Group					
2015					
<u>Assets measured at fair value</u>					
<i>Financial assets:</i>					
Forward currency contracts	27	–	514,531	–	514,531
2014					
<u>Assets measured at fair value</u>					
<i>Financial assets:</i>					
Forward exchange contracts	27	–	595,739	–	595,739

C. *Level 2 fair value measurements*

Forward currency contracts

The fair value of forward currency contracts is determined by reference to current forward currency contracts with similar maturity profile.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

36. Fair value of assets and liabilities (cont'd)

D. *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) \$	Significant observable inputs other than quoted prices (Level 2) \$	Significant unobservable inputs (Level 3) \$	Total \$
<hr/>					
Group					
2015					
<i>Assets:</i>					
Investment property	14	–	–	1,961,209	1,961,209
2014					
<i>Assets:</i>					
Investment property	14	–	–	2,004,313	2,004,313

Fair values of investment property are based on independent valuations performed. Details are disclosed in Note 14.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



36. Fair value of assets and liabilities (cont'd)

- E. ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
2015				
<i>Financial liabilities</i>				
Hire purchase creditors (non-current)	(9,293,003)	(8,857,227)	—	—
2014				
<i>Financial liabilities</i>				
Hire purchase creditors (non-current)	(10,313,984)	(9,905,862)	—	—

Methods and assumptions used to determine fair value

There has been no change to the methods and assumptions used to determine fair value of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier. The methods and assumptions are as follows:

Financial assets and liabilities

- Hire purchase creditors (non-current)

Methods and assumptions

Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market instrumental lending rates for similar types of lending, borrowing and leasing arrangements.

Notes to the Financial Statements (cont'd)



For the financial year ended 31 December 2015

36. Fair value of assets and liabilities (cont'd)

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

Management has determined that the carrying amounts of trade receivables, other receivables and deposits, loans to associate, due from subsidiaries (non-trade), cash and bank balances, fixed deposits, trade payables, bills payable to banks (secured), other payables and accruals, bank term loans (secured) and current hire purchase creditors based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or they are repriced frequently.

37. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The risk management function is assessed and evaluated by an Executive Committee.

The following sections provide details regarding the Group's and the 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) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which the net interest expense could be affected by adverse movements in interest rates. The Group's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 (2014: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been \$387,802 (2014: \$498,004) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

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

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will 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's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and have an adequate amount of committed credit facilities.

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

	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Group			
2015			
Financial assets:			
Trade receivables	68,860	–	68,860
Other receivables and deposits	506	–	506
Forward exchange contracts	515	–	515
Loans to associate	–	–	–
Cash and bank balances	68,678	–	68,678
Fixed deposits	27,780	–	27,780
Total undiscounted financial assets	166,339	–	166,339
Financial liabilities:			
Trade payables	(24,745)	–	(24,745)
Bills payable to bank (secured)	(73,904)	–	(73,904)
Other payables and accruals	(9,913)	–	(9,913)
Hire purchase creditors	(5,583)	(9,508)	(15,091)
Bank term loans (secured)	(3,474)	(13,542)	(17,016)
Total undiscounted financial liabilities	(117,619)	(23,050)	(140,669)
Total net undiscounted financial assets/(liabilities)	48,720	(23,050)	25,670

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

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

(b) *Liquidity risk (cont'd)*

	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Group			
2014			
Financial assets:			
Trade receivables	85,166	–	85,166
Other receivables and deposits	637	–	637
Forward exchange contracts	596	–	596
Loans to associate	11,134	–	11,134
Cash and bank balances	46,101	–	46,101
Fixed deposits	42,946	–	42,946
Total undiscounted financial assets	186,580	–	186,580
Financial liabilities:			
Trade payables	(42,414)	–	(42,414)
Bills payable to bank (secured)	(117,720)	–	(117,720)
Other payables and accruals	(14,260)	–	(14,260)
Hire purchase creditors	(4,754)	(10,563)	(15,317)
Bank term loans (secured)	(3,537)	(7,256)	(10,793)
Total undiscounted financial liabilities	(182,685)	(17,819)	(200,504)
Total net undiscounted financial assets/(liabilities)	3,895	(17,819)	(13,924)

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



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

(b) *Liquidity risk (cont'd)*

	1 year or less	
	2015	2014
	\$'000	\$'000
Company		
Financial assets:		
Other receivables and deposits	12	11
Due from subsidiaries (non-trade)	9	12,152
Cash and bank balances	2,841	853
Fixed deposits	26,012	23,303
Total undiscounted financial assets	28,874	36,319
Financial liabilities:		
Trade payables	(25)	(24)
Other payables and accruals	(411)	(440)
Total undiscounted financial liabilities	(436)	(464)
Total net undiscounted financial assets	28,438	35,855

The contractual expiry of the Group's and Company's financial guarantee matures within one year. This is based on the earliest period in which the guarantee could be called. The maximum amount of the guarantee contracts are disclosed in Note 35(a).

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015

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

(b) *Liquidity risk (cont'd)*

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Company:			
2015			
Financial guarantee	174,394	22,758	197,152
2014			
Financial guarantee	244,728	7,207	251,935

(c) *Foreign currency risk*

The Group has transactional currency exposures arising mainly from the purchases that are denominated in a currency other than respective functional currencies of the Group's entities. The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD) and Malaysian Ringgit (MYR).

Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group uses forward exchange contracts to manage its foreign exchange risk resulting from cash flows from anticipated sales and purchase transactions, primarily in USD.

