



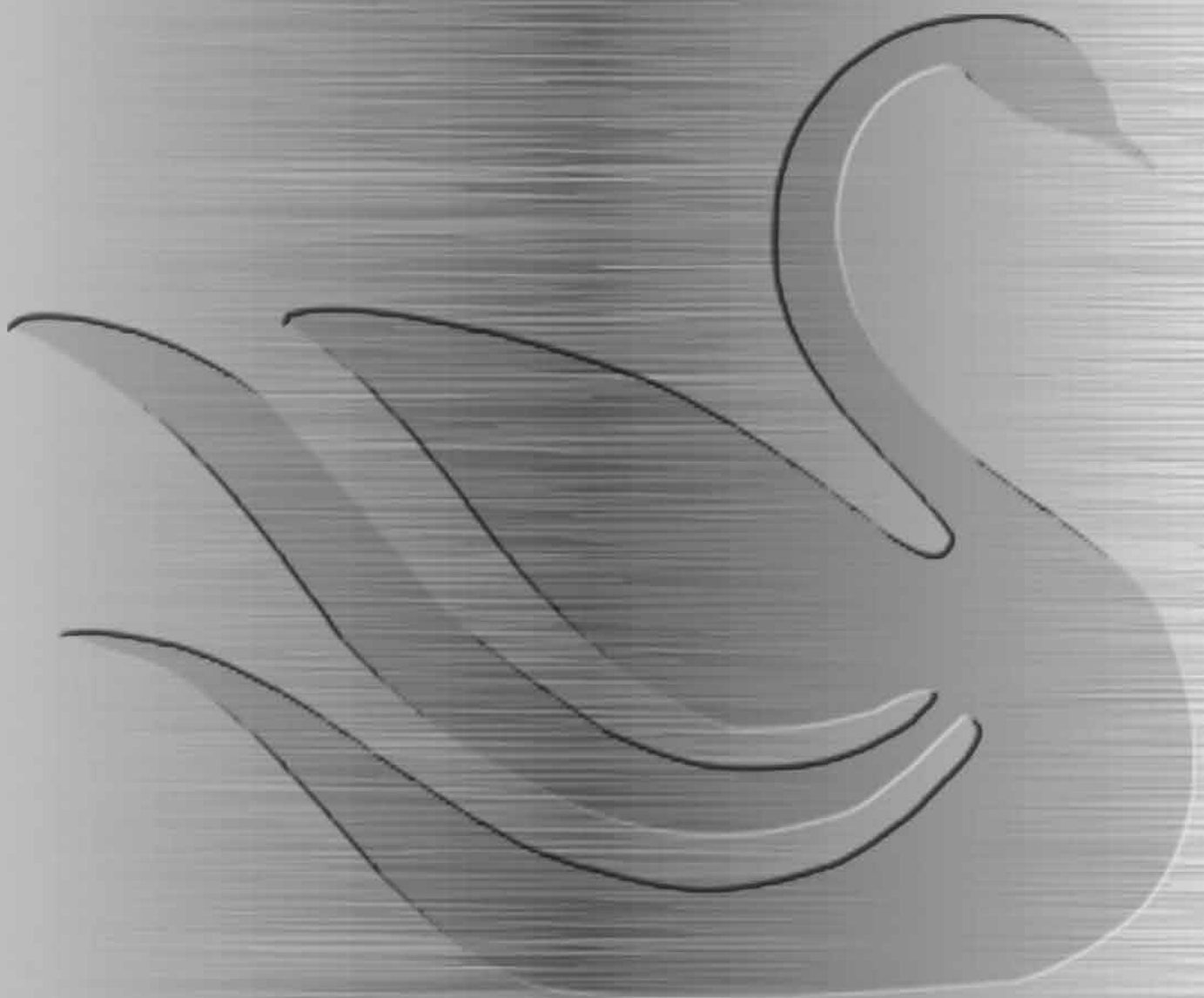
NAM LEE PRESSED METAL
INDUSTRIES LIMITED

2017

ANNUAL REPORT



Strengthening
**Our Market
Leadership**





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Corporate Profile

Nam Lee Pressed Metal Industries Limited was incorporated on 10 March 1975 by the Yong family, which has been in the metal fabrication business since the 1950s. The family business was started by their father, the late Mr Yong Kwong Fae, who founded Chop Nam Lee, a sole proprietorship, to fabricate galvanised household products such as buckets and bath tubs.

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



With the many years of experience in the business, its vertically-integrated production structure, well equipped facilities and skilled staff, Nam Lee Pressed Metal is able to offer the market complete service from design right through to installation, including the manufacture of tooling, jigs and fixtures, metal fabrication, surface coatings and treatments, assembly and the installation of the final products. Headquartered in Singapore, the Group has subsidiaries in Singapore, Malaysia, China and Hong Kong serving customers through its workforce across the region.

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





INTEGRITY QUALITY CUSTOMER SATISFACTION INNOVATION

are the pillars on which the success of Nam Lee Pressed Metal is built and they sum up the corporate values embraced by the Board, Management and Staff of Nam Lee Pressed Metal. I am confident that so long as we adhere to these core values, Nam Lee Pressed Metal will make its mark as the preferred supplier for metal and aluminium products.

Mr Yong Koon Chin
Chairman

Chairman's Statement

A MESSAGE TO SHAREHOLDERS

On behalf of the Board of Directors, I hereby present the results of Nam Lee Pressed Metal Industries Limited and its subsidiaries for the financial year ended 30 September 2017 ("FY2017"), which presented a year of mixed fortunes for the Group.

On one hand, the Group's core industrial products pillar was able to harness the gradual improvement in business sentiments to post a 9.7% year-on-year growth in Group turnover to S\$141.9 million, particularly on the back of increased sales volumes in the fourth quarter ended 30 September 2017.

At the same time, the Group's aluminium building products business recognised more customer deliveries and progressive billings in line with the respective projects' percentage of work completed milestones.

However, FY2017 year-on-year earnings growth was dampened by the Group's prudent S\$4.1 million one-time provision for the cost of replacing cladding products. This provision has arisen from a prior-years' supply-and-install project in Singapore. The Group had already completed and successfully handed over the project to the main contractor back in 2013.

On the other hand, the Group also recorded a significant net increase in other income from S\$0.5 million for FY2016 to S\$2.5 million for FY2017, which was mainly due to a net gain in foreign exchange as well as higher net gain in derivatives hedging instruments.

In addition, the Group's effective tax rate for FY2017 was significantly reduced to 18.9% compared to 31.0% for FY2016. The previous year's abnormally high tax rate was due to the application of revised transfer pricing adjustments for the prior years of tax assessments in respect of the Group's two Malaysian subsidiaries.

In summary, with the combined offsetting impacts from all the above-mentioned factors on the Group's bottom-line, the Group was able to post an improvement in fully diluted earnings per share to 4.23 Singapore cents for FY2017, compared to 3.78 Singapore cents for FY2016.



A REVIEW OF FY2017

Income Statement

Group turnover increased by S\$12.5 million or 9.7% from S\$129.4 million for the financial year ended 30 September 2016 ("FY2016") to S\$141.9 million for the financial year ended 30 September 2017 ("FY2017"). The growth was mainly attributable to increased revenues from the Group's core aluminium segment.

Gross profit was maintained at similar levels - from S\$28.0 million in FY2016 to S\$27.8 million in FY2017. Gross profit margin decreased from 21.6% in FY2016 to 19.6% in FY2017 in line with the change in annual sales mix which comprised lower margin products.

While revenue grew 9.7% and cost of sales rose 12.5% year-on-year, distribution and administration costs were maintained at approximately the same level respectively, mainly due to the Group's on-going effort to maintain costs and improve operational efficiency.

However, other operating costs increased from S\$2.3 million in FY2016 to S\$5.5 million in FY2017. This increase in other operating costs in FY2017 was mainly due to the S\$4.1 million provision for a one-time product replacement cost for a prior-year building product project that was handed over to the main contractor in 2013.

Other income grew from S\$0.5 million in FY2016 to S\$2.5 million in FY2017. This increase was in part due to a net gain in foreign exchange of S\$1.2 million for FY2017 compared to a net loss of S\$0.2

million for FY2016. Additionally, the Group recorded higher gain in derivative instruments for FY2017 amounting to S\$1.1 million compared to S\$0.1 million for FY2016. Such derivative instruments are commodity swap agreements to hedge against the volatility of commodity purchases based on existing sales agreements.

The decrease in depreciation from S\$4.3 million in FY2016 to S\$3.7 million in FY2017 was due to the lease extension of the Singapore property in FY2017, which has resulted in a longer depreciable life for the property.

The Group's effective tax rate was 18.9% for FY2017 as compared to 31.0% for FY2016. This abnormally higher effective tax rate for FY2016 was mainly due to the provision made for revised transfer pricing adjustments for our subsidiaries in Malaysia.

In view of the above circumstances, the Group recorded a slight improvement in profit after tax from S\$9.3 million in FY2016 to S\$10.1 million in FY2017.

Balance Sheet

Inventories increased from S\$31.2 million as at 30 September 2016 to S\$33.2 million as at 30 September 2017, in line with the requirements for on-going projects.

Trade receivables increased from S\$29.9 million as at 30 September 2016 to S\$37.7 million as at 30 September 2017, reflecting mainly higher sales recorded for the three months ended 30 September 2017 compared to the three months ended 30 September 2016.



Chairman's Statement

Trade payables, other creditors and accruals increased from S\$16.7 million as at 30 September 2016 to S\$21.3 million as at 30 September 2017, in accordance with the provision for a one-off replacement cost for a prior-year building product project.

Cash and fixed deposits decreased from S\$46.0 million as at 30 September 2016 to S\$43.6 million as at 30 September 2017, as a result of collection of trade debts and settlement of trade payables.

Net cash used in investing activities declined from S\$6.1 million in FY2016 to S\$3.8 million in FY2017. Net cash used in financing activities decreased from S\$7.8 million in cash used in FY2016 to S\$6.0 million cash used in FY2017, mainly due to higher dividends declared for FY2015 (based on a final dividend of 1.0 cent plus a special cash dividend of 1.5 cents), which were paid to shareholders in February 2016.

OPERATIONAL HIGHLIGHTS

Aluminium

The Group's mainstay product categories, namely custom-engineered and fabricated aluminium parts for the industrial sector as well as building products, accounted for 85.6% of Group revenue and 98.1% of Group profit before tax.

Sales revenue increased by S\$14.6 million year-on-year as the volume of orders and progress billings were increased, reflecting the recoveries of global market in certain business segments and a different sales mix for FY2017.

Mild Steel

Revenue for mild steel products reduced from S\$22.0 million in FY2016 to S\$19.9 million in FY2017 and accounted for 14.0% of Group revenue and 1.1 % of Group profit before tax. The decrease corresponded with the lower demand for the particular range of building products per specifications for the respective projects undertaken by the Group during FY2017.

Stainless Steel

Revenue for stainless steel products was relatively stable with S\$0.5 million in FY2016 and S\$0.6 million in FY2017.

OUTLOOK

The recovery in the USA economy coupled with the US government's tax reforms are expected to underpin confident business sentiments going forth and positively impact the Group's core aluminium industrial products businesses.

With regards to the Group's Singapore-centric building products business, we continue to brace for on-going margin pressures, in line with the current surplus conditions within the local property industry. Other prevailing challenges relate to the government's policy of limiting the local industries' reliance on foreign construction workers.

Nevertheless, barring unforeseen external circumstances and global geo-political risks, the Group expects to maintain the competitiveness of its businesses and remain profitable for the financial year ahead.





DIVIDEND

Having reviewed the Group's FY2017 results and healthy cash holdings, the board of directors has recommended a total dividend of 2.0 Singapore cents per share, subject to shareholders' approval at the forthcoming Annual General Meeting.

The proposed quantum for FY2017 comprises a final dividend of 1.0 Singapore cent per share plus a special dividend of 1.0 Singapore cent per share (*FY2016: final dividend of 1.0 Singapore cent per share and a special dividend of 1.0 Singapore cent per share*).

ACKNOWLEDGEMENT

I wish to acknowledge the goodwill and kind assistance of our valued customers, trusted business partners and dedicated employees, who have collectively empowered the Group to capture the green shoots of economic recovery in selected markets.

As we look forward to 2018, business leaders the world over are confronted by unprecedented geo-political scenarios. Regardless of uncertainties in global environment over which beyond our control, the Group believes that we are ready to ride on the next stage of recovery.

Sincerely,

Yong Koon Chin
Chairman



Board of Directors



MR Yong Koon Chin
Executive Chairman

Mr Yong Koon Chin is the Executive Chairman of the Board, and has been an Executive Director since 10th March 1975. He was last re-appointed on 30th January 2015. Mr Yong is a director of Nam Lee Holdings Pte Ltd. He is one of the three founders of the Group, being Mr Yong Kin Sen, Mr Yong Poon Miew and himself, all of whom are brothers in relationship. Mr Yong brings with him more than 40 years of experience in the metal fabrication industry. He is responsible for overseeing the manufacturing operations of NL Metals Sdn Bhd.



MR Yong Kin Sen
Managing Director

Mr Yong Kin Sen was appointed Managing Director of the Board on 12th July 1999. He has been an Executive Director since 10th March 1975 and was last re-elected on 26th January 2017. Mr Yong is a director of Nam Lee Holdings Pte Ltd. He is one of the three founders of the Group and has built up extensive industry experience and business network in a career that spans over 40 years in the metal fabrication industry. He is responsible for the strategic direction, business planning development and overall management of the Group.



MR Yong Poon Miew
Executive Director

Mr Yong Poon Miew has been an Executive Director since 10th March 1975 and was last re-elected on 29th January 2016. Mr Yong is a director of Nam Lee Holdings Pte Ltd. He is one of three founders of the Group with 40 years of business experience in the metal fabrication industry. He is principally responsible for overseeing the manufacturing operations of Swan Metal Products Sdn Bhd.





MR Tan Soo Kiat

Non-Executive and
Independent Director

Mr Tan Soo Kiat is an Independent Director and Chairman of the Remuneration Committee. He has been a Board Director since 9th June 2008 and was last re-elected at Nam Lee's Annual General Meeting on 30th January 2015. Mr Tan is an executive director of Intergate Pte Ltd, a company engaged in the provision of corporate advisory services. With extensive experience in the banking and finance industry, he previously held senior financial appointments in several public listed companies. Currently, he is also an independent director of Dyna-Mac Holdings Ltd and non-executive chairman of Asiamedic Limited, the public companies listed on the Singapore Exchange. Mr Tan's past appointments included directorships in Vela Diagnostics Holding Pte Ltd, OKH Global Ltd and Nico Steel Holdings Ltd. A Chartered Accountant, he graduated from University of Otago, New Zealand.



MR Chidambaram Chandrasegar

Non-Executive and
Lead Independent Director

Mr Chidambaram Chandrasegar was appointed as an Independent Director on 1st March 2005 and is the Chairman of Nominating Committee. He was last re-elected on 29th January 2016. Mr Chandrasegar is a Senior Director of Gavan Law Practice LLC. He has not sat on the board of directors of any other listed company in the last three years. Save for his commitment to his practice as an Advocate and Solicitor of the Supreme Court of Singapore, he has no other principal commitments. Mr Chandrasegar is an Advocate and Solicitor of the Supreme Court of Singapore, a Solicitor of England and Wales and a Legal Practitioner of New South Wales, Australia. He is a Notary Public and a Commissioner of Oaths, and is an author of three leading books on mergers and acquisitions in Singapore.



