



**SPINDEX INDUSTRIES LIMITED**

ANNUAL REPORT 2021

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Tan Choo Pie @ Tan Chang Chai  
Chairman

Mr Tan Heok Ting  
Managing Director

Mr Chen Chang Rong  
Non-Executive Director

Mr Chan Meng Wah Alexander  
Lead Independent Director

Mr Peter Tan Boon Heng  
Independent Director

Mr Hoon Tai Meng  
Independent Director

## AUDIT COMMITTEE

Mr Chan Meng Wah Alexander  
Chairman

Mr Peter Tan Boon Heng

Mr Chen Chang Rong

Mr Hoon Tai Meng

## REMUNERATION COMMITTEE

Mr Peter Tan Boon Heng  
Chairman

Mr Chan Meng Wah Alexander

Mr Chen Chang Rong

Mr Hoon Tai Meng

## NOMINATING COMMITTEE

Mr Peter Tan Boon Heng  
Chairman

Mr Chan Meng Wah Alexander

Mr Chen Chang Rong

Mr Hoon Tai Meng

## REGISTERED OFFICE

8 Boon Lay Way  
#10-03, 8@TradeHub 21  
Singapore 609964  
Tel: (65) 62680078  
Fax: (65) 62685034  
Email: [cse@spindex.com.sg](mailto:cse@spindex.com.sg)  
Website: <http://www.spindex.com.sg>

## SHARE REGISTRAR

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

## COMPANY SECRETARIES

Mr Abdul Jabbar Bin Karam Din

## AUDITORS

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
One Raffles Quay  
North Tower Level 18  
Singapore 048583

Partner-in-Charge:  
Mr Adrian Koh  
Date of Appointment:  
Since financial year ended  
30 June 2018

## BANKERS

DBS Bank  
Standard Chartered Bank  
Malayan Banking Berhad  
United Overseas Bank

# ABOUT US

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Spindex Industries Limited was founded in 1981. Today it is a highly integrated solution provider of precision machined components and assemblies with manufacturing locations in Malaysia, China and Vietnam. The Company serves diverse market sectors consisting of MNCs in imaging and printing, machinery & automotive systems and consumer-related products. Through investments in flexible manufacturing and information technology and an agile organisation, the Company is able to constantly reconfigure its resources to customise its products and services to the individual needs of its customers. Spindex prides itself on its ability to integrate into the supply chain of its worldwide customer base and continuously re-invent itself to be at the forefront of today's global marketplace. It is one of the first machining companies in the region to be certified by ISO 14001, ISO/TS 16949, ISO 9001 and OHSAS 18001. It also has a comprehensive ITE certified in-house training programme and is an approved ITE Training Centre in the ITE Skills Certification in Autonomous Maintenance.

# CHAIRMAN'S STATEMENT

## DEAR FELLOW SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you the annual report of the Group for the financial year ended 30 June 2021.

## FY2021 IN REVIEW

The twelve months of FY2021 had been a period of unprecedented volatility and uncertainties with many challenges in the business environment. The trade tariffs imposed on China by the United States caused significant trade disruptions in FY2020, dampening business sentiments and consumer demand while adding to overall costs. With the market in the midst of managing the trade tariff challenges, COVID-19 added a new set of uncertainties from the second half of FY2020. The effects of the trade tariffs on China and COVID-19 continued through the whole of FY2021.

Under exceptional circumstances in FY2021, the Group set about to actively manage the situation by minimising the negative impact of the two challenges. Despite generally uncertain and challenging market conditions under COVID-19 pandemic, group revenue grew 37% to \$204.9 million in FY2021. Revenue growth was recorded in both the first and second half of FY2021, albeit against a relatively lower comparison base in FY2020.