In addition to transaction exposure, the Group is also exposed to translation exposure arising from the consolidation of foreign currency denominated financial statements of the Group's subsidiaries.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015



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

(c) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

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

		Group		Company	
		2015 \$	2014 \$	2015 \$	2014 \$
USD	- strengthened 3% (2014: 3%)	25,488	(57,280)	899	697
	- weakened 3% (2014: 3%)	(25,488)	57,280	(899)	(697)

(d) *Credit risk*

Credit risk is the risk that entities and individuals will be unable to meet their obligations to the Group resulting in financial loss to the Group. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products are made to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The Group makes provisions, where necessary, for potential losses on credits extended.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk are represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position;
- a nominal amount of \$492,000,000 (2014: \$452,000,000) relating to corporate guarantees provided by the Company for bank facilities granted to subsidiaries; and

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

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

(d) *Credit risk (cont'd)*

Credit risk concentration profile

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

	2015		Group	
	\$	% of total	\$	% of total
<i>By country:</i>				
Singapore	63,690,923	92.5	80,154,450	94.1
Malaysia	5,171,114	7.5	5,011,698	5.9
	68,862,037	100.0	85,166,148	100.0

At the end of the reporting period, there is no significant concentration of credit risk apart for the amounts due from a major customer amounting to approximately 7.7% (2014: 14.6%) of total trade receivables. However, the Group undertakes credit risk insurance for the majority of its Singapore-based customers relating to the steel fabrication business to reduce the risk to the Group to an acceptable level.

The international steel merchandising activities are carried out on a structured basis and the risk is well-mitigated.

Financial assets that are neither past due nor impaired

Trade receivables, other receivables and deposits that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances and fixed deposits are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21 (Trade receivables).

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade payables, bills payable to banks (secured), other payables and accruals, hire purchase creditors, bank term loan (secured) less cash and bank balances and fixed deposits.

	Note	2015 \$	Group 2014 \$
Trade payables	23	25,855,597	43,234,174
Bills payable to banks (secured)	24	73,767,362	117,258,158
Other payables and accruals	25	9,913,031	14,260,250
Hire purchase creditors	28	14,714,404	14,820,348
Bank term loan (secured)	29	16,858,333	10,468,333
		141,108,727	200,041,263
Less:			
Cash and bank balances	22	(68,677,854)	(46,100,740)
Fixed deposits	22	(27,779,634)	(42,946,036)
Net debt		44,651,239	110,994,487
Equity attributable to owners of the Company		180,735,226	177,673,038
Capital and net debt		225,386,465	288,667,525
Gearing ratio		20%	38%

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

39. Segment information

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

- I. The Steel Merchandising segment is involved in the international trading of steel and metal materials and/or products.
- II. The Fabrication and Manufacturing segment is involved in the manufacture of reinforcing mesh and other manufactured mesh and the processing of fabricated reinforcing bars.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

	Steel Merchandising		Fabrication and Manufacturing		Adjustments and eliminations		Note	Per consolidated financial statements	
	2015	2014	2015	2014	2015	2014		2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
External customers	49,830	135,029	395,613	384,241	–	–		445,443	519,270
Total revenue	48,830	135,029	395,613	384,241	–	–		445,443	519,270
Results:									
Depreciation and amortisation	533	469	11,345	9,692	–	–		11,878	10,161
Share of results of associate	–	–	(187)	11,545	–	–		(187)	11,545
Other non-cash expenses	–	–	1,036	–	–	–	A	1,036	–
Segment profit/(loss)	(1,125)	3,182	22,184	25,220	(5,486)	4,698	B	15,573	33,100
Assets:									
Investment in associate	–	–	1,646	11,983	–	–		1,646	11,983
Additions to non-current assets	41	389	24,288	5,474	–	–	C	24,329	5,863
Segment assets	39,849	73,935	253,707	267,587	42,342	55,028	D	335,898	396,550
Segment liabilities	7,031	19,024	36,585	50,734	111,547	149,119	E	155,163	218,877

Notes to the Financial Statements *(cont'd)*

For the financial year ended 31 December 2015



39. Segment information (cont'd)

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- A Other non-cash expenses consist of impairment of trade receivables, bad debt written off and provision for onerous contracts as presented in the respective notes to the financial statements.
- B The following items are (deducted from)/added to segment profit to arrive at "Profit attributable to equity holders of the Company" presented in the consolidated income statements:

	Note	2015 \$'000	2014 \$'000
Share of results of associate		(187)	11,545
Financial expenses	8	(2,984)	(3,678)
Financial income	9	480	1,374
Income tax expense	11	(2,795)	(4,543)
		(5,486)	4,698

- C Additions to non-current assets consist of additions to property, plant and equipment, investment property and club memberships.

- D The following items are added to segment assets to arrive at total assets reported in the statements of financial position:

Investment in associate	16	1,646	11,983
Fixed deposits	22	27,780	42,946
Asset held for sale	19	12,843	—
Deferred tax assets	30	73	99
		42,342	55,028

- E The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:

Bills payable to banks (secured)	24	73,767	117,258
Total hire purchase creditors	28	14,714	14,820
Total bank term loans (secured)	29	16,858	10,468
Income tax payable		5,958	6,292
Deferred tax liabilities	30	250	281
		111,547	149,119

Notes to the Financial Statements (cont'd)

For the financial year ended 31 December 2015

39. Segment information (cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Singapore	376,662	374,393	66,070	64,155
Malaysia	68,781	144,877	–	–
	445,443	519,270	66,070	64,155

Non-current assets information presented above consist of property, plant and equipment, investment property, investment in associate and club memberships, as presented in the statements of financial position.

40. Comparative figures

Outsourcing of labour of \$3,416,435 for the financial year ended 31 December 2014 has been reclassified from other operating expenses to changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased to be consistent with current year presentation.

	2014 As reclassified \$	As previously reported \$
<i>Consolidated income statement</i>		
Other operating expenses	9,469,246	12,885,681
Changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased	430,028,335	426,611,900

These reclassifications have no impact on net results or financial position of the Group.

41. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 23 March 2016.

Statement of Corporate Governance



The Board of Directors of **Lee Metal Group Ltd** (the “Company”) is committed to ensuring that high standards of corporate governance and transparency are practised for the protection of shareholders’ interest. This report outlines the Company’s corporate governance processes with specific reference to the 2012 Code of Corporate Governance (the “Code”).