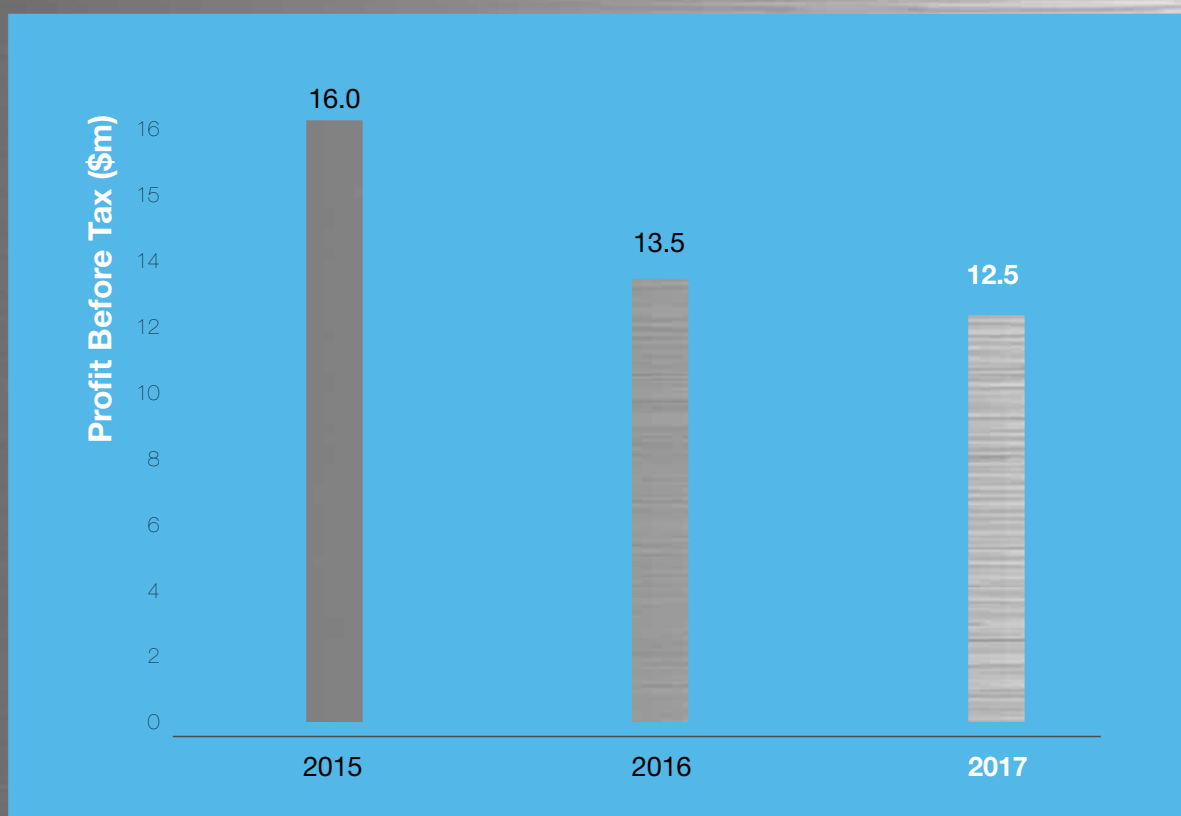
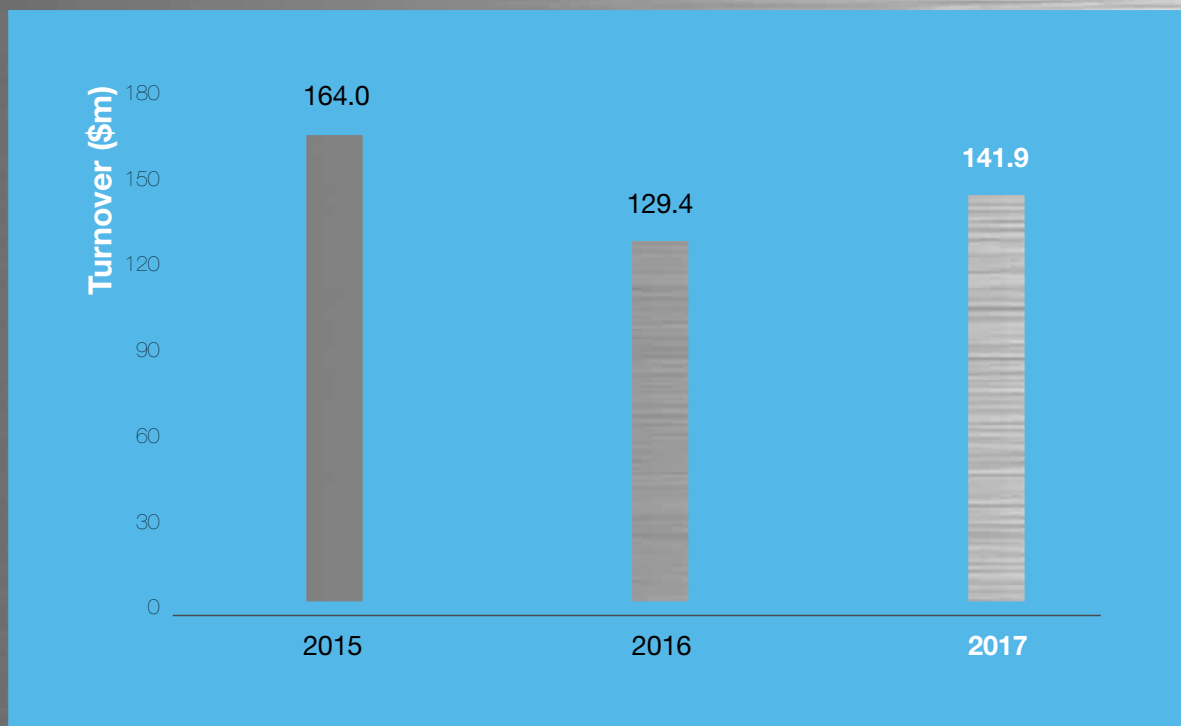
MR Khoo Ho Tong

Non-Executive and
Independent Director

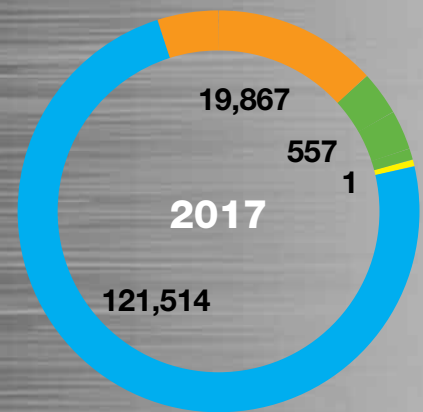
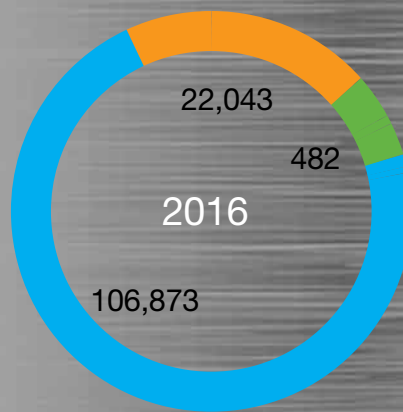
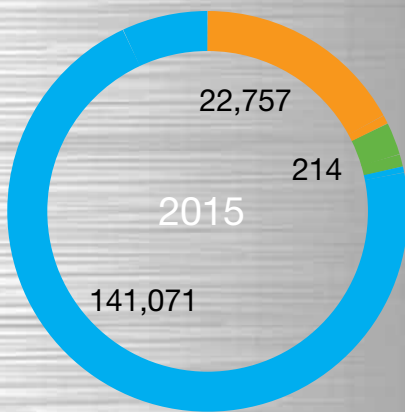
Mr Khoo Ho Tong is an Independent Director and Chairman of the Audit Committee. He has been appointed as a Board Director since 9th September 1999 and was last re-elected on 26th January 2017. He is a Board member of Singapore Institute of Accredited Tax Professionals. Mr Khoo was a practicing public accountant for over 35 years and last as a Partner of PKF Singapore, an international accounting and business advisory firm. Mr Khoo held various posts with the Institute of Singapore Chartered Accountants and in 2012, he was awarded the ICPAS Gold Medal Award in recognition of his contributions and service to the accounting profession and the community. Mr Khoo was a Treasurer of the ASEAN Federation of Accountants. Mr Khoo was qualified as a Chartered Accountant in Australia, and is also a lifetime member of the Institute of Singapore Chartered Accountants and a life fellow member of CPA Australia.



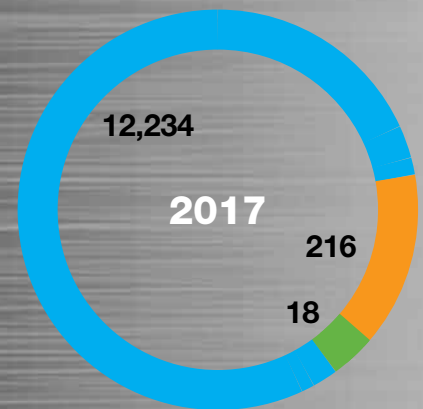
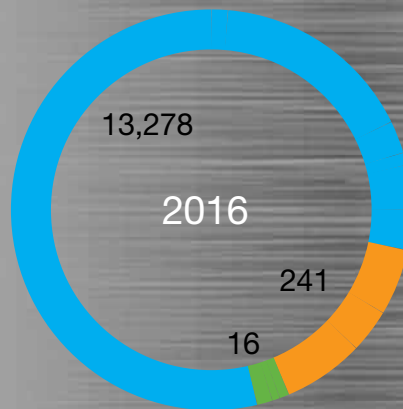
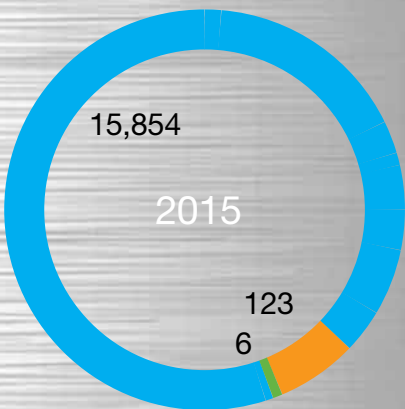
Financial Highlights



Turnover by Activities (\$'000)



Profit Before Tax by Activities (\$'000)



● Aluminium ● Mild Steel ● Stainless Steel ● Others

Corporate Information

Directors

Yong Koon Chin	Chairman
Yong Kin Sen	Managing Director
Yong Poon Miew	Executive Director
Khoo Ho Tong	Independent Director
Chidambaram Chandrasegar	Lead, Independent Director
Tan Soo Kiat	Independent Director

Secretaries

Yong Kin Sen
Ngiam May Ling

Registered Office

21 Sungei Kadut Street 4
Singapore 729048

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Philip Ng Weng Kwai (since financial year ended 30 September 2017)

Principal Bankers

United Overseas Bank Limited
DBS Bank Ltd

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623



Corporate Governance

The Board of Directors (“Board”) and Management are committed to good standards of corporate governance by implementing the measures and practices recommended by the Code of Corporate Governance 2012 (the “Code”). For effective corporate governance, the Company has put in place various self-regulatory and monitoring mechanisms. This report outlines the Company’s corporate governance practices and activities for the financial year ended 30 September 2017 in relation to each of the principles contained in the Code.

The Company seeks to comply with the best practices as outlined in the Code where applicable, feasible and practical to the Company, and material deviations are explained.

BOARD MATTERS

The Board’s Conduct of 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 Management remains accountable to the Board.*

The Board’s primary role is to protect and enhance long-term value for shareholders. By carrying out this role, the Board has overall responsibility for the corporate governance of the Company. The principal functions of the Board are to:

- provide entrepreneurial leadership, set guidance on the overall strategic directions and supervise the management of the business and affairs of the Group, and ensure that the necessary resources are in place for the Group to meet its objectives;
- oversee processes for evaluating the adequacy and effectiveness of risk management and internal controls framework to safeguard shareholders’ interests and the Group’s assets;
- review the performance of Management;
- identify the key stakeholder groups and recognise their perceptions which may affect the Group’s reputation;
- set the Group’s values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues such as environmental and social factors as part of its strategic formulation.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.

The Board reviews and approves major investments and funding decisions, reviews the financial performance of the Group, share issuances and dividend distributions. The Board also appoints the key management personnel, approves the policies and guidelines for the Board, key management personnel and senior management executives’ remuneration and approves the appointment of Directors.

The Board has adopted a set of internal controls which sets out authorization and approval limits governing treasury, operating and capital expenditure and investments and divestments. The Board relies on the integrity and due diligence of the Board, key management personnel and senior management executives, external auditors, internal auditors and advisors to oversee the Group’s overall performance, objectives and key operational initiatives.

Each Director is required to declare any conflict of interest in a transaction, expected to be \$100,000 or more, with the Company to the Board as soon as practicable after the relevant facts have come to his knowledge. On an annual basis, each Director is also required to declare details of his associates who work in the Company for the purpose of monitoring interested persons transactions.



Corporate Governance

To assist the Board in the discharge of its functions, various subcommittees, namely the Audit, Nominating and Remuneration Committees, have been constituted with clear written terms of reference. All Board Committees are engaged and played an important role in ensuring good corporate governance in the Company.

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

The Board meets at least four times a year and convenes additional meetings when circumstances demand. Management provides the Board with reports of the Group's performance, financial position and prospects, which are reviewed by the Board at each Board meeting. The Constitution of the Company allows board meetings to be conducted by means of a conference telephone or similar communications equipment.

The Directors' attendances at meetings of the Board and the respective Board Committees for the period from 1 October 2016 to 30 September 2017 are disclosed below:

	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Annual General Meeting
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	
Yong Koon Chin	4	4	N/A	N/A	N/A	N/A	N/A	N/A	✓
Yong Kin Sen	4	4	N/A	N/A	1	1	N/A	N/A	✓
Yong Poon Miew	4	4	N/A	N/A	1	1	N/A	N/A	✓
Khoo Ho Tong	4	4	5	5	1	1	1	1	✓
Chidambaram Chandrasegar	4	4	5	5	1	1	1	1	✓
Tan Soo Kiat	4	4	5	5	1	1	1	1	✓

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

Board Composition and Guidance (Principle 2): *There should be a strong and independent element on the Board, which is able to exercise objective judgement 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 of Directors, which comprises six Directors, is made up of three Executive Directors (including the Executive Chairman and Managing Director ("MD")) and three Non-Executive and Independent Directors, with the Independent Directors making up half of the Board. The size and composition of the Board are reviewed from time to time by the Nominating Committee ("NC"). The NC seeks to ensure that the size of the Board is conducive to effective discussion and decision-making, and that the Board has an appropriate number of Independent Directors. The NC also aims to maintain a diversity of expertise, knowledge and experience in the fields of engineering, finance, law and business and attributes among the Directors. Any potential conflict of interest is taken into consideration. The NC is satisfied that the Company complies with the guideline of the Code which provides that at least half of the Board would have to be made up of Independent Directors as the Executive Chairman is part of Management and is not an Independent Director, and he and the MD are immediate family members.



Corporate Governance

Non-Executive and Independent Directors of the Board do not exercise any management functions. The role of the Non-Executive and Independent Directors is to constructively challenge and help develop proposals on strategies by taking into account the interests of the stakeholders. The Non-Executive and Independent Directors review the performance of Management in meeting agreed goals and objectives and monitor the reporting performance. When necessary, the Non-Executive and Independent Directors will meet without the presence of Management.

The NC reviews annually the size of the Board, balance and diversity of skills, knowledge and experience required by the Board. The Board comprises Directors who possess the core competencies, knowledge and experience in the fields of engineering, financial, law and business. The Directors bring to the Board independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC assesses the independence of each Director annually bearing in mind the Code's definition of an "Independent Director" who has no relationship with the Company, its related corporations, its shareholders who hold 10% or more of the voting shares of the Company or its officers that could interfere, or be reasonably perceived to interfere with the exercise of their independent business judgement. Each Director is required to complete a Director's independence declaration drawn up based on the guidelines provided in the Code. The independence declaration further requires each Director to assess whether he considers himself independent despite not being involved in any of the relationships identified in the Code. Thereafter, the NC reviews the completed independence declaration and assesses the independence of the Directors by taking into account examples of relationships as set out in the Code. The NC then recommends its assessment to the Board. The NC has reviewed and is satisfied as to the independence of the respective Independent Directors.

The NC had conducted a rigorous review on the independence of the Non-Executive and Independent Directors, namely Mr Khoo Ho Tong, Mr Tan Soo Kiat and Mr Chidambaram Chandrasegar, who have served on the Board beyond nine years from the date of their respective first appointment.

The rigorous review and the factors taken into consideration by the NC and the Board to assess and determine the independence of Mr Khoo Ho Tong, Mr Tan Soo Kiat and Mr Chidambaram Chandrasegar include:

- (a) Their contribution in terms of professionalism, integrity, objectivity and ability to exercise independence of judgement in their deliberation in the interest of the Company;
- (b) They and their immediate family members have not accepted any compensation from the Company or any of its subsidiaries other than fees determined by Remuneration Committee and approved at Annual General Meeting ("AGM") for acting as a Director of the Company for the current or immediate past financial year; and
- (c) They and their immediate family members have no relationship with the Company's related corporations, its 10% shareholders, officers and Management that could impair their fair judgement.

Mr Khoo Ho Tong, Mr Tan Soo Kiat and Mr Chidambaram Chandrasegar have demonstrated the ability and preparedness to make independent judgement and / or decisions on matters with the best interest of the Company in mind without undue reliance, influence or consideration of the Company's interested parties such as the Executive Chairman and MD, other Non-Independent Directors, controlling shareholders and / or their associates and Management.

The NC has assessed the independence of Mr Khoo Ho Tong, Mr Tan Soo Kiat and Mr Chidambaram Chandrasegar, and is satisfied that there is no relationship or other factors such as financial assistance, past association, business dealings, representative of shareholder, financial dependence and relationship with the Group or the Group's management, which would impair their independent judgement.