Notwithstanding the disruptions to businesses caused by the COVID-19 pandemic, some factors related to the pandemic which contributed to revenue growth in the first half continued to generate higher demand for our products in H2 FY2021. The change to a home based working arrangement on a prolonged basis often necessitated the purchase of some new office equipment to maintain work efficiency. More time spent at home have in some cases led to higher sales of domestic appliances and hobby-related equipment. In addition to higher end demand for office equipment and domestic appliances, COVID-19 lockdowns and quarantines have significantly disrupted the global supply chain for much of FY2021 and this has consequently led to higher demand as companies engage in some forward stocking of components as they plan ahead.

Revenue growth for the Group was broad-based across all the business sectors as we received significantly higher orders from existing customers.

Under the Machinery and Automotive Systems business sector, revenue grew 36% to \$93.6 million. With robust demand for office equipment, revenue for the Imaging & Printing business sector rose 48% to \$48.0 million. As demand for domestic appliances had remained firm, the business sector classified as "Others" posted a revenue growth of 31% in FY2021.

With strong revenue growth, the Group's gross profit increased by 51% to \$48 million. Distribution, selling and administrative expenses were correspondingly higher as the business scaled, but with operating leverage profit from operations rose 71% to \$25.5 million. Due to tax allowances on investment in machinery, the Group was able to lower its effective tax rate from 17.8% in FY2020 to 15.2% in FY2021. Arising from the strong growth in revenue and prudent management of costs, the Group's net profit attributable to shareholders of the Company rose 74% to \$21.3 million in FY2021.

With the good performance despite a very challenging year, the Board of Directors has declared a first and final tax exempt cash dividend of 4.5 cents per ordinary share, an improvement of 61% over the 2.8 cents paid for FY2020. When approved by shareholders at the Annual General Meeting to be held on 27 October 2021, the dividend will be paid on 18 November 2021.

## UNCERTAINTIES & CHALLENGES

The trade tariffs imposed on China and COVID-19 have changed or disrupted the business in ways that have increased inefficiencies or costs, and often both.

To manage the trade tariffs, some products that are made in China have been shifted to our other geographical footprints. However, with some components still needed from China, it has resulted in longer lead time and more goods in transit.

Moving forward, our operations are likely to need higher working capital due to the need to build an inventory buffer to cope with potential shortages of raw materials. Delays in outgoing shipments and those in transit due to partial port closures and backlogs will also affect our cash conversion cycle.

In addition, other factors such as the skyrocketing commodity prices due to countries like China clamping down on heavy industries will impact the



“Under exceptional circumstances in FY2021, the Group set about to actively minimise the negative impact of the trade tariffs on China and COVID-19 and grew group revenue by 37%”

**TAN CHOO PIE @ TAN CHANG CHAI**  
**CHAIRMAN**

input costs to the Group. Periodic shutdowns of manufacturing plants due to COVID-19 have also reduced manufacturing efficiency and increased costs. Demand factors will also be volatile as COVID-19 affects the production of other key materials such as chips used by the Group's end customers.

The Group will monitor its network of plants in Asia and continue to invest in new facilities or equipment to optimise resource allocation. While such investments in new plants and machineries will improve our operating efficiency over the longer term and provide the Group with the flexibility to respond quickly to a volatile marketplace in order to remain a reliable and relevant partner to our customers, they are often front loaded in nature and the Group will rely on borrowings prudently to support these investments and working capital requirements.

#### PROSPECTS

The developed countries are rushing to vaccinate their population as quickly as possible so that sporadic lockdowns can be avoided and return their economies to pre-COVID. But even for countries with high vaccination rates, the Delta

strain is proving to be a formidable challenge to any reopening. The Group expects the uncertainties and challenges to remain in the current financial year and markets will continue to remain volatile. It is prudent not to assume that the COVID related factors that benefited us in FY2021 will continue into FY2022. With business visibility remaining limited, it is premature to assume that the eventual containment of the virus will naturally result in additional consumer demand. The Group will continue to monitor the situation closely so that appropriate actions can be taken quickly.