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board of Directors (the “Board”) comprises 2 Executive and 3 Independent and Non-Executive Directors having the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As at the date of this report, the Board comprises the following members:

Lee Lin Poey	Executive Chairman, Executive Director
Lee Heng Thiam	Managing Director, Executive Director
Foo Meng Kee	Independent, Non-Executive Director
Lee Kim Lian, Juliana	Independent, Non-Executive Director
Kewee Kho	Independent, Non-Executive Director

The primary role of the Board is to protect and enhance long-term shareholders’ value. It sets the Group’s overall strategic objectives and ensures that the necessary financial and human resources are in place for the company to meet its objectives. The Board establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the company’s assets, supervising the Management and monitoring performance and achievement of strategic objectives. It is responsible for the overall corporate governance of the Group and considers sustainability issues of policies and procedures.

The Board meets regularly at least four times each year and as warranted by circumstances to supervise, direct and control the Group’s business and affairs. Apart from statutory responsibilities, it also decides on significant acquisitions, disposals and financing proposals, reviews and approves the Group’s annual budgets and corporate policies, and monitors the performance of the Group. These functions are carried out either directly or through Board Committees, namely, the Audit Committee, the Nominating Committee and the Remuneration Committee or by Management as mandated by the Board.

Statement of Corporate Governance *(cont'd)*



The Company's Constitution is sufficiently flexible to allow the Board meetings to be conducted by way of telephonic or video conference meetings, provided the requisite quorum of majority of the Directors is present.

The Board is updated on an on-going basis through Board meetings or by way of circulars on matters relating to the changes to the regulations of the SGX-ST, Companies Act, Cap. 50, accounting standards and other statutory requirements. New Directors will be briefed on the Company's business and governance practices and their statutory duties and responsibilities as Directors.

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors for the financial year ended 31 December 2015: -

Name of Directors	Board		Audit		Nominating		Remuneration	
	No of meetings held	No of meetings attended	No of meetings held	No of meetings attended	No of meetings held	No of meetings attended	No of meetings held	No of meetings attended
Lee Lin Poey	5	5	NA	NA	1	1	NA	NA
Lee Heng Thiam	5	5	NA	NA	NA	NA	NA	NA
Foo Meng Kee	5	5	4	4	1	1	1	1
Lee Kim Lian, Juliana	5	5	4	4	1	1	1	1
Kewee Kho	5	5	4	4	1	1	1	1

Matters reserved for Board's Approval

Matters specifically reserved to the Board for its approval are: -

- (a) matters involving a conflict of interest for a substantial shareholder or a Director;
- (b) material acquisitions and disposal of assets;
- (c) corporate or financial restructuring;
- (d) share issues, interim dividends and other returns to shareholders; and
- (e) material investments or expenditures not in the ordinary course of the Group's businesses.

Delegation of Authority by the Board

Board Committees, namely the Audit Committee, Nominating Committee, and Remuneration Committee have been constituted to assist the Board in the discharge of specific responsibilities. Principles 4 to 5, 7 to 9, 11 to 13 detailed the activities of the Audit Committee, Nominating Committee and Remuneration Committee respectively.

Statement of Corporate Governance (cont'd)



Orientation, briefings, updates and trainings for Directors

During the financial year reported on, the Directors had received updates on regulatory changes to the Listing Rules and the accounting standards and the Code. The Chairman updates the Board at each Board meeting on business and strategic developments. The Management highlights the salient issues as well as the risk management considerations for the industries the Group is in. The Nominating Committee also facilitates the attendance and participation by the Directors in relevant courses and seminars and reports to the Board on such continuing upgrading and education efforts of the Directors.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board now consists of 5 Directors, 3 of whom are Independent and Non-Executive Directors.

The criterion for independence is based on the definition given in the Code. The Code has defined an "Independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the company. The independence of each Director is reviewed annually by the Nominating Committee, based on the definition of independence as stated in the Code.

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

Key information regarding the Directors is given in the Directors' Profile section of the annual report.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement of this annual report.

Statement of Corporate Governance (cont'd)



Annual Review of Directors' Independence in 2015

All three Independent Directors have confirmed their independence and they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgement.

Mr. Foo Meng Kee and Ms. Lee Kim Lian, Juliana have served on the Board of Directors for more than 9 years. The NC and the Board accordingly performed a specific review of their independence as required by the Code. Pursuant to the review, the Board (with the recommendations from the Nominating Committee) is of the view that both independent directors have engaged the Board in constructive discussion, their contributions are relevant and reasoned, and both Directors have exercised independent judgement. In coming to this view, the Board ensures that the criteria of independence as set out in the Code are met, and that both directors subject themselves to peer assessment and review of their performance by all other co-Directors. The Board takes into account their demonstration of independence in character and judgement through the many discussions the Board had over matters and issues concerning the Group. The Board also recognizes that Mr. Foo and Ms. Lee have over time developed significant insights in the Group's business and operations and can continue to provide significant and valuable contribution objectively to the Board as a whole. The Board considers each of Mr. Foo and Ms. Lee independent even though both have served on the Board for more than 9 years from the date of each of their first appointment. Mr. Foo and Ms. Lee have abstained from the NC's and Board's deliberations and decisions on their independence.

Executive Chairman and Managing Director

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual represents a considerable concentration of power.

Mr. Lee Lin Poey is the Executive Chairman of the Company. As the Executive Chairman, Mr. Lee is responsible for overseeing the overall management and strategic development of the Group. Mr. Lee reports to the Board and ensures that policies and strategies adopted by the Board are implemented.

His responsibilities include:

- Leading the Board in his role as Chairman of the Board;
- Scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- Preparing meeting agenda;
- Ensuring that Board Meetings are held when necessary;
- Reviewing board papers before they are presented to the Board;
- Ensuring effective communication with shareholders; and
- Promoting good corporate governance and risk management.

Mr. Lee Heng Thiam, the Managing Director, assists the Executive Chairman in the day-to-day management of the Group.