Therefore, the Board is of the view that Mr Khoo Ho Tong, Mr Tan Soo Kiat and Mr Chidambaram Chandrasegar remain independent, notwithstanding that each of them has served on the Board beyond nine years.



Corporate Governance

The Board is of the view that the current board size of six Directors is appropriate and effective, taking into account the nature and scope of the Group's operations, and that the current Board comprises persons who as a group provide core competencies necessary to meet the Group objectives. Also, no single individual or a group dominates the Board.

The Board, through the NC, examines on an on-going basis the size and the composition of the Board to evaluate whether the Board is effective in carrying out its duties.

Chairman and Chief Executive Officer (Principle 3): *There should be a clear division responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

As recommended by the Code, the Chairman and Chief Executive Officer are separate persons. Mr Yong Koon Chin is the Executive Chairman while Mr Yong Kin Sen is the MD. Both are Executive Directors and are siblings. The MD has the executive responsibility for the overall direction and day-to-day operations of the Group.

The Executive Chairman's responsibilities include reviewing board papers before they are presented to the Board and ensuring that the board members are provided with complete, adequate and timely information. He also assists in ensuring compliance with Company's guidelines on corporate governance.

The Chairman ensures that board meetings are held when necessary and sets the board meeting agenda with the assistance of Management and the external Company Secretary. Board papers are sent to Board members in advance in order for the Directors to be adequately prepared for board meetings.

As the Executive Chairman is part of Management and is not an independent director, and he and the MD are immediate family members the Company had, on 13 February 2014, appointed Mr Chidambaram Chandrasegar as the Lead Independent Director to act as an additional channel available to shareholders.

Board Membership (Principle 4): *There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.*

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 contribution by each Director to the effectiveness of the Board.*

Nominating Committee

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

The NC comprises five members, the majority of whom, including the Chairman, are independent. In addition, the NC Chairman is not, and not directly associated with, a substantial shareholder of the Company.

The composition of the NC is as follows:

Chairman

Mr Chidambaram Chandrasegar – Independent Director

Members

Mr Khoo Ho Tong – Independent Director

Mr Tan Soo Kiat – Independent Director

Mr Yong Poon Miew – Executive Director

Mr Yong Kin Sen – Executive Director



Corporate Governance

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

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

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

The NC evaluates the Board to assess the effectiveness of the Board. The NC, in the re-nomination of Directors, would take into consideration the Directors' attendance at the meeting held during the year and the contribution made by the Directors. In respect of FY2017, taking into consideration the total time commitment required at the Board and Board Committee levels and other directorships and Board Committees' duties of all its Board members, the Board was of the view that each Director's directorships was in line with the Company's internal guideline of a maximum of six listed company board representations. Each Director has given sufficient time to the affairs of the Company and has been able to discharge his duties as Director effectively.

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

The NC does not encourage the appointment of alternate Directors. No alternate director was appointed during the year as the directors were engaged and committed to their roles.

The NC reviews succession plans for the Directors, in particular, the Executive Chairman and MD. The NC also reviews annually the balance and diversity of skills, knowledge and experience of the Board and the size of the Board which would facilitate decision-making. All appointments to the Board are made on merit and measured against objective criteria. In identifying and evaluating nominees for appointment as Directors, the NC will evaluate the skills, knowledge and experience on the Board and attributes of the potential candidates required to position the Board, and in consultation with Management, determine the role and the desirable competencies for a particular appointment. Recommendations from Directors, Management and external search consultants are the source for



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potential candidates. The NC will conduct interviews with the short-listed candidates to assess their suitability and to verify that the candidates are aware of the expectations and level of commitment required. Finally, the NC will make a recommendation on the appointment to the Board for approval.

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

At the forthcoming AGM and in accordance with the Constitution of the Company, Mr Yong Koon Chin and Mr Tan Soo Kiat will retire under Article 94 of the Company's Constitution. They have signified their consents to continue in office and offered themselves for re-election, and the NC has recommended their re-elections to the Board.

Key information regarding the Directors is set out in the section "Board of Directors" of this Annual Report.

Information on the Directors' shareholdings in the Company and its related corporations is set out in the section "Directors' Statement" of this Annual Report.

The Company has established a review process to evaluate the performance of the Board as a whole annually. As part of the process, each Director is required to complete a set of Board performance evaluation forms, designed to seek their view on the various aspects of Board performance so as to assess the overall effectiveness of the Board and performance. The evaluation form included assessment criteria such as the size and composition of the Board, the degree of independence of the Board, information flow from Management, and the adequacy of the Board and Board Committees' meetings held to enable proper consideration of issues. The evaluation forms are to be submitted to the external Company Secretary for collation and the consolidated responses will be presented in the form of a report to the NC. The NC discusses the report and concludes the performance results during the NC meeting. In consultation with the NC, the Chairman of the NC would act on the results of the performance evaluation with a view to strengthening the Board with new members and / or seeking resignation of Directors where appropriate in order to enhance the effectiveness of the Board as a whole. Although the Directors are not evaluated individually, the factors taken into consideration for the re-nomination of the Directors at the AGM are based on the Directors' attendance at meetings held during the financial year, preparedness for meetings, analytical skills and the contribution made by the Directors at the meetings.

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.*

The Company recognizes that the Board should be provided with complete and adequate information timely. Prior to each meeting, Management provides to the Board reports and information specific to the agendas for that meeting. In addition, as matters arise outside of scheduled meetings, the Board is provided with updates on the Group's major operational and financial activities and key issues. Financial highlights of the Group's performance and key developments are presented on a quarterly basis at Board meetings. Management is present at the Board and committee meetings to provide insight into matters under discussion and address any queries that Directors may have. The Directors are also entitled to request additional information as needed to make informed decisions. The Board papers will be provided to the Board members before the Board and committee meetings.

The Board has separate, independent and regular access to the MD, Management, the Company Secretaries and internal and external auditors at all times, should it need to request for additional information, through e-mail, telephone and face-to-face meetings.

The external Company Secretary assists the Executive Chairman and Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees' meetings. She administers, attends all meetings of the Board and Board Committees, minutes proceedings arising therefrom, and assists the Executive



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Chairman to ensure that Board procedures (including but not limited to ensuring timely and good information flow within the Board and its Board Committees) are followed so as to ensure the effective functioning of the Board. The external Company Secretary also assists the Executive Chairman and the Board in implementing and strengthening corporate governance practices and processes with a view to enhancing long-term value for shareholders and that the legislations and regulations, including requirements of the Companies Act (Chapter 50), Securities and Futures Act (Chapter 289), and the Listing Manual (“Listing Manual”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), are complied with.

The appointment and removal of a Company Secretary is a matter for the Board as a whole. As needed, the Board and Board Committees are free to seek external advice at the Company’s cost to ensure they have ready access to all resources needed to make informed decisions.

REMUNERATION MATTERS

Procedure 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.*

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.*

Remuneration Committee

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

Chairman

Mr Tan Soo Kiat – Independent Director

Members

Mr Khoo Ho Tong - Independent Director

Mr Chidambaram Chandrasegar - Independent Director

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

- (I) Review and recommend a framework of remuneration for the Executive Directors (cover all aspects of remuneration, including but not limited to salaries, performance-based remuneration and benefits in kind) for the Board’s approval in consultation with the Executive Chairman of the Board. The review of remuneration of the senior Management was delegated by RC to the Executive Directors. Any recommendation of adjustments would then be given to the RC for review and reference. Unless objection is raised, the recommendation will be implemented.
- (II) Review and recommend to the Board the setting up of share option schemes or long-term incentive schemes.
- (III) Review the Non-Executive and Independent Directors’ remuneration in the form of Directors’ fees, having regard to the level of contribution, effort and time spent, and responsibilities of the directors. Non-Executive and Independent Directors’ fees are fixed and subject to shareholders’ approval at the AGM.



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- (IV) Review the Company's obligation arising in the event of termination of the Executive Directors' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

There are no termination or retirement benefits that are granted to the Directors and key management personnel of the Group. The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements or misconduct resulting in financial loss to the Company.

The Company advocates a performance-based remuneration which is flexible and responsive to the market, Company's, business unit's and individual employee's performance. During the year, no long-term incentive and reclaim incentive was paid to the Directors and senior management. The RC ensures that the Directors' compensations are adequately but not excessively remunerated. While none of the members of the RC specialises in the area of executive compensation, all members of the RC are knowledgeable in executive compensation matters gained through their industry experience. The RC may seek independent professional advice on remuneration of Directors and key management personnel, if necessary.

Disclosure on Remuneration (Principle 9): *Each 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.*

- A. The Executive Directors have service contracts renewed for a term of one year on the terms and conditions contained therein.

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

Non-Executive and Independent Directors have no service contracts and their durations of office are specified in the Constitution of the Company. They are paid fixed Directors' fees in consideration of their contribution, effort and time spent, and responsibilities.

- B. The Company's success depends to a significant extent upon the Directors and Management. The loss of service of one or more of these key employees, most of whom are not bound by formal long-term service agreements, could have a material adverse effect on the Company. The remuneration packages of Executive Directors are covered in their service contracts. In view of these, to the best interest of the Company, the Company would not disclose the exact remuneration of the Directors and the link between remuneration paid to the Executive Directors and key management personnel, and performance.

The Board is also of the view that the information disclosed is sufficient for shareholders to have adequate understanding of the remuneration for Executive Directors and key management personnel.

Non-Executive and Independent Directors' fees are tabled for shareholders' approval at the AGM.

- C. During the year, there were no termination, retirement and post-employment benefit and share options being granted to all employees. The following table shows a breakdown (in percentage terms) of the average remuneration of the Directors and key management personnel during the year, which falls within broad bands for the year, ended 30 September 2017. The total remuneration of the Directors and key management personnel in FY2017 were S\$1,789,000 and S\$1,459,000 respectively.



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Remuneration Bands	Salary %	Profit Sharing %	Bonus %	Directors' fees %	Others %	Total Compensation %
Executive Director						
S\$500,000 - S\$1,000,000						
Mr Yong Kin Sen	45	55	–	–	–	100
S\$250,000 - S\$499,000						
Mr Yong Koon Chin	54	46	–	–	–	100
Mr Yong Poon Miew	54	46	–	–	–	100
Non-Executive and Independent Directors						
Below S\$250,000						
Mr Khoo Ho Tong	–	–	–	100	–	100
Mr Chidambaram Chandrasegar	–	–	–	100	–	100
Mr Tan Soo Kiat	–	–	–	100	–	100
Key Management Personnel						
S\$500,000 - S\$1,000,000						
Mr Lim Hock Leong	43	57	–	–	–	100
Below S\$250,000						
Ms Christine Phua	60	–	40	–	–	100
Mr Tan Bee Kin	75	–	25	–	–	100
Mr Bennett Jude Bennit	89	–	11	–	–	100
Ms Hong Pay Leng	75	–	25	–	–	100

- D. During the financial year under review, employees in the Group who are immediate family members of a Director, and whose remuneration exceeds S\$50,000 are shown as below:

Remuneration Bands	Relationship to Directors
S\$100,000 - S\$200,000	
Ms Yong Li Yuen, Joanna	Daughter of Mr Yong Koon Chin
Mr Yong Han Keong, Eric	Son of Mr Yong Kin Sen
Mr Yong Han Lim, Adrian	Son of Mr Yong Poon Miew

ACCOUNTABILITY AND AUDIT

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

The Board presents the Group's operating performance and financial results through the timely release of its quarterly and full year financial results via SGXNET. In presenting the quarterly and full year financial statements to shareholders, the Board aims to provide a balanced and understandable assessment of the Group's performance, position and prospects including interim and other price-sensitive public reports, and reports to regulators, if required.



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The Group has procured undertakings from all its Directors and executive officers under Rule 720(1) of the Listing Manual.

Management provides the Board with financial reports and other information on a timely basis to enable the Board to effectively discharge its duties. Management highlights key issues that are relevant to the Group's performance from time to time in order for the Board to make a balanced and informed assessment of the Company's performance, position and prospect.

Risk Management and Internal Controls (Principle 11): *The Board is responsible for the governance of risk management and internal controls to safeguard management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.*

The Board has overall responsibility for the governance of risk and exercises oversight of the material risks in the Group's business. The Board and Management are fully committed to maintaining sound risk management and internal control systems to safeguard shareholders' interest and the Group's assets.

The Board also determines the Company's level of risk tolerance and risk policies, and oversees management in the design, implementation and monitoring of the risk management and internal control systems.

As a board risk committee has not been separately established, the AC assists the Board in overseeing the Company's risk management framework and policies.

The AC appointed RSM Risk Advisory Pte Ltd ("RSM"), a certified public accounting firm to assist with the internal audit function and assume oversight of the Company's risk management practices. The Directors, together with Management facilitate and review the risk management reporting framework for the Company annually. RSM has adopted the Standards of Professional Practice of Internal Auditing set by the Institute on Internal Auditors in performing their audits. RSM meets the professional standards set out in the Code and they report directly to the AC. They periodically review the adequacy of and compliance with group policies, procedures, internal controls and risk management system which are designed to manage risk and safeguard the Group's assets. The audit plan is subject to approval by the AC. The internal auditors report their findings and any recommendations for improvement to the AC. The relevant department would follow up and ensure implementation for any proposed improvement. The Group's external auditors, Ernst & Young LLP, also contribute an independent perspective on the selected internal controls tested in connection with the external audit and report material findings to the AC, where applicable. The Board and AC have separate, independent and regular access to the internal and external auditors at all time.

The Company seeks to improve internal controls and risk management on an ongoing basis to ensure that they remain sound and relevant. The internal control systems and risk management of the Company are designed to provide reasonable, but not absolute, assurance that the Company will not be adversely affected by events that can be reasonably foreseen as it strives to achieve certain internal control standards while allowing the Company to appropriately manage risk at varying levels while pursuing its business objectives.

The current year risk management reporting framework and the risk assessment report were updated by Management and reported to the Board. The Board, with assistance from the AC and audits performed and reports from the internal and external auditors, reviews annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The Board has received assurance from the MD and CFO that, as at 30 September 2017, the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations, finances and that the Company's risk management and internal control systems are effective in all material aspects.

Based on the Group's risk management and internal control policies, the regular monitoring and reviews, the audits performed and professional advice from the internal and external auditors, reviews performed by Management, as well as assurance from the MD and CFO, the Board, with the concurrence of the AC, is of the opinion that the internal



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controls (including financial, operational, compliance and information technology controls and risk management systems) of the Group are adequate and effective as at 30 September 2017 to address the financial, operational, information technology and compliance risks which the Group considers relevant and material to its operations.

The Board, with the assistance of the AC, continually reviews the Group's internal control processes and risk management practices. The system of internal control maintained by Management and that was in place throughout the financial year under review provides reasonable, but not absolute, assurance against material financial misstatements or loss. Key areas of internal control include the safeguarding of assets, maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

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

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

Chairman

Mr Khoo Ho Tong

Members

Mr Tan Soo Kiat

Mr Chidambaram Chandrasegar

Mr Khoo Ho Tong and Mr Tan Soo Kiat have extensive financial management expertise and experience. Details of the AC members' qualifications and experience can be found in the section "Board of Directors" of this annual report. The Board is of the opinion that the members of the AC have sufficient expertise and experience to discharge their duties.

None of the AC members was a former partner or Director of the Company's existing auditing firm, Ernst & Young LLP, within the past twelve months or has financial interest in the firm.

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

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

- (I) Review with the external auditors, their audit plans, scope and results of the external audit, and the independence and objectivity of the external auditors.
- (II) Review with the internal auditors, their audit plans, scope and evaluation of the adequacy and effectiveness of the internal controls including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties) and report to the Board annually.
- (III) Evaluate the steps taken by the Company and its subsidiaries to minimise any significant risks or exposures.



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- (IV) Review the quarterly and full year financial statements including announcements to shareholders and the SGX-ST prior to submission to the Board.
- (V) Recommend to the Board of Directors the external auditors to be nominated and approve the compensation of the external auditors.
- (VI) Review interested person transactions in accordance with the requirements of the Listing Manual.
- (VII) Review the assistance given by Management to the Company's internal and external auditors.
- (VIII) Review the policy by which staff may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up actions.

The Company has appointed a suitable auditing firm which is registered with the Accounting and Corporate Regulatory Authority to meet its audit obligations. The same auditing firm was engaged to audit the financial statements of the Company's Singapore-incorporated subsidiary, and suitable auditing firms have been appointed for the Company's foreign-incorporated subsidiaries.

The Board and the AC are satisfied that the appointments of different auditors for the Group's foreign-incorporated subsidiaries would not compromise the standard and effectiveness of the Group's audit.

The Company has complied with Rules 712 and 715 of the Listing Manual in relation to its external auditors.