#### A WORD OF THANKS

On behalf of the Board, I would like to thank the management and staff of Spindex for their dedication and hard work in meeting the many challenges in FY2021. Your contributions have made possible for the Group's good performance in a difficult year. I would also like to express my gratitude to my fellow directors for their many contributions in guiding the Group under uncertain conditions. I remain grateful to all our customers, bankers, shareholders, business associates and suppliers for their continuing support.

**TAN CHOO PIE @ TAN CHANG CHAI**  
Chairman

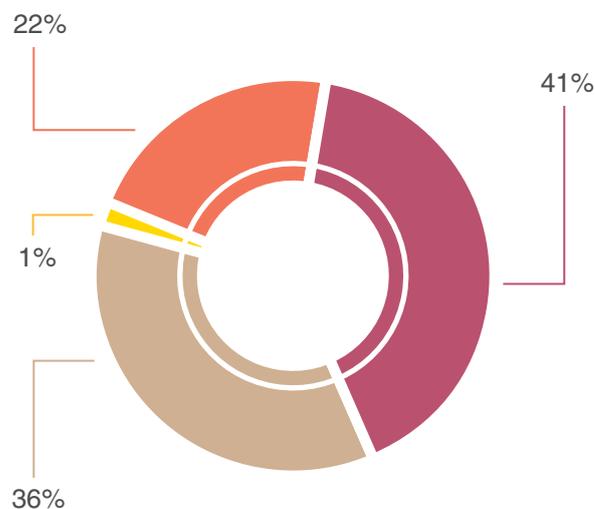
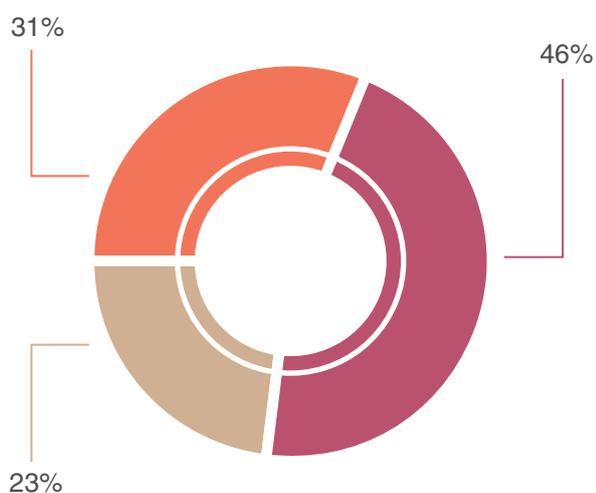
# FINANCIAL HIGHLIGHTS

## TURNOVER BY BUSINESS SEGMENTS (\$'000)

	FY2021	FY2020
Machinery & Automotive Systems	93,640	68,730
Imaging & Printing	48,024	32,423
Others	63,271	48,473
	<b>204,935</b>	<b>149,626</b>

## TURNOVER BY GEOGRAPHICAL SEGMENTS (\$'000)

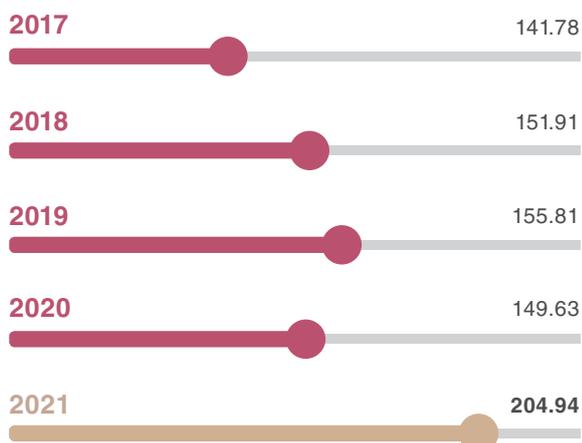
	FY2021	FY2020
China	83,523	53,425
Asean (excludes Singapore)	44,788	32,259
USA, Europe and Others	74,348	60,026
Singapore	2,276	3,916
	<b>204,935</b>	<b>149,626</b>