Statement of Corporate Governance (cont'd)



Although Mr. Lee Lin Poey and Mr. Lee Heng Thiam are siblings, the Board is of the view that there is a strong independent element on the Board. The Independent Directors form more than half of the Board. The Independent Directors and the Executive Directors individually and collectively are available to shareholders as a channel of communication between shareholders and the Board or Management. Thus far, there are no shareholder concerns for which contact through the normal channels of the Executive Chairman, the Executive Directors, the Independent Directors and the Financial Controller has failed to resolve or is inappropriate, hence no Lead Independent Director has been appointed. The Nominating Committee nonetheless monitors any change in circumstances that may warrant a re-consideration of the necessity for a Lead Independent Director.

All major decisions made by the Executive Chairman are reviewed by the Board. The performance and effectiveness of the Executive Directors are periodically reviewed by the Nominating Committee and their remuneration packages are periodically reviewed by the Remuneration Committee. As such, the Board is of the view that there is adequate balance of power and safeguards in place against an uneven concentration of authority in a single or few individuals.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee ("NC") comprises the following:

Lee Kim Lian, Juliana	Chairperson and Independent Director
Foo Meng Kee	Independent Director
Kewee Kho	Independent Director
Lee Lin Poey	Executive Director

The NC functions under written terms of reference which sets out its responsibilities as follows:

- (a) To review board succession plans for Directors, in particular, the Chairman and Managing Director;
- (b) To develop the process for evaluation of the performance of the Board, its committees and Directors and conduct a formal assessment of the effectiveness of the Board, Board Committees and contribution by each Director;
- (c) To review the training and professional development programs for the Board;
- (d) To recommend to the Board on all board appointments, re-appointments and re-nominations; and
- (e) To consider and determine on an annual basis whether or not a Director is independent.

The NC has conducted an annual review of the independence of the Independent Directors, using the criteria of independence in the Code, and has ascertained that they are independent.

Statement of Corporate Governance (cont'd)



Multiple Board Representations

The NC has considered and taken the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because Directors have different capabilities, the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

Selection, Appointment and Re-appointment of Directors

Where there is a resignation or retirement of an existing Director, the NC will re-evaluate the Board composition to assess the competencies for the replacement. The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include among other things, whether the new Director can add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board discussions. Candidates are sourced through a network of contacts and identified based on the established criteria. Search can be made through relevant institutions such as the Singapore Institute of Directors ("SID"), professional organisations or business federations or external search consultants. New Directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board, and will be provided with a formal letter setting out their duties and responsibilities.

The Constitution of the Company requires one-third of the Board to retire from office at each Annual General Meeting ("AGM"). Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. In addition, a newly appointed Director will submit himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to the one-third rotation rule.

The NC has recommended to the Board, the re-election of Mr. Lee Lin Poey, Mr. Foo Meng Kee and Mr. Kewee Kho who retire by rotation at the forthcoming annual general meeting.

In making recommendation for the purpose of re-nomination of the Director, the NC has taken into consideration the Directors' contribution and performance (including a specific review of the independence of Mr. Foo as required by the Code). The Board has accepted the NC's recommendation. The retiring Directors have abstained from the NC's deliberations and the Board's review of the NC's recommendation pertaining to their re-election.

Statement of Corporate Governance (cont'd)



Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC examines the Board's size and composition to ensure that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations. The NC also ensures that individually, each Director, with his expertise, brings to the Board an independent and objective perspective thereby allowing balanced and well-considered decisions to be made while collectively, the Directors possess the background, experience, knowledge and core competencies in finance and management skills critical to the Group's business.

Annually, the Directors undertake an evaluation of the overall effectiveness of the Board and the Board Committees including peer assessment on the contributions of individual Directors to the Board and Board Committees. The results of the evaluation exercise are considered by the NC, which then makes recommendations to the Board aimed at assisting the Board to discharge its duties more effectively.

The evaluation focuses on Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with Management and standard of conduct.

Access to Information

Principle 6: In order to fulfill their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognizant of the decisions and actions of the Company's executive management. The Board has unrestricted access to the Company's records and information.

Directors are furnished with information on matters to be considered at Board meetings through the circulation of Board papers. Where necessary, senior members of management staff or external consultants engaged on specific projects, are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings.

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary attends or is represented at all Board meetings and meetings of the Board committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with.

Each Director has the right to seek independent, legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

Statement of Corporate Governance (cont'd)



REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises 3 members, all of whom are Non-Executive and Independent Directors of the Company. The members of the RC are:

Kewee Kho	Chairman and Independent Director
Lee Kim Lian, Juliana	Independent Director
Foo Meng Kee	Independent Director

The RC recommends to the Board a framework of remuneration for the Directors and Executive Officers, and determines specific remuneration package for each Executive Director. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors' fee, salaries, allowances, bonuses and benefits-in-kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

The RC functions under written terms of reference which sets out its responsibilities as follows:

- (a) To recommend to the Board a framework for remuneration for the Directors and key executives of the Company;
- (b) To review and recommend Directors' fee for Non-Executive and Independent Directors for approval at the annual general meeting;
- (c) To determine specific remuneration packages for each Executive Director as well as key management personnel; and
- (d) To review the appropriateness of compensation for Non-Executive and Independent Directors.

The recommendations of the RC will be submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

All aspects of remuneration, including but not limited to Directors' fee, salaries, allowances, bonuses, and benefits-in-kind shall be reviewed by the RC.

Statement of Corporate Governance *(cont'd)*



Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. The remuneration of Non-Executive and Independent Directors is also reviewed to ensure that the remuneration is commensurate with the contribution and responsibilities of the Directors.

The Company will submit the quantum of Directors' fee of each year to the shareholders for approval at each Annual General Meeting.

The Executive Directors have service agreements. The service agreements cover the terms of employment, salaries and other benefits. Independent and Non-Executive Directors have no service agreements.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

Name of Directors	Salary \$'000	Bonus \$'000	Directors' Fee \$'000	Allowances and Other Benefits \$'000	Total Compensation \$'000
Lee Lin Poey	624	936	-	82	1,642
Lee Heng Thiam	624	936	-	56	1,616
Foo Meng Kee	-	-	90	-	90
Lee Kim Lian, Juliana	-	-	90	-	90
Kewee Kho	-	-	90	-	90

Key Executives of the Group

The Code recommends that the remuneration of at least the top five key executives who are also not Directors be disclosed within bands of \$250,000. However, the Company believes that it is not in the best interest of the Company to disclose the details of the remuneration of its top 5 key executives given the highly competitive industry conditions. The remuneration of the Company's top key executive is above \$250,000 while the remuneration of each of the other 4 key executives is below \$250,000.