The AC, having reviewed the volume of non-audit services provided to the Company by the external auditors, is satisfied that the nature and extent of such services will not impair the independence and objectivity of the external auditors. The aggregate amount of audit fees paid to the external auditors and a breakdown of the fees paid in total for audit and non-audit services are disclosed in the Notes to the Financial Statements of this annual report.

During the financial year under review, the AC met with the external and internal auditors at least once without the presence of Management. The AC has full access to and co-operation of Management and the internal auditors and has full discretion to invite any Director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC also meets with Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. The AC is kept abreast by Management and the external auditors of changes to accounting standards, Listing Manual of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

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

On a quarterly basis, the Directors report any interested person transactions to the AC. There was no interested person transaction during the financial year under review.

The AC has adopted a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees may raise concerns about possible improprieties in manners of financial reporting, fraudulent acts and other matters and ensures that arrangements are in place for independent investigations of such matters and appropriate follow-up actions. The AC did not receive any complaint during the financial year under review.

Where relevant, the AC makes reference to the best practices and guidance in (among others) the Guidebook for Audit Committees in Singapore, the Risk Governance Guidance for Listed Boards, practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore ("ACRA") and the Guidance to Audit Committee on ACRA's Audit Quality



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Indicators Disclosure Framework. The AC had discussed and noted the best practices and guidance set out in the Guidebook (among others). Where appropriate, the AC will use the best practices as a reference in discharging its duties and responsibilities.

The AC members take measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through attendance at trainings and updates by professionals and the external auditors.

The Company has, to the best of its knowledge, complied with the Code in relation to the roles and responsibilities of the AC.

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

The Board is responsible for ensuring that Management maintains a system of internal controls to safeguard shareholders' investments and the Group's assets. The Board believes that the existing system of internal controls put in place is adequate in meeting the needs of the Group's operations.

The internal audit function is outsourced to RSM. The internal auditors have adopted the Standards of Professional Practice of Internal Auditing set by the Institute of Internal Auditors and is independent and adequately resourced when performing their audits. The internal auditors periodically review the adequacy of and compliance with group policies, procedures and internal controls which are designed to manage risk and safeguard the Group's assets. The internal auditors have unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC.

The internal auditors are primarily reporting to the AC Chairman. The internal audit plan is approved by the AC. The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The Group's external auditors, Ernst & Young LLP, also contribute an independent perspective on the selected internal controls tested in connection with the external audit and report material findings to the AC, where applicable. The AC has reviewed the adequacy and effectiveness of the internal audit function with assistance from the internal and external auditors.

The Board has separate, independent and regular access to the MD, Management, Company Secretaries and internal and external auditors at all times, should it need to request additional information, through email, telephone and face-to-face meetings.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights (Principle 14): *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

The Company treats all shareholders fairly and equitably and keeps all its shareholders informed of changes in the Company or its business which would be likely to materially affect the price or value of its shares.

The Company communicates major developments in its business operations via SGXNET and press releases. The Company also encourages shareholder participation and voting at general meetings of shareholders. Shareholders would be informed of the rules and the voting procedures at the commencement of the general meetings either by the Company or scrutineers.



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Shareholders such as nominee companies which provide custodial services for securities, are able to appoint more than two proxies to attend, speak and vote at general meetings notwithstanding the Company's Constitution does not differentiate between the number of proxies which may be appointed by individual shareholders and by nominee companies.

Communication with Shareholders (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.*

The Company endeavours to maintain timely and effective communication with shareholders through timely and comprehensive announcements. The Company does not make selective disclosure to only certain groups of persons. It has adopted a policy of making all necessary disclosures in public announcements via SGXNET, the corporate website, press release, circulars for Extraordinary General Meetings and annual reports. The annual reports and circulars are sent to all shareholders and the notices of general meetings are advertised in the newspapers and announced via SGXNET.

In order to facilitate the communication between shareholders and the Company, shareholders may contact the Company by sending e-mails via the Company's website www.namlee.com.sg. Shareholders may also access the latest Company's quarterly and full year financial results announcements and annual reports on the Company's website after they are announced via SGXNET.

The Company aims to balance cash return to shareholders and investment, while aiming for an efficient capital structure. The Company strives to provide consistent ordinary dividend payments to its shareholders on an annual basis, taking into consideration the Group's earnings, profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate.

Conduct of Shareholder Meetings (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.*

The Company encourages shareholder participation at general meetings of shareholders. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers. All registered shareholders are invited to participate in the Company's general meetings. Any registered shareholder who cannot attend may appoint up to two proxies, as provided by the Company's Constitution, to attend and vote on his behalf. At each AGM, the Executive Chairman delivers a short briefing to shareholders to update them on the performance of the business. At general meetings, every matter requiring approval is proposed as a separate resolution. Shareholders present are given an opportunity to clarify or direct questions on issues pertaining to the proposed resolutions before the resolutions are voted on. The Board, including the Executive Chairman and MD and senior management will be in attendance to field questions and concerns of shareholders. The Company's external auditors will also be present to assist the Board as needed.

Pursuant to the Listing Manual, the Company conducts poll voting for shareholders / proxies present at its general meetings for all the resolutions proposed at the general meetings, to allow shareholders present or represented at the meetings to vote on a one share, one vote basis. An independent scrutineer is also appointed to count and validate the votes cast at the meeting. Votes cast, for or against and the respective percentages, on each resolution will be tallied and announced to shareholders at the AGM. The total number of votes cast for or against the resolutions and the respective percentages are also announced after the AGM via SGXNET and on the Company's website. Shareholders are informed of the rules, including voting procedures, governing such meetings. The external Company Secretary prepares minutes of shareholders' meetings, and keeps a record of the minutes in the Company's minute book.

The Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity of the information and authentication of the identity of shareholders through the web are not compromised and other pertinent issues are satisfactorily resolved.



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Dealing in Securities

The Company has adopted and implemented an internal code of conduct on dealings in the securities of the Company by the Directors and officers in the Group.

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

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

Interested Person Transactions

As a company listed on the Mainboard of the SGX-ST, the Company is required to comply with Chapter 9 of the Listing Manual on interested person transactions. To ensure compliance with Chapter 9 of the Listing Manual, the AC, as well as the Board, reviews every quarterly whether interested person transactions the Company has entered into fall under Chapter 9 of the Listing Manual. The Group does not have a general mandate from shareholders on interested person transactions. There were no interested person transactions during the financial year under review.

Every Director is required to declare any conflict of interest in a transaction, expected to be \$100,000 or more, with the Company to the Board as soon as practicable after the relevant facts have come to his knowledge. If the Company is intending to enter into an interested person transaction, the AC and the Board will ensure that the transaction is carried out based on normal commercial terms and will not be prejudicial to the interest of the Company and its non-controlling shareholders.

Material Contracts

There were no material contracts between the Company and its subsidiaries involving the interests of the MD, any Director and any controlling shareholder during the financial year under review.

Risk Management

(I) Dependence on public housing projects

The Group is engaged in the design, fabrication, supply and installation of a wide range of steel and aluminium products, comprising building products for HDB housing projects and aluminium frames for container refrigeration units. Its metal building products cater to housing projects relating to new HDB flats and the Group's business is dependent on the demand for new HDB flats.

The Group manages the risk on demand for HDB flats by focusing on HDB upgrading, private properties, industrial and commercial buildings, infrastructure and other public and private projects.

(II) Fluctuation in raw material prices

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

The Group manages the risk in fluctuation by buying the raw materials pegged to contracts requirements only and constantly sourcing for alternative sources of supply.



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(III) Delays in project completion

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

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

(IV) Dependence on foreign workers

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

The Group manages the risk of shortage of foreign workers by relocating labour-intensive operations to its Malaysian plants.

(V) Financial risk management objectives and policies

Please refer to Note 36 of the Notes to Financial Statements.

(VI) Dependence on relationship with a major customer

A major customer accounts for a substantial portion of our revenue. We are therefore dependent, to certain extent, on this major customer, as any cancellation of its sales and purchases would have an impact on our operations. Although we have long-term contract with our major customer, it may alter its present arrangements with us to our disadvantage, which would in turn have an impact on our operating income, business and financial position and consequently, our operating profits may, to a material extent, be adversely affected.

(VII) We will be affected by competition from competitors and new entrants

The aluminium and steel products industry is competitive and such competition may increase in the near future due to the entry of new players in our aluminium and steel products business. In the event our competitors are able to provide comparable products at lower prices or respond to changes in market conditions more swiftly or effectively than we do, our business, results of operations and financial performance will be adversely affected. There is no assurance that we will be able to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by us to remain competitive will adversely affect the demand for our business, our results of operations and financial performance.

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

The Group's success depends to a significant extent upon a number of key employees and senior management. The loss of service of one or more of these key employees, most of whom are not bound by formal long-term employment agreements, could have a material adverse effect on the Group. The Group believes that its future success will also depend in large part upon its ability to attract and retain highly skilled managerial personnel. Competition for such personnel is intense. The Group may not be successful in attracting and retaining the personnel it requires.



Corporate Governance

(IX) Dependence on demand for marine refrigerated containers

The Group is engaged in the production of aluminium frames for container refrigeration units for the shipping industry. Thus the Group's business is dependent on the international shipping industry's demand for new refrigerated containers and any significant downturn in the demand for new refrigerated containers will have an adverse impact on the Group's operating results.

Information on Key Executives

Mr Lim Hock Leong

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

Mr Tan Bee Kin

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

Mr Bennett Jude Bennit

Mr Bennit is the Senior Project Manager of the Company and is responsible for the Group's site management. Mr Bennit joined the Company as a senior project engineer in 1992. He was promoted to the current position of Project Manager in 1998. Prior to joining the Company, Mr Bennit was an R & D Test Engineer of a container manufacturing company where he had worked for four years. Mr Bennit holds a Bachelor of Technology degree from the Regional Engineering College, Warangal, India.

Ms Christine Phua

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

Ms Hong Pay Leng

Ms Hong is the Chief Financial Officer of the Company. She is responsible for the financial and accounting functions for the Group. She joined the Company in 2008 as Assistant Financial Controller. Prior to joining the Company, she had more than 10 years of experience in accounting and finance. She is a Chartered Accountant, a fellow member of the Association of Chartered Certified Accountants and holds a Master in Business Administration from the University of South Australia.



Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Nam Lee Pressed Metal Industries Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 September 2017.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2017 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Yong Koon Chin	Chairman
Yong Kin Sen	Managing Director
Yong Poon Miew	
Khoo Ho Tong	
Chidambaram Chandrasegar	
Tan Soo Kiat	

Arrangements to enable directors to acquire shares and debentures

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

Directors' 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 as stated below:

Name of director	Held in name of directors			Deemed interest		
	At 1.10.16	At 30.9.17	At 21.10.17	At 1.10.16	At 30.9.17	At 21.10.17
Ordinary shares of the Company						
Yong Kin Sen	1,212,909	48,204,412	48,204,412	140,984,089	9,582	9,582
Yong Koon Chin	90,000	47,081,502	47,081,502	140,974,507	–	–
Yong Poon Miew	381,679	47,373,181	47,373,181	140,974,507	–	–
Khoo Ho Tong	400,000	400,000	400,000	–	–	–
Chidambaram Chandrasegar	200,000	200,000	200,000	–	–	–
Tan Soo Kiat	–	–	–	200,000	200,000	200,000



Directors' Statement

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 October 2017.

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.

Options

At the Extraordinary General Meeting held on 20 November 2007, shareholders approved the Nam Lee Employee Share Option Scheme ("the Scheme") for the granting of options for the subscription of shares to selected employees and non-executive directors. The subscription price for each share in respect of which a discounted option is exercisable shall be market price subject to such discount, as may be determined by Committee in its absolute discretion. The Scheme is administered by the Remuneration Committee, comprising three directors, Mr Tan Soo Kiat (Chairman), Mr Khoo Ho Tong and Mr Chidambaram Chandrasegar.

During the financial year ended 30 September 2010, the Company granted 800,000 options to non-executive directors of the Company and 7,400,000 options to employees of the Group.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Scheme as at 30 September 2017 are as follows:

Date of grant	Balance as			Balance		Exercise price	Exercise period
	at 1.10.16	Exercised	Forfeited	outstanding at 30.9.17	Exercisable at 30.9.2017		
22.2.2010	2,550,000	(750,000)	–	1,800,000	1,800,000	\$0.258	22.2.2011 - 22.2.2021
Total	<u>2,550,000</u>	<u>(750,000)</u>	<u>–</u>	<u>1,800,000</u>	<u>1,800,000</u>		

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Scheme are as follows:

Name of director	Options granted during financial year	Aggregate options		Aggregate options outstanding as at end of financial year
		granted since commencement of plan to end of financial year	exercised since commencement of plan to end of financial year	
Khoo Ho Tong	–	400,000	(400,000)	–
Chidambaram Chandrasegar	–	200,000	(200,000)	–
Tan Soo Kiat	–	200,000	(200,000)	–
Total	<u>–</u>	<u>800,000</u>	<u>(800,000)</u>	<u>–</u>

In the financial year ended 30 September 2013, the above directors exercised their options for 800,000 ordinary shares of the Company at a price of \$0.258 each, with a total cash consideration of \$206,400 paid to the Company.



Directors' Statement

Options (cont'd)

Since the commencement of the Scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates.
- No participant has received 5% or more of the total options available under the Scheme.
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.
- The options granted under the Scheme were granted without any discount.

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 independent directors. The members of the audit committee are:

Khoo Ho Tong	Chairman
Chidambaram Chandrasegar	Member
Tan Soo Kiat	Member

Auditor

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

On behalf of the board of directors:

Yong Kin Sen
Director

Yong Poon Miew
Director

Singapore
27 December 2017



Independent Auditor's Report

For the financial year ended 30 September 2017
Independent auditor's report to the members of Nam Lee Pressed Metal Industries Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nam Lee Pressed Metal Industries Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 September 2017, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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



Independent Auditor's Report

For the financial year ended 30 September 2017

Independent auditor's report to the members of Nam Lee Pressed Metal Industries Limited

Impairment assessment of trade receivables

Trade receivables balances comprise amounts receivable from external parties of \$32.7 million and retention receivables of \$5 million. Trade receivables were significant to the Group as they represent 23.2% of total assets. Impairment assessment of trade receivables requires significant management judgement to evaluate the indicators of impairment and determine whether receivables are impaired. Where the trade receivables are assessed to be impaired, management needs to estimate the amount of allowance for doubtful receivables. As such, we determined that this is a key audit matter.

We assessed the Group's processes and controls for monitoring and identifying trade receivables with collection risks. We performed audit procedures, amongst others, on a sample basis, requesting trade receivable confirmations and evidence of receipts from debtors after the year end. We evaluated management's impairment assessment of trade receivables through analyses of their aging trends as well as historical retention sum settlement trends with the debtors by focusing on debtors' payment history. We performed inquiry of management to obtain understanding of any dispute between the Group and debtors.

We also assessed the adequacy of the Group's disclosure on the trade receivables and the related risks such as liquidity risk and credit risk in Note 36(a) and 36(c) to the financial statements.

Valuation of properties

The Group owns land and buildings which are classified as property, plant and equipment. The Group accounted for these properties using revaluation model. As at 30 September 2017, the fair value of the properties amounted to \$20.8 million, representing 12.8% of Group's total assets. As disclosed in Note 37(b) to the financial statements, the fair value of the Group's properties are categorised within Level 3 of the fair value hierarchy. As there is significant estimation involved in determination of the fair value of the properties and the magnitude of the amount, we considered this as a key audit matter.

We considered the competency, objectivity and capabilities of the external valuation experts engaged by the Group. We also read the terms of engagement of the external valuation experts to determine whether there were limitation in the scope of work or matters that might affect the objectivity of the external valuation experts. We evaluated the valuation methodologies used against those commonly applied by other valuation experts for similar property types. We assessed the reasonableness of the key assumptions such as differences in location, size, tenure, type and condition and estimates used by management in arriving at the fair value of the properties by benchmarking them to available industry data and current property market outlook.

We also assessed the adequacy of the disclosures included in Note 11 to the financial statements.

Information other than the financial statements and auditor's report thereon

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

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

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



Independent Auditor's Report

For the financial year ended 30 September 2017
Independent auditor's report to the members of Nam Lee Pressed Metal Industries Limited

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



Independent Auditor's Report

For the financial year ended 30 September 2017

Independent auditor's report to the members of Nam Lee Pressed Metal Industries Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Philip Ng Weng Kwai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
27 December 2017



Consolidated Income Statement

For the financial year ended 30 September 2017

	Note	2017 \$'000	2016 \$'000
Revenue	4	141,939	129,398
Cost of sales		(114,144)	(101,429)
Gross profit		27,795	27,969
Distribution costs		(2,529)	(2,492)
Administrative costs		(10,219)	(10,329)
Other operating costs		(5,469)	(2,310)
Profit from operating activities	5	9,578	12,838
Interest income	7	538	386
Finance costs	7	(104)	(146)
Other income	8	2,456	457
Profit before tax		12,468	13,535
Income tax expense	9	(2,352)	(4,190)
Profit for the year		10,116	9,345
Attributable to:			
Owners of the Company		10,236	9,133
Non-controlling interests		(120)	212
		10,116	9,345
Earnings per share (cents per share)			
- Basic	10	4.24	3.79
- Diluted	10	4.23	3.78

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



Consolidated Statement of Comprehensive Income

For the financial year ended 30 September 2017

	Note	2017 \$'000	2016 \$'000
Profit for the year		10,116	9,345
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
- Surplus on revaluation of the properties		-	1,976
- Deferred tax on surplus on revaluation of the properties		-	(454)
Net surplus on revaluation of the properties:		-	1,522
Items that may be reclassified subsequently to profit or loss:			
- Foreign currency translation		(900)	(254)
- Fair value adjustment on available-for-sale investments	29	-	(3)
Other comprehensive income for the year, net of tax		(900)	1,265
Total comprehensive income for the year		9,216	10,610
Attributable to:			
Owners of the Company		9,358	10,468
Non-controlling interests		(142)	142
		9,216	10,610

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



Balance Sheets

As at 30 September 2017

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Property, plant and equipment	11	36,542	36,651	6,908	6,940
Available-for-sale investments	12	5	5	5	5
Held-to-maturity investments	13	6,067	6,087	6,067	6,087
Investment in subsidiaries	14	–	–	15,226	15,226
Deferred tax assets	25	755	141	–	–
		43,369	42,884	28,206	28,258
Current assets					
Inventories	15	33,192	31,231	5,915	3,353
Trade receivables	16	37,710	29,911	21,634	16,583
Other receivables and deposits	17	3,107	2,741	198	228
Prepayments		577	876	153	302
Amounts due from subsidiaries (non-trade)	18	–	–	17,853	22,826
Derivatives	19	421	329	421	329
Tax recoverable		476	472	–	–
Cash and fixed deposits	35	43,600	46,006	37,964	38,777
		119,083	111,566	84,138	82,398
Total assets		162,452	154,450	112,344	110,656
Current liabilities					
Trade payables	20	7,279	7,357	6,077	11,130
Other payables and accruals	21	14,048	9,315	7,417	5,814
Provision for warranty	22	615	759	–	–
Term loans	23	1,000	1,000	1,000	1,000
Obligations under hire purchase contracts	24	190	297	170	87
Income tax payables		2,201	1,855	1,353	1,463
		25,333	20,583	16,017	19,494
Net current assets		93,750	90,983	68,121	62,904
Non-current liabilities					
Term loans	23	1,417	2,417	1,417	2,417
Obligations under hire purchase contracts	24	237	79	235	62
Deferred tax liabilities	25	1,517	2,007	104	80
		3,171	4,503	1,756	2,559
Total liabilities		28,504	25,086	17,773	22,053
Net assets		133,948	129,364	94,571	88,603
Equity attributable to owners of the Company					
Share capital	26	57,018	56,770	57,018	56,770
Retained earnings		82,803	77,393	37,227	31,453
Capital reserve	27	104	104	–	–
Foreign currency translation reserve	28	(8,846)	(7,968)	–	–
Asset revaluation reserve	32	1,867	1,867	194	194
Fair value adjustment reserve	29	(1)	(1)	(1)	(1)
Share option reserve	30	133	187	133	187
		133,078	128,352	94,571	88,603
Non-controlling interests		870	1,012	–	–
Total equity		133,948	129,364	94,571	88,603

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 30 September 2017

Attributable to owners of the Company										
Note	Share capital	Retained earnings	Capital reserve	Foreign currency translation reserve	Asset revaluation reserve	Fair value adjustment reserve	Share option reserve	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2017										
Group										
At 1 October 2016	56,770	77,393	104	(7,968)	1,867	(1)	187	128,352	1,012	129,364
Profit for the year	-	10,236	-	-	-	-	-	10,236	(120)	10,116
Other comprehensive income:										
- Foreign currency translation	-	-	-	(878)	-	-	-	(878)	(22)	(900)
Total comprehensive income for the year, net of tax	-	10,236	-	(878)	-	-	-	9,358	(142)	9,216
Exercise of employee share options	6	248	-	-	-	-	(54)	194	-	194
Distributions to owners:										
- Dividends on ordinary shares	31	-	(4,826)	-	-	-	-	(4,826)	-	(4,826)
At 30 September 2017	57,018	82,803	104	(8,846)	1,867	(1)	133	133,078	870	133,948

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 30 September 2017

Attributable to owners of the Company										
Note	Share capital	Retained earnings	Capital reserve	Foreign currency translation reserve	Asset revaluation reserve	Fair value adjustment reserve	Share option reserve	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2016										
Group										
At 1 October 2015	56,758	74,288	104	(7,784)	345	2	195	123,908	870	124,778
Profit for the year	-	9,133	-	-	-	-	-	9,133	212	9,345
Other comprehensive income:										
- Net surplus on revaluation of the properties	-	-	-	-	1,522	-	-	1,522	-	1,522
- Fair value adjustment on available-for-sale	-	-	-	-	-	(3)	-	(3)	-	(3)
- Foreign currency translation	-	-	-	(184)	-	-	-	(184)	(70)	(254)
Total comprehensive income for the year, net of tax	-	9,133	-	(184)	1,522	(3)	-	10,468	142	10,610
Exercise of employee share options	6	12	-	-	-	-	(3)	9	-	9
Forfeiture of employee share options	6	-	5	-	-	-	(5)	-	-	-
Distributions to owners:										
- Dividends on ordinary shares	31	-	(6,033)	-	-	-	-	(6,033)	-	(6,033)
At 30 September 2016	56,770	77,393	104	(7,968)	1,867	(1)	187	128,352	1,012	129,364

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 30 September 2017

	Note	Share capital \$'000	Retained earnings \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Share option reserve \$'000	Total equity \$'000
2017							
Company							
At 1 October 2016							
		56,770	31,453	(1)	194	187	88,603
Profit for the year		–	10,600	–	–	–	10,600
Total comprehensive income for the year, net of tax		–	10,600	–	–	–	10,600
Exercise of employee share options	6	248	–	–	–	(54)	194
Distributions to owners:							
- Dividends on ordinary shares	31	–	(4,826)	–	–	–	(4,826)
At 30 September 2017		57,018	37,227	(1)	194	133	94,571

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 30 September 2017

	Note	Share capital \$'000	Retained earnings \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Share option reserve \$'000	Total equity \$'000
2016							
Company							
At 1 October 2015							
		56,758	31,476	2	345	195	88,776
Profit for the year		–	6,005	–	–	–	6,005
- Deficit on revaluation of a property					(151)	–	(151)
- Fair value adjustment on available-for-sale		–	–	(3)	–	–	(3)
Total comprehensive income for the year, net of tax		–	6,005	(3)	(151)	–	5,851
Exercise of employee share options	6	12	–	–	–	(3)	9
Forfeiture of employee share options	6	–	5	–	–	(5)	–
Distributions to owners:							
- Dividends on ordinary shares	31	–	(6,033)	–	–	–	(6,033)
At 30 September 2016		56,770	31,453	(1)	194	187	88,603

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



Consolidated Statement of Cash Flows

For the financial year ended 30 September 2017

	Note	2017 \$'000	2016 \$'000
Operating activities			
Profit before tax		12,468	13,535
Adjustments for:			
Depreciation of property, plant and equipment	5	3,664	4,266
Loss/(gain) on disposal of property, plant and equipment, net	5, 8	137	(34)
Property, plant and equipment written off	5	8	867
Provision for one-off replacement cost	5	4,070	–
Fair value gain on derivatives		(92)	(2,440)
Finance costs	7	104	146
Interest income from fixed deposits	7	(355)	(202)
Interest income from bond investments	7	(183)	(184)
Write-back for provision of warranty, net	22	(144)	(59)
Amortisation of bond premium		20	19
Foreign currency translation adjustment		(209)	343
Operating cash flows before changes in working capital		19,488	16,257
(Increase) /decrease in inventories		(1,961)	9,155
(Increase) /decrease in receivables		(7,866)	9,016
Increase/(decrease) in payables		585	(7,905)
Cash flows generated from operations		10,246	26,523
Income taxes paid		(3,114)	(4,627)
Interest received		355	202
Interest paid		(104)	(146)
Net cash flows generated from operating activities		7,383	21,952
Investing activities			
Purchase of property, plant and equipment	11	(4,396)	(6,928)
Proceeds from disposal of property, plant and equipment		462	613
Interest income from bond investments		183	184
Net cash flows used in investing activities		(3,751)	(6,131)
Financing activities			
Increase in fixed deposits - pledged		–	(165)
Repayment of finance lease obligations		(361)	(610)
Repayment of term loan drawdown		(1,000)	(1,000)
Proceeds from exercise of employee share options		194	9
Dividends paid on ordinary shares	31	(4,826)	(6,033)
Net cash flows used in financing activities		(5,993)	(7,799)
Net (decrease)/increase in cash and cash equivalents		(2,361)	8,022
Cash and cash equivalents at 1 October		45,841	38,432
Effect of exchange rate changes on cash and cash equivalents		(41)	(613)
Cash and cash equivalents at 30 September	35	43,439	45,841

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



Notes to the Financial Statements

For the financial year ended 30 September 2017

1. Corporate information

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

The registered office and principal place of business of the Company is located at 21 Sungei Kadut Street 4, Singapore 729048.

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

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet 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 “\$”) and all values in the tables are rounded to the nearest thousand (\$’000) as indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 October 2018.

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 October 2016. 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

For the financial year ended 30 September 2017

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
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019
Improvements to FRSs (December 2016)	
(a) Amendments to FRS 28 Investments in Associate and Joint Venture	1 January 2018
(b) INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
(c) INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for FRS 109, FRS 115 and FRS 116, 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 109, FRS 115 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for 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 new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

During 2017, the Group performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group is in a business of providing sale of steel and aluminium products. The Group expects the following impact upon adoption of FRS 115:



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

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

Variable consideration

The Group make provision of trade discounts for some contracts with customers. Currently, the Group recognises revenue from products supplied for construction projects when the products delivered and installed have been accepted and certified by the main contractors. Revenue from sales of goods for aluminium industrial products and other miscellaneous sales is recognised upon the transfer of significant risk and rewards of ownership to the customers. The revenue is measured at the fair value of the consideration, net of trade discounts, which generally coincide with main contractors' certifications and transfer of significant risk and rewards of ownership. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under FRS 115. FRS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint.

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.

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables (if any). Upon application of the expected credit loss model, the Group do not expect significant impact on its equity due to good credit history of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

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 control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5 *Transactions with non-controlling interests*

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

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



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.6 Foreign currency

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

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

2.7 Property, plant and equipment

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

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

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



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.7 Property, plant and equipment (cont'd)

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value at the end of reporting period. All other categories of assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

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

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

The 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 arising on de-recognition of the asset is included in the profit or loss in the year the asset is derecognised.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.8 Impairment of non-financial assets

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

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

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

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

2.9 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.

2.10 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.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

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, interest and dividend income.

(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.

(iii) Available-for-sale financial assets

Available-for-sale financial assets comprise equity securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iv) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

De-recognition

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

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.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.10 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

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 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.

De-recognition

A financial liability is de-recognised 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 the profit or loss.

2.11 Impairment of financial assets

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

(a) *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.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.11 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

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.

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.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.12 Cash and cash equivalents

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

Cash and fixed deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.13 Inventories

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

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

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

2.14 Provisions

General

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Warranty provisions

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

2.15 Employee benefits

(a) *Defined contribution plans*

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

(b) *Employee leave entitlements*

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



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.15 *Employee benefits (cont'd)*

(c) *Employee share option plans*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefit expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition or non-vesting conditions, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share option. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

2.16 *Leases*

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

For the financial year ended 30 September 2017

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

2.17 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 sales taxes or duty.

(a) Sale of goods

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

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

2.18 Taxes

(a) Current income tax

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

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



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.18 Taxes (cont'd)

(b) *Deferred tax*

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

(c) *Sales tax*

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

- Where the sales tax incurred on 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.

2.19 **Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segmental information.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

2.20 *Share capital and share issuance expense*

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

2.21 *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.

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

3. Significant accounting judgments and estimates

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

(a) *Judgments made in applying accounting policies*

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

Determination of functional currency

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



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(b) *Key sources of estimation uncertainty*

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

(i) 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. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 reporting period is disclosed in Note 37(e) to the financial statements.

(ii) Revaluation of the land and buildings

The Group carries its land and buildings at fair value, with changes in fair values being recognised in other comprehensive income. The Group engaged real estate valuation experts to assess fair value. The fair values of these properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Market Comparison Method and Cost Approach. The key assumptions used to determine the fair value of these properties and sensitivity analysis are provided in Note 37.

The carrying amounts of its land and buildings carried at fair value as at 30 September 2017 are \$20,799,000 (2016: \$21,543,000).

4. Revenue

Revenue represents invoiced value of goods supplied. It excludes dividends, interest income and, in respect of the Group, intra-group transactions.



Notes to the Financial Statements

For the financial year ended 30 September 2017

5. Profit from operating activities

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

	Group	
	2017	2016
	\$'000	\$'000
Cost of sales:		
Salaries and bonuses (excluding directors' emoluments)	(22,558)	(19,169)
Contribution to defined contribution plans	(2,754)	(3,052)
Depreciation of property, plant and equipment*	(2,864)	(3,520)
Operating lease expense	(418)	(531)
Professional fee	(482)	(655)
Distribution costs:		
Salaries and bonuses (excluding directors' emoluments)	(287)	(257)
Contribution to defined contribution plans	(22)	(24)
Depreciation of property, plant and equipment*	(207)	(257)
Transportation expenses	(1,485)	(1,431)
Administrative costs:		
Audit fees paid to:		
- Auditors of the Company	(178)	(175)
- Other auditors	(38)	(16)
Non-audit fees paid to:		
- Auditors of the Company	(55)	(111)
Salaries and bonuses (excluding directors' emoluments)	(3,741)	(3,606)
Contribution to defined contribution plans	(438)	(515)
Directors of the Company:		
- Fees	(135)	(120)
- Remuneration	(1,638)	(1,708)
- Contribution to defined contribution plans	(16)	(16)
Directors of subsidiaries:		
- Fees	(6)	(6)
- Remuneration	(116)	(138)
Depreciation of property, plant and equipment*	(593)	(489)
Accommodation expenses	(1,202)	(1,289)
Other operating costs:		
Property, plant and equipment written off	(8)	(867)
Foreign exchange loss, net	-	(239)
Professional fee	(189)	(259)
Loss on disposal of property, plant and equipment, net	(137)	-
Provision for one-off replacement cost	(4,070)	-

* Depreciation charge for the Group is \$3,664,000 (2016: \$4,266,000) (Note 11).



Notes to the Financial Statements

For the financial year ended 30 September 2017

6. Share option scheme

Under the Nam Lee Employee Share Option Scheme (the "Scheme"), share options are granted to eligible employees and non-executive directors of the Company and subsidiaries. The Scheme is administered by the Remuneration Committee, who shall determine at its discretion, the number of shares over which the options are to be offered, taking into account criteria such as the rank, seniority, length of service, performance and potential for future contributions of the grantee and performance of the Group. Options granted to employees will have a life span of ten years whereas options granted to non-executive directors will have a life span of five years. The exercise price of the options shall be equal to the average of the last dealt prices for the Company's shares for the three consecutive trading days immediately preceding the relevant date of grant.

There has been no cancellation or modification to the Scheme during the financial year.

Movement of share options during the financial year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2017		2016	
	No.	WAEP (\$)	No.	WAEP (\$)
Outstanding at 1 October	2,550,000	0.258	2,650,000	0.258
- Exercised	(750,000)	0.258	(35,000)	0.258
- Forfeited	-	-	(65,000)	0.258
Outstanding at 30 September	1,800,000	0.258	<u>2,550,000</u>	0.258
Exercisable at 30 September	1,800,000	0.258	<u>2,550,000</u>	0.258

The weighted average share price at the date of the exercise of the options exercised during the financial year was \$0.38 (2016: \$0.38).

The weighted average remaining contractual life for the options outstanding at the end of the year is 3.4 years (2016: 4.4 years).