The aggregate total remuneration paid to the top five key management personnel is approximately S\$1.3 million.

Statement of Corporate Governance *(cont'd)*



Remuneration of Immediate Family Members of Directors or Substantial Shareholders

Other than Mr. Lee Lin Poey and Mr. Lee Heng Thiam who are siblings, the following employees are related to Mr. Lee Lin Poey and Mr. Lee Heng Thiam: -

Name of employees who are family members	Relationship with Mr. Lee Lin Poey and Mr. Lee Heng Thiam, the Executive Directors and Substantial Shareholders of the Company	Designation
\$450,000 – \$500,000 Lee Hock Seng	Brother	Executive Director of Lee Welded Mesh Singapore Pte Ltd
\$200,000 - \$250,000 Lee Siew Khim	Sister	Human Resource & Administration Manager
\$150,000 – \$200,000 Lee Ren De	Nephew	Financial Controller
\$100,000 - \$150,000 Chee Mei Ying	Niece- in -law	Administration and Finance Manager
\$50,000 - \$100,000 Lee Hwei Ling Lee Jin Kiat	Niece Nephew	Accounts Executive Production Executive

Details of employee share schemes

The Company does not have any employee share scheme for its employees.

Statement of Corporate Governance *(cont'd)*



ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of Listing Rules to undertake to use their best endeavours to comply with the SGX-ST Listing Rules and to procure that the Company shall so comply. A similar undertaking has been executed by the Financial Controller in his capacity as Executive Officer.

In compliance with the Listing Rules, the Board ensures timely information and full disclosure of material information to shareholders.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

Statement of Corporate Governance (cont'd)



Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board of Directors, with the assistance of the Audit Committee, ensures that Management maintains an adequate system of internal controls to safeguard shareholders' investment and the Company's assets. The Group also employs an Enterprise Risk Management Framework to regularly review and improve its business and operational activities and to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and the Board.

The Board ensures that a review of the effectiveness of the Group's risk management and internal controls systems, including financial, operational, compliance and information technology controls, is conducted annually. In this respect, the Audit Committee will review the audit plans, and the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process.

For the financial year ended 31 December 2015, the Board has received assurance from the Managing Director and the Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the effectiveness of the Company's risk management and internal controls system.

Pursuant to Rule 1207(10) of the Listing Manual and Guideline 11.2 of the Code, based on the internal controls established and maintained by the Group, work performed by the Group's external and internal auditors (which included a Control Self-Assessment exercise conducted by the internal auditors), and regular reviews performed by Management, the Board and the various Board committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls are adequate and effective in addressing financial, operational, compliance and information technology risks of the Group in its current business environment.

Statement of Corporate Governance *(cont'd)*



Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises 3 members, all of whom are Non-Executive and Independent Directors of the Company. The members of the AC are:

Foo Meng Kee	Chairman and Independent Director
Lee Kim Lian, Juliana	Independent Director
Kewee Kho	Independent Director

The AC functions under written terms of reference which sets out its responsibilities as follows:

- (a) To review the audit plans of both the internal and external auditors;
- (b) To review the auditors' reports and their evaluation of the Company's and the Group's system of internal controls;
- (c) To review the effectiveness and adequacy of the internal audit function which is outsourced to a professional firm;
- (d) To review the co-operation given by the Company's officers to the internal and external auditors;
- (e) To review the financial statements of the Company and the Group before submission to the Board;
- (f) To nominate and review appointment of internal and external auditors;
- (g) To review with auditors and Management on the general internal control procedures;
- (h) To review the independence of the internal and external auditors; and
- (i) To review interested person transactions, if any.

The AC has the power to conduct or to authorise investigations into any matters within the AC's scope of responsibility. The AC is authorized to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

Each member of the AC shall abstain from voting on any resolutions in respect of matters he has an interest in.

The AC has full access to and co-operation of the Management. It has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC meets with both the external and internal auditors without the presence of the Management at least once a year.

Statement of Corporate Governance (cont'd)



The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual in engaging Ernst & Young LLP, registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and of its subsidiaries. The AC reviews the independence of the external auditors annually. The AC notes that the aggregate amount of audit fees paid and payable by the Group to the external auditors for FY2015 is approximately S\$263,069, of which audit fees amounted to approximately S\$223,000 and non-audit fees amounted to approximately S\$40,069. The AC, having reviewed the range and value of non-audit services performed by the external auditors, is satisfied that the nature and extent of such services do not prejudice the independence and objectivity of the external auditors.

The AC recommended that Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming AGM.

The Company has put in place a whistle-blowing framework by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters with the AC Chairman and members or the Head of Human Resource, or, if the staff so chooses, the relevant supervisory or divisional head. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has outsourced the internal audit function to a professional firm, JF Virtus Pte Ltd. The Internal Auditors report directly to the Chairman of the Audit Committee on all internal audit matters.

The primary functions of internal audit are:

- (a) To assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;
- (b) To assess if operations of the business processes under review are conducted efficiently and effectively; and
- (c) To identify and recommend improvement to internal control procedures, where required.

The Audit Committee has reviewed the Company's internal control assessment and based on the internal auditors' and external auditors' reports and the internal controls in place, it is satisfied that there are adequate internal controls to meet the needs of the Group in its current business environment.

Statement of Corporate Governance *(cont'd)*



COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

- (a) SGXNET announcements and news release;
- (b) Annual Report prepared and issued to all shareholders;
- (c) Press releases on major developments of the Group; and
- (d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGM").