Fair value of share options granted

The fair value of share options is estimated at the grant date using the Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The inputs to the financial model used for the options granted are shown below:

Vesting date	22 February 2012
Expected volatility (%)	27.00
Risk-free interest rate (%)	0.35
Expected life of option (years)	4.25
Exercise price (\$)	0.258
Share price (\$)	0.27

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Notes to the Financial Statements

For the financial year ended 30 September 2017

7. Interest income/Finance costs

	Group	
	2017	2016
	\$'000	\$'000
Interest income from:		
- Fixed deposits	355	202
- Bond investments	183	184
	538	386
Finance costs on:		
- term loans	(82)	(110)
- obligations under hire purchase contracts	(22)	(36)
	(104)	(146)

8. Other income

	Group	
	2017	2016
	\$'000	\$'000
Gain on disposal of property, plant and equipment, net	-	34
Government grant income	173	362
Gain on foreign exchange, net	1,193	-
Fair value gain on derivatives, net	1,081	55
Others	9	6
	2,456	457

Government grant income relates mainly to Special Employment Credit ("SEC") grants, Wage Credit Scheme ("WCS") and Temporary Employment Credit ("TEC").



Notes to the Financial Statements

For the financial year ended 30 September 2017

9. Income tax expense

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

	Group	
	2017	2016
	\$'000	\$'000
Consolidated income statement:		
Current income tax		
- Current year	(3,435)	(2,539)
- Under provision in respect of prior years	(21)	(1,001)
	(3,456)	(3,540)
Deferred income tax		
- Origination and reversal of temporary differences	554	(292)
- Over/(under) provision in respect of prior years	550	(358)
	1,104	(650)
Income tax expense recognised in profit or loss	(2,352)	(4,190)

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

Profit before tax	12,468	13,535
Tax at statutory tax rate of 17% (2016: 17%)	(2,120)	(2,301)
Adjustments:		
Effect of differences in statutory tax rate	(307)	(324)
Expenses not deductible for tax purposes	(993)	(723)
Tax incentives	130	307
Over/(under) provision in respect of prior years, net	529	(1,359)
Income not subject to tax	340	53
Partial tax exemption	72	98
Others	(3)	59
Income tax expense recognised in profit or loss	(2,352)	(4,190)



Notes to the Financial Statements

For the financial year ended 30 September 2017

10. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares under the Share Option Scheme into ordinary shares.

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

	Group	
	2017	2016
	\$'000	\$'000
Profit for the year, net of tax, attributable to owners of the Company	10,236	9,133
	No. of Shares	No. of Shares
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation	241,402	241,285
Effect of dilutive share options	760	504
Weighted average number of ordinary shares for diluted earnings per share computation	242,162	241,789
	Cents	Cents
Basic earnings per share	4.24	3.79
Diluted earnings per share	4.23	3.78



Notes to the Financial Statements

For the financial year ended 30 September 2017

11. Property, plant and equipment

Group	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Furniture and fittings	Motor vehicles	Office equipment	Plant and machinery	Tools	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost and valuation:											
At 1 October 2016											
Cost	–	–	–	–	–	799	5,861	2,734	32,992	6,420	48,806
Valuation	7,372	634	7,878	6,259	5,851	–	–	–	–	–	27,994
	7,372	634	7,878	6,259	5,851	799	5,861	2,734	32,992	6,420	76,800
Additions	–	–	–	–	492	9	1,146	103	1,295	1,763	4,808
Disposals/written off	–	–	–	–	(2)	–	(1,144)	(3)	(406)	(69)	(1,624)
Reclassification	–	–	–	–	–	–	–	36	1,582	(1,618)	–
Exchange differences	(146)	(11)	(231)	(19)	(35)	(12)	(43)	(22)	(541)	(72)	(1,132)
At 30 September 2017	7,226	623	7,647	6,240	6,306	796	5,820	2,848	34,922	6,424	78,852
Representing:											
Cost	–	–	–	–	–	796	5,820	2,848	34,922	6,424	50,810
Valuation	7,226	623	7,647	6,240	6,306	–	–	–	–	–	28,042
	7,226	623	7,647	6,240	6,306	796	5,820	2,848	34,922	6,424	78,852
Accumulated depreciation:											
At 1 October 2016											
Depreciation charge for the year	–	117	1,821	2,045	2,468	644	3,833	1,727	24,689	2,805	40,149
Disposals/written off	–	9	137	428	295	50	478	198	1,999	70	3,664
Exchange differences	–	–	–	–	(1)	–	(742)	–	(274)	–	(1,017)
	–	(3)	(45)	(5)	(23)	(9)	(32)	(14)	(350)	(5)	(486)
At 30 September 2017	–	123	1,913	2,468	2,739	685	3,537	1,911	26,064	2,870	42,310
Net carrying amount:											
At 30 September 2017	7,226	500	5,734	3,772	3,567	111	2,283	937	8,858	3,554	36,542



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

Group	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Furniture and fittings	Motor vehicles	Office equipment	Plant and machinery	Tools	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost and valuation:											
At 1 October 2015											
Cost	5,358	460	7,642	–	2,735	779	5,747	2,701	34,191	5,634	65,247
Valuation	–	–	–	6,443	–	–	–	–	–	–	6,443
	5,358	460	7,642	6,443	2,735	779	5,747	2,701	34,191	5,634	71,690
Additions	–	–	255	–	16	23	419	187	3,199	2,829	6,928
Disposals/written off	–	–	–	–	–	(2)	(288)	(152)	(1,481)	(1,788)	(3,711)
Reclassification	–	–	–	–	3,105	–	–	–	(2,852)	(253)	–
Surplus/(deficit) of revaluation	2,027	175	–	(182)	–	–	–	–	–	–	2,020
Exchange differences	(13)	(1)	(19)	(2)	(5)	(1)	(17)	(2)	(65)	(2)	(127)
	7,372	634	7,878	6,259	5,851	799	5,861	2,734	32,992	6,420	76,800
At 30 September 2016											
Representing:											
Cost	–	–	–	–	–	799	5,861	2,734	32,992	6,420	48,806
Valuation	7,372	634	7,878	6,259	5,851	–	–	–	–	–	27,994
	7,372	634	7,878	6,259	5,851	799	5,861	2,734	32,992	6,420	76,800
Accumulated depreciation:											
At 1 October 2015											
Depreciation charge for the year	–	108	1,582	1,113	1,174	595	3,615	1,623	24,841	3,594	38,245
Reclassification	–	9	245	933	328	52	504	197	1,942	56	4,266
Disposals/written off	–	–	–	–	971	–	–	–	(971)	–	–
Exchange differences	–	–	–	–	–	(1)	(273)	(91)	(1,058)	(842)	(2,265)
	–	–	(6)	(1)	(5)	(2)	(13)	(2)	(65)	(3)	(97)
	–	117	1,821	2,045	2,468	644	3,833	1,727	24,689	2,805	40,149
At 30 September 2016											
Net carrying amount:											
At 30 September 2016											
	7,372	517	6,057	4,214	3,383	155	2,028	1,007	8,303	3,615	36,651



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

Company	Leasehold improvements \$'000	Building on leasehold land \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Office equipment \$'000	Plant and machinery \$'000	Tools \$'000	Total \$'000
Cost:								
At 1 October 2016	1,176	5,477	332	3,411	1,547	7,550	2,291	21,784
Additions	172	–	–	1,116	33	52	–	1,373
Disposals/written off	–	–	–	(1,141)	(3)	–	–	(1,144)
At 30 September 2017	1,348	5,477	332	3,386	1,577	7,602	2,291	22,013
Accumulated depreciation:								
At 1 October 2016	417	1,836	280	2,107	907	7,011	2,286	14,844
Depreciation charge for the year	102	397	7	272	115	138	1	1,032
Disposals/written off	–	–	–	(771)	–	–	–	(771)
At 30 September 2017	519	2,233	287	1,608	1,022	7,149	2,287	15,105
Net carrying amount:								
At 30 September 2017	829	3,244	45	1,778	555	453	4	6,908



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

Company	Leasehold	Building	Furniture	Motor	Office	Plant	Tools	Total
	improvements	on leasehold land	and fittings	vehicles	equipment	and machinery		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:								
At 1 October 2015	1,173	5,659	334	3,463	1,557	8,465	2,977	23,628
Additions	3	–	–	176	101	62	–	342
Transfer to subsidiaries	–	–	–	–	–	(28)	(4)	(32)
Disposals/written off	–	–	(2)	(228)	(111)	(949)	(682)	(1,972)
Deficit of revaluation	–	(182)	–	–	–	–	–	(182)
At 30 September 2016	1,176	5,477	332	3,411	1,547	7,550	2,291	21,784
Accumulated depreciation:								
At 1 October 2015	206	918	273	2,078	859	7,643	2,751	14,728
Depreciation charge for the year	211	918	8	257	113	180	1	1,688
Transfer to subsidiaries	–	–	–	–	–	(4)	(2)	(6)
Disposals/written off	–	–	(1)	(228)	(65)	(808)	(464)	(1,566)
At 30 September 2016	417	1,836	280	2,107	907	7,011	2,286	14,844
Net carrying amount:								
At 30 September 2016	759	3,641	52	1,304	640	539	5	6,940



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

The Group's properties as at 30 September 2017 are:

Name of building/location	Description	Tenure of land
No. 2 & 2A Jalan Tampoi 7, Kawasan Perusahaan Tampoi, 81200 Johor Bahru, Johor, Malaysia	Factory and office premises	Freehold
No. 50 Jalan Industri 2, Taman Perindustrian Pekan Nenas, 81500 Pekan Nenas, Johor Darul Takzim, Malaysia	Factory and office premises	Freehold
No.3, Jalan Lengkok NIP 1/1, Taman Perindustrian Nusajaya 1, 81550 Gelang Patah, Johor Darul Takzim, Malaysia	Factory and office premises	Freehold
PL0 101, Jalan Cyber 5, Kawasan Perindustrian Senai III, 81400 Senai, Johor, Malaysia	Factory and office premises	61-year lease commencing from 24 September 2003
No. 8, Jalan Hasil, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Malaysia	Factory and office premises	Freehold
21 Sungei Kadut Street 4, Singapore 729048	Factory and office premises	146-month lease commencing from 16 October 2013

Revaluation of the properties

The Group engaged Asian Appraisal Company Pte Ltd and Azmi & Co (Johor) Sdn Bhd, both are independent valuer, to determine the fair value of the properties located at Singapore and Malaysia respectively. The dates of valuation were 15 September 2016 and 28 September 2016 for the Singapore and Malaysia properties respectively. Management has assessed that there were no significant changes to the fair value at the end of financial year. Details of valuation techniques and input are disclosed in Note 37.

If the properties were measured using the cost model, the net carrying amount of the properties would be \$18,493,000 (2016: \$19,524,000).



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

Assets under construction

The Group's plant and equipment included assets under construction amounting to \$2,597,000 (2016: \$2,622,000).

Assets held under finance lease

	Group	
	2017	2016
	\$'000	\$'000
Additions during the year	4,808	6,928
Less: Assets held under finance lease:		
- Motor vehicles	(412)	-
Purchase of property, plant and equipment as per consolidated statement of cash flows	4,396	6,928

The net carrying amounts of plant and machinery and motor vehicles held under finance leases as at 30 September 2017 was \$465,000 (2016: \$465,000) and \$1,290,000 (2016: \$885,000), respectively for the Group.

12. Available-for-sale investments

	Group and Company	
	2017	2016
	\$'000	\$'000
Quoted equity investments	5	5

13. Held-to-maturity investments

	Group and Company	
	2017	2016
	\$'000	\$'000
Bond investments (Quoted)	6,067	6,087

Quoted investments in corporate bonds were made for varying coupon rates ranging from 3.1% to 4.3% (2016: 3.1% to 4.3%) per annum, with maturity dates ranging from 31 August 2020 to 29 August 2022.



Notes to the Financial Statements

For the financial year ended 30 September 2017

14. Investment in subsidiaries

	Company	
	2017	2016
	\$'000	\$'000
Unquoted equity shares, at cost	15,703	15,703
Less: Accumulated impairment losses	(477)	(477)
Carrying amount of investment in subsidiaries	15,226	15,226

During the financial year, management performed impairment tests for the investment in subsidiaries. No impairment loss was recognised during the financial year.

	Name (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Proportion of ownership interest	
			2017	2016	2017	2016
			\$'000	\$'000	%	%
<i>Held by the Company</i>						
*	NL Metals Sdn Bhd (Malaysia)	Manufacture of aluminium industrial products, aluminium sliding windows, grilles, gates and other related metal products (Malaysia)	1,957	1,957	100	100
*	NL Mechanical Engineering Sdn Bhd (Malaysia)	Manufacture of grilles, gates, drying racks, hopper, other metal and steel-based products (Malaysia)	562	562	100	100
*	Nam Lee Pressed Metal Sdn Bhd (Malaysia)	Manufacture of metal fabricated products (Malaysia)	1,322	1,322	100	100
*	Nam Lee Industries Sdn Bhd (Malaysia)	Manufacture of metal fabricated products (Malaysia)	1,078	1,078	100	100
#	P.T. Nam Lee Metal Industries (Indonesia)	Manufacturing of building metal products (Indonesia)	307	307	100	100



Notes to the Financial Statements

For the financial year ended 30 September 2017

14. Investment in subsidiaries (cont'd)

	Name (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Proportion of ownership interest	
			2017 \$'000	2016 \$'000	2017 %	2016 %
<i>Held by the Company</i>						
@	Creative Holdings (HK) Limited (Hong Kong)	Investment holding and sale of decoration materials (Hong Kong)	477	477	59	59
##	Nam Lee Pressed Metal Pte Ltd (Singapore)	Fabrication, installation and supply of building materials and products (Singapore)	10,000	10,000	100	100
			15,703	15,703		
<i>Held through subsidiaries</i>						
@	Foshan Nanhai Creative Glass and Metal Limited (People's Republic of China)	Manufacturing and sale of decoration materials (People's Republic of China)	–	–	59	59
*	Swan Metal Products Sdn Bhd (Malaysia)	Manufacture of metal fabricated products (Malaysia)	–	–	100	100
*	Audited by Ernst & Young, Malaysia					
#	Not required to be audited by laws of country of incorporation					
@	Not significant to the Group, and are audited by other firms of accountants					
##	Audited by Ernst & Young LLP, Singapore					



Notes to the Financial Statements

For the financial year ended 30 September 2017

15. Inventories

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Finished goods	6,251	9,965	12	15
Work-in-progress	3,701	2,585	4	4
Raw materials	16,952	14,353	60	35
Raw materials - Stock-in-transit	6,288	4,328	5,839	3,299
Total inventories at lower of cost and net realisable value	33,192	31,231	5,915	3,353

Included in the consolidated income statement are inventories recognised as an expense in cost of sales amounting to \$67,870,000 (2016: \$63,617,000).

16. Trade receivables

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
External parties	32,680	23,677	21,634	16,583
Retention receivables	5,030	6,234	-	-
Total trade receivables	37,710	29,911	21,634	16,583

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

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

	Group and Company	
	2017 \$'000	2016 \$'000
United States Dollars	21,103	15,980



Notes to the Financial Statements

For the financial year ended 30 September 2017

16. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$1,566,000 (2016: \$2,451,000) that are past due at the end of reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of reporting period is as follows:

	Group	
	2017	2016
	\$'000	\$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	975	1,894
30 - 60 days	213	268
61 - 90 days	366	285
91 - 120 days	-	-
More than 120 days	12	4
	1,566	2,451

As at 30 September 2017 and 2016, trade receivables of the Group and Company are not impaired.

Receivables subject to offsetting arrangements

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

Description	Note	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
		\$'000	\$'000	\$'000
30 September 2017				
Trade receivables from subsidiaries		446,488	(446,488)	-
Trade payables to subsidiaries	20	448,626	(446,488)	2,138
30 September 2016				
Trade receivables from subsidiaries		414,487	(414,487)	-
Trade payables to subsidiaries	20	422,442	(414,487)	7,955



Notes to the Financial Statements

For the financial year ended 30 September 2017

17. Other receivables and deposits

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deposits	1,557	1,152	107	135
Other receivables	1,550	1,589	84	84
Other recoverables	–	–	7	9
	3,107	2,741	198	228

Other recoverables pertain to self-constructed assets to be sold to subsidiaries of the Company.

18. Amounts due from subsidiaries (non-trade)

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

Receivables subject to offsetting arrangements

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

Description	Gross carrying amounts \$'000	Gross amounts offset in the balance sheet \$'000	Net amounts in the balance sheet \$'000
30 September 2017			
Amounts due from subsidiaries	41,205	(23,352)	17,853
Amounts due to subsidiaries	23,352	(23,352)	–
30 September 2016			
Amounts due from subsidiaries	60,236	(37,410)	22,826
Amounts due to subsidiaries	37,410	(37,410)	–



Notes to the Financial Statements

For the financial year ended 30 September 2017

19. Derivatives

	Group and Company			
	2017		2016	
	Contract notional amount \$'000	Assets \$'000	Contract notional amount \$'000	Assets \$'000
Commodity swap	8,466	421	5,514	329
Total financial assets at fair value through profit or loss classified as held for trading	8,466	421	5,514	329

The commodity swap agreements are intended to hedge against the volatility of commodity purchases for periods between 1 to 7 months (2016: 1 to 4 months) based on existing sales agreements. These contracts are entered for future committed sales.

20. Trade payables

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
External parties		7,279	7,357	3,939	3,175
Subsidiaries	16	-	-	2,138	7,955
		7,279	7,357	6,077	11,130

External parties

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

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

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
United States Dollars	3,258	3,347	2,658	2,323

Subsidiaries

Trade payables to subsidiaries are subject to offsetting arrangements as disclosed in Note 16.



Notes to the Financial Statements

For the financial year ended 30 September 2017

21. Other payables and accruals

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Sundry creditors	182	811	1	1
Accrued operating expenses	13,826	8,464	7,376	5,773
Deposits from customers	40	40	40	40
	14,048	9,315	7,417	5,814

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

22. Provision for warranty

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

Based on actual historical warranty claims experience, management assessed that the Group's provision for warranties exceeded the amount necessary to cover outstanding warranty claims on products sold. Accordingly, \$144,000 (2016: \$75,000) of the warranty provision has been reversed in the current year.

Movements in provision for warranty are as follows:

	Group	
	2017 \$'000	2016 \$'000
At 1 October	759	818
Provision made	-	16
Reversal	(144)	(75)
At 30 September	615	759

23. Term loans

	Group and Company	
	2017 \$'000	2016 \$'000
Term loan in SGD		
- Due within one year	1,000	1,000
- Due after one year	1,417	2,417
Total term loans	2,417	3,417

The loan is denominated in Singapore dollar ("SGD") and has a maturity period of 3 years (2016: 4 years). The loan is unsecured and bears an interest rate of 2.77% (2016: 2.77%) per annum.

Notes to the Financial Statements

For the financial year ended 30 September 2017

24. Obligations under hire purchase contracts

The Group leases certain plant and machinery and motor vehicles under hire purchase arrangements that are non-cancellable. These contracts are classified as finance leases and expire within the next 1 to 3 years (2016: 1 to 4 years). These leases have purchase options but with no renewal option or escalation clauses.

Discount rates implicit in the leases ranged from 3.33% to 6.17% (2016: 2.45% to 5.94%) per annum. Future minimum lease payments under the hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments 2017 \$'000	Present value of payments 2017 \$'000	Minimum lease payments 2016 \$'000	Present value of payments 2016 \$'000
Group				
Not later than one year	205	190	309	297
Later than one year but not later than five years	246	237	82	79
Total minimum lease payments	451	427	391	376
Less: Amounts representing finance charges	(24)	–	(15)	–
Present value of minimum lease payments	427	427	376	376

	Minimum lease payments 2017 \$'000	Present value of payments 2017 \$'000	Minimum lease payments 2016 \$'000	Present value of payments 2016 \$'000
Company				
Not later than one year	184	170	92	87
Later than one year but not later than five years	245	235	65	62
Total minimum lease payments	429	405	157	149
Less: Amounts representing finance charges	(24)	–	(8)	–
Present value of minimum lease payments	405	405	149	149



Notes to the Financial Statements

For the financial year ended 30 September 2017

25. Deferred tax

Deferred tax as at 30 September relates to the following:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deferred tax liabilities:				
Differences in depreciation for tax purpose	1,063	1,553	178	154
Revaluation surplus/(deficit) of properties	454	454	(74)	(74)
	1,517	2,007	104	80

Deferred tax assets:

Provisions	755	141	-	-
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Movement of deferred tax is as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 1 October	1,866	762	80	81
(Reversed)/provided during the year	(1,070)	633	24	73
Charged directly to equity:				
- Revaluation surplus/(deficit) of the properties	-	454	-	(74)
Exchange differences	(34)	17	-	-
At 30 September	762	1,866	104	80

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2016: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries as there are no tax effect on the undistributed earnings of the foreign subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences (2016: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).



Notes to the Financial Statements

For the financial year ended 30 September 2017

26. Share capital

	Note	Group and Company			
		2017		2016	
		No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:					
At 1 October		241,294	56,770	241,259	56,758
Exercise of employee share options	6	750	248	35	12
At 30 September		242,044	57,018	241,294	56,770

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

27. Capital reserve

Capital reserve represents discount on acquisition of a subsidiary in prior years amounting to \$104,000 (2016: \$104,000) at the end of the reporting period.

28. 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.

29. Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale investments until they are derecognised or impaired.

	Group and Company	
	2017	2016
	\$'000	\$'000
At 1 October	(1)	2
Fair value adjustment for investment arising from:		
- Changes in fair value	-	(3)
At 30 September	(1)	(1)

30. Share option reserve

Share option reserve represents the equity-settled share options granted to employees (Note 6). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.



Notes to the Financial Statements

For the financial year ended 30 September 2017

31. Dividends

	Group and Company	
	2017	2016
	\$'000	\$'000
Declared and paid during the financial year:		
Dividend on ordinary shares		
- Final exempt (one-tier) dividend for 2016: 1.0 cent per share (2015: 1.0 cent)	2,413	2,414
- Special (one-tier) dividend for 2016: 1.0 cent per share (2015: 1.5 cent)	2,413	3,619
Total dividends	4,826	6,033

Proposed but not recognised as liability as at 30 September

Dividend on ordinary shares, subject to shareholders' approval at AGM

- Final and special (one-tier) dividend for 2017: 2.0 cents per share (2016: 2.0 cents)	4,841	4,826
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A final dividend in respect of year ended 2017 of 1.0 cent (2016: 1.0 cent) per share and special dividend of 1.0 cent (2016: 1.0 cent) per share under tax exempt one-tier system amounting to \$4,841,000 (2016: \$4,826,000) was proposed by the Board subsequent to the financial year end. The dividend proposed is not accounted for until it has been approved by the shareholders at the Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the financial year ended 30 September 2018.

32. Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of the properties, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

33. Related party transactions

(a) **Transactions with subsidiaries**

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

	Company	
	2017	2016
	\$'000	\$'000
Sales to subsidiaries	46,878	40,365
Purchases from subsidiaries	(56,704)	(57,732)
Rental and utilities recharge to a subsidiary	162	263
Staff related costs recharged by a subsidiary	(2,432)	(2,509)



Notes to the Financial Statements

For the financial year ended 30 September 2017

33. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2017 \$'000	2016 \$'000
Salaries, bonus and other related expenses	3,167	3,217
Contributions to defined contribution plans	81	79
Total compensation paid to key management personnel	<u>3,248</u>	<u>3,296</u>
Comprise amounts paid to:		
- Directors of the Company	1,789	1,844
- Other key management personnel	1,459	1,452
	<u>3,248</u>	<u>3,296</u>

(c) Compensation of close members of key management personnel

Remuneration paid to close members of key management personnel	451	449
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34. Commitments and contingencies

Operating lease commitments

The Group has entered into leases on certain properties that are non-cancellable within a year. These leases have average tenure of between 1 to 8 years. The Group is restricted from subleasing the leased properties to third parties.

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

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Not later than one year	1,311	1,212	434	400
Later than one year but not later than five years	1,003	938	951	913
Later than five years	763	–	763	–
	<u>3,077</u>	<u>2,150</u>	<u>2,148</u>	<u>1,313</u>



Notes to the Financial Statements

For the financial year ended 30 September 2017

34. Commitments and contingencies (cont'd)

Capital commitments

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

	Group	
	2017 \$'000	2016 \$'000
Capital commitments in respect of property, plant and equipment	499	8

35. Cash and fixed deposits

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fixed deposits	23,539	26,549	23,372	25,132
Cash at bank and on hand	20,061	19,457	14,592	13,645
	43,600	46,006	37,964	38,777
Less: fixed deposit pledged	(161)	(165)	-	-
Total cash and cash equivalents	43,439	45,841	37,964	38,777

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

United States Dollars	8,045	5,351	7,733	4,769
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Fixed deposits are made for varying periods of 3 months and 6 months (2016: 30 days and 12 months) depending on the immediate cash requirements of the Group and earn interest at the respective fixed deposit rates. The weighted average effective interest rate as at 30 September for the Group is 1.26% (2016: 1.92%) per annum. Fixed deposits can be readily convertible into known amount of cash and subject to insignificant risk of change in value.

Included in deposits of the Group are \$161,000 (2016: \$165,000) pledged to a licensed bank for bank guarantee facilities.

Notes to the Financial Statements

For the financial year ended 30 September 2017

36. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, foreign currency risk, credit risk and market price risk. The board approves, authorises and agrees policies for managing each of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Group's and Company's principal financial instruments, other than derivative financial instruments, comprise term loans and cash and cash equivalents. The main purpose of these financial instruments is to ensure adequate funds for its operations. The Group and Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group and Company also enters into derivative transactions such as commodity swap. The purpose is to manage the purchase price volatility arising from its operations.

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

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

(a) **Liquidity risk**

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



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(a) Liquidity risk (cont'd)

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

	2017			2016		
	One year or less \$'000	One to five years \$'000	Total \$'000	One year or less \$'000	One to five years \$'000	Total \$'000
Group						
Financial assets:						
Trade receivables	37,710	–	37,710	29,911	–	29,911
Other receivables and deposits	3,107	–	3,107	2,741	–	2,741
Cash and fixed deposits	43,600	–	43,600	46,006	–	46,006
Available-for-sale investments	–	5	5	–	5	5
Held-to-maturity investments	–	6,000	6,000	–	6,000	6,000
Derivatives	421	–	421	329	–	329
	84,838	6,005	90,843	78,987	6,005	84,992
Less: Goods and services tax receivables	(745)	–	(745)	(811)	–	(811)
Total undiscounted financial assets	84,093	6,005	90,098	78,176	6,005	84,181
Financial liabilities:						
Trade payables	7,279	–	7,279	7,357	–	7,357
Other payables and accruals	14,048	–	14,048	9,315	–	9,315
Obligations under hire purchase contracts	205	246	451	309	82	391
Term loans	1,028	1,472	2,500	1,028	2,645	3,673
	22,560	1,718	24,278	18,009	2,727	20,736
Less: Goods and services tax payables	(184)	–	(184)	(291)	–	(291)
Total undiscounted financial liabilities	22,376	1,718	24,094	17,718	2,727	20,445
Total net undiscounted financial assets	61,717	4,287	66,004	60,458	3,278	63,736



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(a) Liquidity risk (cont'd)

	2017			2016		
	One year or less \$'000	One to five years \$'000	Total \$'000	One year or less \$'000	One to five years \$'000	Total \$'000
Company						
Financial assets:						
Trade receivables	21,634	–	21,634	16,583	–	16,583
Other receivables and deposits	198	–	198	228	–	228
Amounts due from subsidiaries (non-trade)	17,853	–	17,853	22,826	–	22,826
Cash and fixed deposits	37,964	–	37,964	38,777	–	38,777
Available-for-sale investments	–	5	5	–	5	5
Held-to-maturity investments	–	6,000	6,000	–	6,000	6,000
Derivatives	421	–	421	329	–	329
	78,070	6,005	84,075	78,743	6,005	84,748
Less: Goods and services tax assets	(495)	–	(495)	(547)	–	(547)
Total undiscounted financial assets	77,575	6,005	83,580	78,196	6,005	84,201
Financial liabilities:						
Trade payables	6,077	–	6,077	11,130	–	11,130
Other payables and accruals	7,417	–	7,417	5,814	–	5,814
Obligations under hire purchase contracts	184	245	429	92	65	157
Term loans	1,028	1,472	2,500	1,028	2,645	3,673
Total undiscounted financial liabilities	14,706	1,717	16,423	18,064	2,710	20,774
Total net undiscounted financial assets	62,869	4,288	67,157	60,132	3,295	63,427



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, Malaysian Ringgit ("MYR") and Hong Kong Dollar ("HKD"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD"). Approximately 56% (2016: 62%) of the Group's sales are denominated in currencies other than functional currencies of the Group entities whilst almost 48% (2016: 42%) of costs are denominated in foreign currencies.

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

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are disclosed in Note 35.

As disclosed in Note 2.6, exchange differences on the Group's net investments in the foreign subsidiaries are dealt with through the foreign currency translation reserve.

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

	Group	
	2017	2016
	\$'000	\$'000
USD/SGD		
- strengthened 3% (2016: 3%)	645	448
- weakened 3% (2016: 3%)	(645)	(448)

(c) Credit risk

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

With respect to credit risk arising from the other financial assets, which comprise cash and cash equivalents, other receivables and deposits, available-for-sale investments, held-to-maturity investments and amounts due from subsidiaries, the Group and Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(c) Credit risk (cont'd)

Credit risk concentration profile

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

	Group			
	2017		2016	
	\$'000	% of total	\$'000	% of total
By product types:				
Aluminium	31,363	83.2	24,389	81.5
Mild Steel	6,344	16.8	5,511	18.5
Stainless Steel	3	–	11	–
	37,710	100.0	29,911	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 56% (2016: 54%) of total trade receivables. However, the good credit history of this customer reduces the risk to the Group to an acceptable level. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy receivables with good payment record with the Group. Cash and cash equivalents, available-for-sale investments and held-for-maturity investments are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(d) Market price risk

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

The Groups manages the risk in fluctuation by buying the raw materials pegged to contracts requirements only and constantly sourcing for alternative sources of supply. The commodity swap agreements are intended to hedge against the volatility of commodity purchase based on existing sales agreements.

At the end of the reporting period, the derivatives balances are disclosed in Note 19.



Notes to the Financial Statements

For the financial year ended 30 September 2017

37. Fair value of financial instruments

(a) Fair value hierarchy

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

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

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

Level 3 – 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.

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

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

2017	Note	Group and Company			Total
		Quoted prices in active markets for identical instruments	Significant other observable inputs	Significant unobservable inputs	
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<u>Recurring fair value measurements</u>					
Financial assets:					
Available-for-sale investments	12	5	-	-	5
Derivatives					
- Commodity swap	19	-	421		421
Non-financial assets:					
Property, plant and equipment					
- Land and buildings on leasehold and freehold land	11	-	-	20,799	20,799

Notes to the Financial Statements

For the financial year ended 30 September 2017

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

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

2016	Note	Quoted prices in active markets for identical instruments	Significant other observable inputs	Significant unobservable inputs	Total
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	\$'000
<u>Recurring fair value measurements</u>					
Financial assets:					
Available-for-sale investments	12	5	–	–	5
Derivatives					
- Commodity swap	19	–	329	–	329
Non-financial assets:					
Property, plant and equipment					
- Land and buildings on leasehold and freehold land	11	–	–	21,543	21,543

(c) Determination of fair value

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

Level 1 fair value measurement

Quoted equity instruments (Note 12): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

Level 2 fair value measurement

Derivatives (Note 19): Commodity swap agreements are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including commodity spot and forward rates.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(c) Determination of fair value (cont'd)

Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Location	Note	Fair Value \$'000	Valuation Technique	Unobservable inputs	Range
Malaysia						
At 30 September 2017						
Land and building on freehold land ^{##}	No. 2 & 2A Jalan Tampoi 7, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor, Malaysia		2,474			
Land and building on freehold land ^{##}	No. 8, Jalan Hasil, Kawasan Perindustrian Hasil, 81200 Johor Bahru, Johor, Malaysia		7,084	Comparison and Cost approach	Adjustment to market value [^]	Comparison Approach: -15% to 20% Cost Approach -\$17/sqf to \$33/sqf
Land and building on freehold land ^{##}	No.3, Jalan Lengkok NIP 1/1, Taman Perindustrian Nusajaya 1, 81550 Gelang Patah, Johor, Malaysia		4,727			



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(c) Determination of fair value (cont'd)

Description	Location	Note	Fair Value \$'000	Valuation Technique	Unobservable inputs	Range
Malaysia						
At 30 September 2017						
Land and building on freehold land ##	No. 50 Jalan Industri 2, Taman Perindustrian Pekan Nenas, 81500 Pekan Nenas, Johor Darul Takzim, Malaysia		1,186	Comparison and Cost approach	Adjustment to market value [^]	Comparison Approach: -15% to 20% Cost Approach -\$17/sqf to \$33/sqf
Land and building on leasehold land ##	PL0 101, Jalan Cyber 5, Kawasan Perindustrian Senai III, 81400 Senai, Johor, Malaysia		1,184			
Singapore						
Land and building on leasehold land *	21 Sungei Kadut Street 4, Singapore 729048		4,144	Market comparison method	Adjustment to market value [^]	-33% to 30%
Total		<u>11</u>	<u>20,799</u>			



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(c) Determination of fair value (cont'd)

Description	Location	Note	Fair Value \$'000	Valuation Technique	Unobservable inputs	Range
Malaysia						
At 30 September 2016						
Land and building on freehold land ^{##}	No. 2 & 2A Jalan Tampoi 7, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor, Malaysia		2,501			
Land and building on freehold land ^{##}	No. 8, Jalan Hasil, Kawasan Perindustrian Hasil, 81200 Johor Bahru, Johor, Malaysia		7,280	Comparison and Cost approach	Adjustment to market value [^]	Comparison Approach: -15% to 20% Cost Approach -\$17/sqf to \$33/sqf
Land and building on freehold land ^{##}	No.3, Jalan Lengkok NIP 1/1, Taman Perindustrian Nusajaya 1, 81550 Gelang Patah, Johor, Malaysia		4,983			



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(c) Determination of fair value (cont'd)

Description	Location	Note	Fair Value \$'000	Valuation Technique	Unobservable inputs	Range
Malaysia						
At 30 September 2016						
Land and building on freehold land ##	No. 50 Jalan Industri 2, Taman Perindustrian Pekan Nenas, 81500 Pekan Nenas, Johor Darul Takzim, Malaysia		1,211	Comparison and Cost approach	Adjustment to market value [^]	Comparison Approach: -15% to 20% Cost Approach -\$17/sqf to \$33/sqf
Land and building on leasehold land ##	PL0 101, Jalan Cyber 5, Kawasan Perindustrian Senai III, 81400 Senai, Johor, Malaysia		1,168			
Singapore						
Land and building on leasehold land *	21 Sungei Kadut Street 4, Singapore 729048		4,400	Market comparison method	Adjustment to market value [^]	-33% to 30%
Total		11	21,543			

Independently valued by Azmi & Co (Johor) Sdn Bhd in September 2016. Management has assessed that there were no significant changes to the fair value at the end of financial period. Using the comparison approach and cost approach. Under the comparison approach, an estimate of value is derived by comparing the property under valuation with other properties of similar size, quality and location that have been sold in recent times. Under cost approach, value is derived by estimating the replacement cost new of the building and other improvements, based on present labor, material prices and construction techniques.