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meetings to answer any question relating to the work of these committees. The External Auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Shareholders are encouraged to attend the AGM/EGM to ensure high level of accountability and to stay apprised of the Group's strategy and goals. Notice of the meeting will be advertised in newspapers and announced on SGXNET.

The Company will have separate resolutions at general meetings on each distinct issue. The Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries which include CPF agent banks nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by shareholders.

Statement of Corporate Governance *(cont'd)*



Dealing In Company's Securities

The Company has adopted a policy on dealing in securities that is in accordance with Rule 1207(19) of the Listing Manual. The Company has procedures in place prohibiting dealings in the Company's shares by Directors and employees of the Company on short term considerations and for the period of two weeks before the announcement of the financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. Directors and employees are expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods.

Interested Person Transactions Policy

The Company has adopted an internal policy in respect of any transactions with interested persons and has established procedures for the review and approval of interested person transactions entered into by the Group. The Audit Committee has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the shareholders.

In compliance with the SGX-ST listing requirement, the Company confirms that there were interested person transactions during the financial year under review but these were below \$100,000 in aggregate.

Material Contracts

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the Executive Chairman, any Director, or controlling shareholder.

Directors' Profile



Mr. Lee Lin Poey

Mr. Lee Lin Poey is the Executive Chairman of the Company. He was appointed to the Board in December 1982. Last re-elected at the Company's AGM in April 2013, Mr. Lee will be retiring at the Company's coming AGM in April 2016 and is seeking re-election. Mr. Lee is one of the key founding members of the Company, having joined as its Executive Director since 1982. With more than 30 years of experience in the steel industry, Mr. Lee is responsible for charting and spearheading the corporate directions and strategies, and sustainability of the Group. As Executive Chairman, he is involved in the Group's business development, corporate management and finance, and is responsible for the overall performance of the Group.

Mr. Lee Heng Thiam

Mr. Lee Heng Thiam is the Managing Director of the Company. He is one of the key founding members of the Group. Mr. Lee joined the Company in 1983 as the General Manager, was appointed to the Board in June 1998 as Executive Director and became Managing Director in March 2011. Mr. Lee was last re-elected at the Company's AGM in April 2014. He has over 30 years of experience in steel merchandising, steel fabrication and metal recycling business. He spearheaded the Group's diversification into the steel merchandising business in 1991 and rebar fabrication business in 1994, both of which have grown to become the Group's core local business.

Mr. Foo Meng Kee

Mr. Foo Meng Kee is an Independent Director of the Company. He was appointed to the Board on 1 January 2002. Last re-elected at the Company's AGM in April 2013, Mr. Foo will be retiring at the Company's coming AGM in April 2016 and is seeking re-election. Mr. Foo is the Chairman of the Company's Audit Committee. Mr. Foo holds a Bachelor of Commerce (Honours) Degree from the Nanyang University of Singapore, and Master of Business Administration from the University of Dubuque, USA. He is a member of the Singapore Institute of Directors. Mr. Foo worked in Hitachi Zosen Singapore Ltd from 1976 to 1998, holding the position of Managing Director. Mr. Foo is the principal owner of M.K. Capital Private Limited and M.K. Marine Private Limited. Mr. Foo currently serves on the boards of other listed companies, including Courage Marine Group Limited, Sinarmas Land Limited and Jiutian Chemical Group Limited. Mr. Foo had served on the boards of See Hup Seng Limited and Titan Petrochemicals Group Limited in the past 3 years.

Directors' Profile *(cont'd)*



Ms. Lee Kim Lian, Juliana

Ms. Juliana Lee is an Independent Director of the Company. She was appointed to the Board on 11 August 2005 and was last re-elected at the Company's AGM in April 2015. Ms. Lee is the Chairwoman of the Company's Nominating Committee. Ms. Lee holds a Bachelor of Law (Honours) Degree from the National University of Singapore and is a member of the Singapore Institute of Directors. She has more than 20 years of experience in legal practice and is currently a Director of Aptus Law Corporation, heading its corporate practice. Her main areas of practice are corporate law, corporate finance, mergers and acquisitions and venture capital. Ms. Lee currently serves on the boards of Great Group Holdings Limited and Nordic Group Limited, and has in the past served on the board of PSL Holdings Limited.

Mr. Kewee Kho

Mr. Kewee Kho is an Independent Director of the Company. He was appointed to the Board on 7 June 2012. Last re-elected at the Company's AGM in April 2013, Mr. Kho will be retiring at the Company's coming AGM in April 2016 and is seeking re-election. Mr. Kho is the Chairman of the Company's Remuneration Committee. He graduated with a Bachelor of Science in Finance and International Business from Indiana University and is a member of the Singapore Institute of Directors. He has over 20 years of experience in investment banking, private equity and corporate development throughout the Asia-Pacific region including capital market transactions, mergers and acquisitions, principal and strategic investments, financial and corporate strategy, covering a broad spectrum of industries. Mr. Kho currently serves on the board of Courts Asia Limited.

Key Executive Officers' Profile



Mr. Lee Hock Seng

Executive Director, Lee Welded Mesh Singapore

Mr. Lee has been with the Group for over 30 years and is a pioneer founder of the Group. He is overall in-charge of inventory management, strategic planning, logistics management and production of reinforcement steel fabricated rebar and welded mesh.

Mr. Woo Siew Fook

Managing Director, Steel Park International

Mr. Woo joined the Company in 2005. He is responsible for strategic development and execution in the international merchandising of steel products. Mr. Woo graduated with a degree in Bachelor of Business Administration from the University of Singapore in 1977. He has over 30 years of experience working in various international and local banks with exposure mainly in trade finance and corporate banking activities. Prior to joining the Company, Mr. Woo was the Head of Corporate Client Management at RZB Austria.

Mr. Lee Ren De, Randy

Financial Controller

Mr. Lee joined the Group in 2010. He is responsible for all financial, administrative, human resource, taxation and treasury activities of the Group. Having worked with key operating and finance units, Mr. Lee is exposed and familiar with the operational and the financial aspects of the business. He holds a First Class Honours in Bachelor of Accountancy from the Nanyang Technological University, Singapore.