* Independently valued by Asian Appraisal Company Pte Ltd in September 2016. Management has assessed that there were no significant changes to the fair value at the end of financial year. Using the market comparison method, comparison is being made with recent sales of similar properties within the vicinity.

[^] The market value adjustments are made for differences in the location, size, tenure, type and condition of the specific property.

For land and buildings on leasehold and freehold land, a significant increase (decrease) in unobservable inputs would result in a significant higher (lower) fair value measurement.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(c) **Determination of fair value (cont'd)**

Level 3 fair value measurements (cont'd)

(ii) Movement in Level 3 assets measured at fair value

Assets measured at fair value based on significant unobservable inputs (Level 3) relates to land and buildings. Movement in these assets is disclosed in Note 11 to financial statements.

(iii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, management reviews the appropriateness of the valuation methodologies and assumptions adopted. Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

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

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

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

The fair values of the held-to-maturity investments and obligations under hire purchase contracts are not materially different from their carrying values as at 30 September 2017.



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

(e) Classification of financial instruments

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

	Loans and receivables	Financial asset through profit or loss	Held-to- maturity assets	Available- for-sale assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group Assets					
2017					
Available-for-sale investments	-	-	-	5	5
Held-to-maturity investments	-	-	6,067	-	6,067
Trade receivables	37,710	-	-	-	37,710
Other receivables and deposits	3,107	-	-	-	3,107
Derivatives	-	421	-	-	421
Cash and fixed deposits	43,600	-	-	-	43,600
Less: Goods and services tax receivables	(745)	-	-	-	(745)
	83,672	421	6,067	5	90,165

	Loans and receivables	Financial asset through profit or loss	Held-to- maturity assets	Available- for-sale assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group Assets					
2016					
Available-for-sale investments	-	-	-	5	5
Held-to-maturity investments	-	-	6,087	-	6,087
Trade receivables	29,911	-	-	-	29,911
Other receivables and deposits	2,741	-	-	-	2,741
Derivatives	-	329	-	-	329
Cash and fixed deposits	46,006	-	-	-	46,006
Less: Goods and services tax receivables	(811)	-	-	-	(811)
	77,847	329	6,087	5	84,268



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

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

	Liabilities at amortised cost \$'000	Financial liability through profit or loss \$'000	Total \$'000
Group			
Liabilities			
2017			
Trade payables	7,279	-	7,279
Other payables and accruals	14,048	-	14,048
Term loans	2,417	-	2,417
Obligations under hire purchase contracts	427	-	427
Less: Goods and services tax payables	(184)	-	(184)
	23,987	-	23,987
2016			
Trade payables	7,357	-	7,357
Other payables and accruals	9,315	-	9,315
Term loans	3,417	-	3,417
Obligations under hire purchase contracts	376	-	376
Less: Goods and services tax payables	(291)	-	(291)
	20,174	-	20,174



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

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

	Loans and receivables \$'000	Financial asset through profit or loss \$'000	Held-to- maturity assets \$'000	Available- for-sale assets \$'000	Total \$'000
Company Assets					
2017					
Available-for-sale investments	-	-	-	5	5
Held-to-maturity investments	-	-	6,067	-	6,067
Trade receivables	21,634	-	-	-	21,634
Other receivables and deposits	198	-	-	-	198
Amounts due from subsidiaries (non-trade)	17,853	-	-	-	17,853
Derivatives	-	421	-	-	421
Cash and fixed deposits	37,964	-	-	-	37,964
Less: Goods and services tax receivables	(495)	-	-	-	(495)
	77,154	421	6,067	5	83,647

	Loans and receivables \$'000	Financial asset through profit or loss \$'000	Held-to- maturity assets \$'000	Available- for-sale assets \$'000	Total \$'000
Company Assets					
2016					
Available-for-sale investments	-	-	-	5	5
Held-to-maturity investments	-	-	6,087	-	6,087
Trade receivables	16,583	-	-	-	16,583
Other receivables and deposits	228	-	-	-	228
Amounts due from subsidiaries (non-trade)	22,826	-	-	-	22,826
Derivatives	-	329	-	-	329
Cash and fixed deposits	38,777	-	-	-	38,777
Less: Goods and services tax receivables	(547)	-	-	-	(547)
	77,867	329	6,087	5	84,288



Notes to the Financial Statements

For the financial year ended 30 September 2017

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

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

	Liabilities at amortised cost \$'000	Financial liability through profit or loss \$'000	Total \$'000
Company			
Liabilities			
2017			
Trade payables	6,077	-	6,077
Other payables and accruals	7,417	-	7,417
Term loans	2,417	-	2,417
Obligations under hire purchase contracts	405	-	405
	16,316	-	16,316
2016			
Trade payables	11,130	-	11,130
Other payables and accruals	5,814	-	5,814
Term loans	3,417	-	3,417
Obligations under hire purchase contracts	149	-	149
	20,510	-	20,510



Notes to the Financial Statements

For the financial year ended 30 September 2017

38. Capital management

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

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may increase borrowings or adjust the dividend payment to shareholders as and when appropriate. No changes were made in the objectives, policies or processes during the years ended 30 September 2017 and 30 September 2016.

The Group is currently in net cash position. The Group will continue to be guided by prudent financial policies of which gross debt equity is an important aspect.

		Group	
	Note	2017 \$'000	2016 \$'000
Obligations under hire purchase contracts	24	427	376
Term loans	23	2,417	3,417
Total gross debt		2,844	3,793
Total equity		133,948	129,364
Gross debt equity ratio		2.1%	2.9%

39. Segment information

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

(a) The aluminium segment

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

(b) The mild steel segment

Mild steel products on pre-fabricated toilet projects, door frame and entrance gate for building construction projects.

(c) The stainless steel segment

This segment comprises of stainless steel products, such as drying rack and hoppers use for building construction projects.

(d) Others

Others include glasses and shower screens for building construction projects.

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



Notes to the Financial Statements

For the financial year ended 30 September 2017

39. Segment information (cont'd)

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

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

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

Business segments

	Aluminium		Mild steel		Stainless steel		Others		Adjustments		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue:												
Sales to external customers	121,514	106,873	19,867	22,043	557	482	1	-	-	-	141,939	129,398
Results:												
Depreciation	(3,171)	(3,809)	(424)	(393)	(63)	(64)	(6)	-	-	-	(3,664)	(4,266)
Provision for one-off replacement cost	(4,070)	-	-	-	-	-	-	-	-	-	(4,070)	-
Segment results	11,706	12,748	130	132	15	13	-	- (A)	617	642	12,468	13,535
Balance sheet:												
Additions to non-current assets	4,022	5,595	541	881	209	452	36	-	-	-	4,808	6,928
Segment assets	141,114	134,075	17,573	17,337	2,831	2,738	179	159 (B)	755	141	162,452	154,450
Segment liabilities	19,322	13,509	2,047	3,077	498	506	75	339 (C)	6,562	7,655	28,504	25,086

Notes to the Financial Statements

For the financial year ended 30 September 2017

39. Segment information (cont'd)

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

Note A

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

	Group	
	2017	2016
	\$'000	\$'000
Interest income	538	386
Finance costs	(104)	(146)
Unallocated income	183	402
	617	642

Note B

The following items are added to segment assets at total assets reported in the consolidated balance sheet:

	Group	
	2017	2016
	\$'000	\$'000
Deferred tax assets	755	141

Note C

The following items are added to segment liabilities at total liabilities reported in the consolidated balance sheet:

	Group	
	2017	2016
	\$'000	\$'000
Deferred tax liabilities	1,517	2,007
Income tax payables	2,201	1,855
Term loans	2,417	3,417
Obligations under hire purchase contracts	427	376
	6,562	7,655



Notes to the Financial Statements

For the financial year ended 30 September 2017

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 from external customers		Non-current assets	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Singapore	138,891	126,364	8,158	8,161
Malaysia	2,762	2,921	28,384	28,427
People's Republic of China	-	-	-	63
Hong Kong	286	113	-	-
	141,939	129,398	36,542	36,651

Non-current assets information presented above consist of property, plant and equipment, as presented in the consolidated balance sheet.

Information about major customers

In the current financial year, revenue from two major customers amounted to \$79 million (2016: \$80 million) arising from sales by the aluminium segment and \$5 million (2016: \$5 million) arising from sales by the mild steel segment.

40. Significant event

During September 2016, two of the Malaysia subsidiaries, through its tax consultant, re-submitted appeal letters to the tax authority for reconsideration of their appeals for the payment of revised transfer pricing adjustments and penalties totalling of RM7.2 million (approximately \$2.4 million). This amount has been paid in full to the tax authority in 2016.

Subsequently, the tax authority rejected the appeal by both of the Malaysia subsidiaries. Both Malaysia subsidiaries then lodged appeals to the Special Commissioners of Income Tax, Malaysia and have obtained dates of hearing in September 2018 and October 2018.



Notes to the Financial Statements

For the financial year ended 30 September 2017

41. Comparatives figures

Certain amounts in the financial statements for the financial year ended 30 September 2016 have been reclassified to conform to the current year's presentation:

	As previously reported \$'000	As reported \$'000
Consolidated income statement		
Other operating costs	(2,255)	(2,310)
Other income	402	457

42. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2017 were authorised for issue in accordance with a resolution of the directors on 27 December 2017.



Statistics of Shareholdings

As at 29 December 2017

STATISTICS OF SHAREHOLDINGS AS AT 29 DECEMBER 2017

Issued and fully paid-up capital	:	\$57,018,000
Number of shares	:	242,244,082
Class of shares	:	Ordinary share fully paid with equal voting rights
Voting rights	:	One vote per share

The Company does not hold any treasury shares as at 29 December 2017.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	18	0.66	655	0.00
100 - 1,000	746	27.49	537,644	0.22
1,001 - 10,000	1,094	40.31	4,018,050	1.66
10,001 - 1,000,000	838	30.88	54,960,806	22.69
1,000,001 AND ABOVE	18	0.66	182,726,927	75.43
TOTAL	2,714	100.00	242,244,082	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Yong Koon Chin	47,081,502	19.44	—	—
Yong Kin Sen	48,204,412	19.90	*9,582	0.00
Yong Poon Miew	47,373,181	19.56	—	—

Note:

* Deemed interest in shares held by spouse



Statistics of Shareholdings

As at 29 December 2017

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	YONG KIN SEN	48,204,412	19.90
2	YONG POON MIEW	47,373,181	19.56
3	YONG KOON CHIN	47,081,502	19.44
4	DB NOMINEES (SINGAPORE) PTE LTD	10,150,000	4.19
5	DBS NOMINEES (PRIVATE) LIMITED	5,477,413	2.26
6	KWA CHING TZE	3,800,850	1.57
7	OCBC SECURITIES PRIVATE LIMITED	3,264,852	1.35
8	RAFFLES NOMINEES (PTE) LIMITED	2,962,593	1.22
9	WANG JUNG HSIN	2,000,000	0.83
10	ABN AMRO CLEARING BANK N.V.	1,824,600	0.75
11	HSBC (SINGAPORE) NOMINEES PTE LTD	1,601,000	0.66
12	YEO SENG CHONG	1,525,000	0.63
13	NG KWONG CHONG OR LIU OI FUI IVY	1,426,586	0.59
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,319,221	0.54
15	ANG JUI KHOON	1,260,500	0.52
16	GOH TEOW HEE	1,235,000	0.51
17	UOB KAY HIAN PRIVATE LIMITED	1,128,100	0.47
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,092,117	0.45
19	NEO HOCK TIEN OR GOH PECK HOON	1,000,000	0.41
20	SEAH SIN LOO	955,500	0.39
TOTAL		184,682,427	76.24

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

40.54% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Nam Lee Pressed Metal Industries Limited (“the Company”) will be held at Orchid Country Club, Sapphire Suite, Social Clubhouse, No. 1 Orchid Club Road, Singapore 769162 on Friday, 26 January 2018 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statements and the Audited Financial Statements of the Company for the year ended 30 September 2017 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a one-tier tax-exempt final dividend of 1.0 cent per share for the year ended 30 September 2017 (2016: 1.0 cent per share). **(Resolution 2)**
3. To declare a one-tier tax-exempt special dividend of 1.0 cent per share for the year ended 30 September 2017 (2016: 1.0 cent per share). **(Resolution 3)**
4. To re-elect the following Directors of the Company retiring pursuant to Article 94 of the Constitution of the Company.

Mr Yong Koon Chin **(Resolution 4)**
Mr Tan Soo Kiat **(Resolution 5)**

Mr Yong Koon Chin will, upon re-election as Director of the Company, remain as the Chairman of the Board and will be considered non-independent.

Mr Tan Soo Kiat will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and will be considered independent.
5. To approve the payment of Directors’ fees of S\$135,000 for the year ending 30 September 2018, payable quarterly in arrears (2017: S\$135,000). **(Resolution 6)**
6. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 (the “Companies Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,



Notice of Annual General Meeting

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 8)**

9. Authority to issue shares under the Nam Lee Employee Share Option Scheme

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options under the prevailing Nam Lee Employee Share Option Scheme (“the Scheme”) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 9)



Notice of Annual General Meeting

10. Renewal of Share Buyback Mandate

That:

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

In this resolution:-

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

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



Notice of **Annual General Meeting**

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

[See Explanatory Note (iii)]

(Resolution 10)

By Order of the Board

Yong Kin Sen
Company Secretary
Singapore, 11 January 2018



Notice of Annual General Meeting

Explanatory Notes:

- (i) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (iii) The Ordinary Resolution 10 in item 10 proposed above, if passed, will empower the Directors of the Company effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Mandate on the audited consolidated financial statements of the Group for the financial year ended 30 September 2017 are set out in greater detail in the Letter to Shareholders attached.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member who is a relevant intermediary entitled to attend the Meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Cap. 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.



Notice of Annual General Meeting

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 21 Sungei Kadut Street 4, Singapore 729048 not less than seventy-two (72) hours before the time appointed for holding the Meeting.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
6. 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 Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

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



NAM LEE PRESSED METAL INDUSTRIES LIMITED

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
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 Nam Lee Pressed Metal Industries Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 26 January 2018 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾
1	Directors' Statements and Audited Financial Statements for the year ended 30 September 2017		
2	Payment of proposed one-tier tax-exempt final dividend		
3	Payment of proposed one-tier tax-exempt special dividend		
4	Re-election of Mr Yong Koon Chin as a Director		
5	Re-election of Mr Tan Soo Kiat as a Director		
6	Approval of Directors' fees amounting to S\$135,000		
7	Re-appointment of Ernst & Young LLP as Auditors		
8	Authority to issue new shares		
9	Authority to issue shares under the Nam Lee Employee Share Option Scheme		
10	Renewal of Share Buy Back Mandate		

(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

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

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

*Delete where inapplicable



Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Cap. 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting 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 Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 21 Sungei Kadut Street 4, Singapore 729048 not less than seventy-two (72) hours before the time appointed for the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

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 Meeting dated 11 January 2018.

General:

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 Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



We offer no
compromises
on quality



NAM LEE PRESSED METAL INDUSTRIES LIMITED
(Company Registration No. 197500362M)

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