Ms. Lee Siew Khim

Human Resource & Administration Manager

Ms. Lee has been with the Group for over 30 years and is a pioneer founder of the Group. She is responsible for Group administration matters, shipping documentation, and oversees human resource management and sustainability strategies for the Group.

Key Executive Officers' Profile *(cont'd)*



Mr. Goh Teck Sin, Eric

Assistant General Manager – Technical & Sales

Mr. Goh joined the Company in 1999. With over 30 years of experience in the reinforcement steel fabrication industry, Mr. Goh is responsible for the technical and sales aspects of the reinforcement steel fabricated rebar and welded mesh.

Mdm. Jenny Ng Yin Zhen

Assistant General Manager – Marketing

Mdm. Ng joined the Company in 2010. She is responsible for sales and marketing of reinforcement steel fabricated rebar and welded mesh. Mdm. Ng came with over 30 years combined experience in detailing, planning, production, prefabrication, sales, marketing and technical supports in rebar and welded mesh products for the construction industry. She holds a Diploma in Civil Engineering.

Mr. Ng Gim Hua

Assistant General Manager – Marketing

Mr. Ng joined the Company in 2012. He is responsible for sales and marketing of reinforcement steel fabricated rebar and welded mesh. Mr. Ng has vast knowledge and experience after having a long and successful stint in the steel industry. He graduated from the National University of Singapore with Bachelor of Economics and Statistics.

Mr. Lim Kwang Chuan, Henry

Production Manager

Mr. Lim joined the Company in 2012. He is responsible for the reinforcement steel rebar fabrication operation. He has over 30 years of experience working in various multinational corporations with exposure mainly in operation and production. Mr. Lim holds a Bachelor of Business Administration degree from La Trobe University, Australia and is a qualified Industrial Engineer.

Shareholding Statistics

As at 16 March 2016



Share Capital Information

Issued and paid-up capital	–	\$46,472,892
Number of shares	–	474,551,093
Number of treasury shares	–	Nil
Class of shares	–	Ordinary share
Voting rights	–	One vote per share

Distribution of Shareholdings as at 16 March 2016

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	102	4.60	1,532	0.00
100 – 1,000	92	4.14	84,016	0.02
1,001 – 10,000	643	28.96	4,297,927	0.91
10,001 – 1,000,000	1,347	60.68	109,126,100	23.00
1,000,001 and above	36	1.62	361,041,518	76.07
Total	2,220	100.00	474,551,093	100.00

List of 20 Largest Shareholders as at 16 March 2016

No	Name	No. of shares	Percentage
1	LEE LIN POEY	83,888,608	17.68
2	LEE HOCK SENG	49,060,453	10.34
3	LEE HENG THIAM	46,597,471	9.82
4	LEE SIEW KHIM	24,592,310	5.18
5	LEE SIEW CHOO	23,914,110	5.04
6	LEE REN DE (LI RENDE)	21,742,991	4.58
7	DBS VICKERS SECS (S) PTE LTD	20,324,000	4.28
8	CIMB SEC (S'PORE) PTE LTD	19,583,500	4.13
9	DBS NOMINEES PTE LTD	8,850,700	1.87
10	HONG LEONG FINANCE NOMINEES PL	8,364,000	1.76
11	LEE GUN SIANG	4,774,955	1.01
12	BANK OF S'PORE NOMS PTE LTD	4,718,000	0.99
13	LIM KIAW BEE	3,343,000	0.70
14	RAFFLES NOMINEES (PTE) LTD	3,228,600	0.68
15	QUAH WEE LAI	3,000,000	0.63
16	YIM WING CHEONG	2,685,900	0.57
17	TAY HWA LANG	2,550,000	0.54
18	UNITED OVERSEAS BANK NOMINEES	2,337,900	0.49
19	OCBC SECURITIES PRIVATE LTD	2,329,520	0.49
20	TEO HWEE MIN	2,092,500	0.44
TOTAL		337,978,518	71.22

Shareholding Statistics *(cont'd)*

As at 16 March 2016



Substantial shareholders as at 16 March 2016

Name of Shareholders	Direct Interest	%	Deemed Interest	%
LEE LIN POEY	83,888,608	17.68	–	–
LEE HOCK SENG	49,060,453	10.34	–	–
LEE HENG THIAM	46,597,471	9.82	–	–
LEE SIEW KHIM	24,592,310	5.18	–	–
LEE SIEW CHOO	23,914,110	5.04	–	–

Percentage of Shareholdings in Public Hands

Based on information available to the Company as at 16 March 2016 approximately 46.32% of the issued ordinary shares of the Company is held by public, and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at No. 7, Tuas Avenue 16, Singapore 638934 on Tuesday, 19 April 2016 at 10.00 a.m. to transact the following purposes: -

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Directors' Statement and Auditors' Report thereon. **(Resolution 1)**
2. To declare a Final one-tier tax exempt Dividend of 1 cent per ordinary share as recommended by the Directors for the financial year ended 31 December 2015. **(Resolution 2)**
3. To approve the Directors' fee of S\$270,000 for the financial year ended 31 December 2015. [See Explanatory Note (i)] **(Resolution 3)**
4. To approve the Directors' fee of S\$90,000 for the financial year ending 31 December 2016. [See Explanatory Note (ii)] **(Resolution 4)**
5. To re-elect Mr. Lee Lin Poey, a Director retiring pursuant to Article 104 of the Company's Constitution. **(Resolution 5)**
6. To re-elect Mr. Foo Meng Kee, a Director retiring pursuant to Article 104 of the Company's Constitution. **(Resolution 6)**

Mr. Foo Meng Kee will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will continue as a member of the Nominating and Remuneration Committees.

7. To re-elect Mr. Kewee Kho, a Director retiring pursuant to Article 104 of the Company's Constitution. **(Resolution 7)**

Mr. Kewee Kho will, upon re-election as a Director of the Company, remain as a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will continue as a member of the Nominating Committee and Chairman of the Remuneration Committee.

8. To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

Notice of Annual General Meeting *(cont'd)*

AS SPECIAL BUSINESS

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

9. Authority to issue shares

- "(a) That pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
- (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) notwithstanding the authority conferred by the shareholders may have ceased to be in force issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always, that subject to any applicable regulations as may be prescribed by the SGX-ST,

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

Notice of Annual General Meeting *(cont'd)*

- (a) new shares arising from the conversion or exercise of convertible securities, or
 - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
 - (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (iii)] **(Resolution 9)**

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

BY ORDER OF THE BOARD

Foo Soon Soo (Ms.)
Secretary
1 April 2016
SINGAPORE

Explanatory Notes: -

- (i) The Ordinary Resolution 3 is to approve Directors' fee of S\$270,000 to the Non-Executive and Independent Directors of the Company for the financial year ended 31 December 2015 which is inclusive of basic Directors' fee of S\$90,000 approved at the last Annual General Meeting of the Company held on 22 April 2015.
- (ii) The Ordinary Resolution 4 is to approve the basic Directors' fee of S\$90,000 to the three Non-Executive and Independent Directors of the Company for the financial year ending 31 December 2016.
- (iii) The Ordinary Resolution in item 9 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(2) of the Listing Manual of Singapore Exchange Securities Trading Limited currently provides that the total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time of this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notice of Annual General Meeting *(cont'd)*



Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at No. 7, Tuas Avenue 16, Singapore 638934 at least 48 hours before the time appointed for the Annual General Meeting.
5. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies shall be deemed to revoke if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Annual General Meeting.
6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.
7. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person as proxy of his/her CPF and/or SRS Approved Nominee. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

Notice of Annual General Meeting *(cont'd)*



NOTICE OF BOOKS CLOSURE DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 29 April 2016 after 5.00 p.m. for the preparation of determining the Members' entitlements to the dividend to be proposed at the Annual General Meeting of the Company to be held on 19 April 2016.

Duly completed registrable transfers in respect of shares of the Company received by the Company's Share Registrar, KCK CorpServe Pte. Ltd., of 333 North Bridge Road KH KEA Building #08-00, Singapore 188721 up to 5.00 p.m. on 29 April 2016 will be registered to determine Members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 29 April 2016 will be entitled to such proposed dividend.

The proposed dividend, if approved by Members at the Annual General Meeting, will be paid on 23 May 2016.

BY ORDER OF THE BOARD

Foo Soon Soo (Ms.)
Secretary
1 April 2016
SINGAPORE

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) 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.

This page is intentionally left blank.

PROXY FORM

LEE METAL GROUP LTD

(Incorporated in the Republic of Singapore)

Registration No. 198205439C

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF monies to buy LEE METAL GROUP LTD's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We

of

being *a member/members of LEE METAL GROUP LTD. (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings Represented by Proxy	
			No. of Shares	%

*and/or

--	--	--	--	--

as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf at the Annual General Meeting of the Company to be held at No. 7, Tuas Avenue 16, Singapore 638934 on Tuesday, 19 April 2016 at 10.00 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 with an "✓" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	No of Votes or indicate with a tick	
		For**	Against**
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Directors' Statement and Auditors' Report thereon.		
2.	To declare a Final one-tier tax exempt Dividend of 1 cent per ordinary share as recommended by the Directors for the financial year ended 31 December 2015.		
3.	To approve the Directors' fee of S\$270,000 for the financial year ended 31 December 2015.		
4.	To approve the Directors' fee of S\$90,000 for the financial year ending 31 December 2016.		
5.	To re-elect Mr. Lee Lin Poey, a Director retiring pursuant to Article 104 of the Company's Constitution.		
6.	To re-elect Mr. Foo Meng Kee, a Director retiring pursuant to Article 104 of the Company's Constitution.		
7.	To re-elect Mr. Kewee Kho, a Director retiring pursuant to Article 104 of the Company's Constitution.		
8.	To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
9.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.		

** All resolutions would be put to vote by poll in accordance with listing rule of the Singapore Exchange Securities Limited. Please tick (✓) or indicate the number of votes within the box provided. A tick would represent that you are exercising all your votes "For" or "Against" the relevant resolution.

Dated this day of 2016

Signature(s) of Member(s)/Common Seal

*Delete accordingly

Total Number of Shares Held



IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THE PROXY FORM

NOTES

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("AGM"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Companies Act").
3. A proxy need not be a member of the Company.
4. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
5. Where a member of the Company appoints more than one proxy in a proxy form, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
7. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

fold here

**Affix
Postage
Stamp**

**The Company Secretary
LEE METAL GROUP LTD
No. 7 Tuas Avenue 16
Singapore 638934**

fold here

8. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The instrument appointing proxy or proxies, together with power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at No. 7, Tuas Avenue 16, Singapore 638934 not later than 48 hours before the time set for the AGM.
10. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by the Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
11. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
12. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
13. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

Lee Metal Group Ltd

No. 7 Tuas Ave 16,
Singapore 638934
T 65 6862 2467
F 65 6862 1664
sales@leemetalgroup.com
www.leemetalgroup.com

**Lee Welded Mesh
Singapore Pte Ltd**

T 65 6861 8180
F 65 6863 2380
sales@leemetalgroup.com

**Steel Park International
Pte Ltd**

T 65 6862 2467
F 65 6862 1664
sales@leemetalgroup.com

**Steel Park Resources
Pte Ltd**

T 65 6862 1898
F 65 6861 2355
sales@leemetalgroup.com

LMG Realty Pte Ltd

(Formerly known as Lee
Carriers Pte Ltd)
T 65 6862 2467
F 65 6862 1664
sales@leemetalgroup.com

**Steel Park Malaysia
Sdn Bhd**

T 65 6862 2467
F 65 6862 1664
sales@leemetalgroup.com

**Maxlee Development
Pte Ltd**

1 Sophia Road
#05-03 Peace Centre
Singapore 228149
T 65 6818 8000
F 65 6818 8077

**Listeel Hong Kong
Limited**

T 65 6862 2467
F 65 6862 1664
sales@leemetalgroup.com