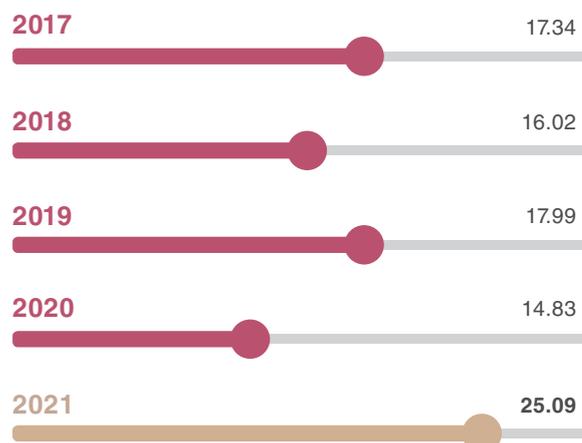
- Machinery & Automotive Systems
- Imaging & Printing
- Others

- China
- Asean
- USA, Europe and Others
- Singapore

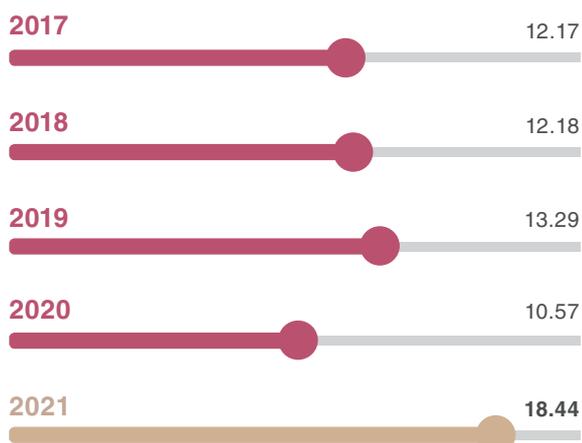
**TURNOVER**  
(\$'Million)



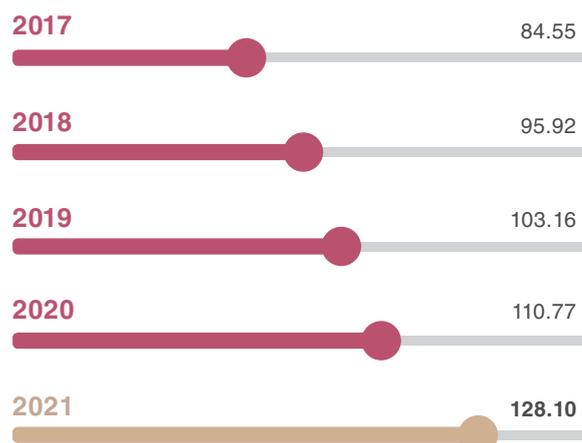
**PROFIT BEFORE TAXATION**  
(\$'Million)



**EARNINGS PER SHARE**  
(Cents)



**NET TANGIBLE ASSETS PER SHARE**  
(Cents)



# BOARD OF DIRECTORS



**TAN CHOO PIE  
@ TAN CHANG CHAI**  
*Chairman*

Mr Tan Choo Pie @ Tan Chang Chai is a shareholder of the Company and has been the Executive Chairman of the Spindex Group since July 1989. He plays an important role in setting the investment, expansion, diversification and overall strategy of the Group. Mr Tan has over twenty five years of experience and has held positions as senior manager, general manager, managing director and chairman for various companies in the die-casting, electroplating, precision turning, precision machining and various assembly businesses. Mr Tan was also previously Vice-Chairman of Wah Chang International Corporation Pte Ltd and Non-Executive Chairman of MMI Holdings Limited. Mr Tan holds a Bachelor of Chemical Engineering degree.



**TAN HEOK TING**  
*Managing Director*

Mr Tan Heok Ting was appointed Executive Director in 2010 and appointed as Managing Director on 1st July 2013. He is responsible for the Group's overall management, operations and is also involved in the strategic planning, investment directions of the Group. Mr Tan's work experience prior to Spindex includes precision engineering firms in the business development and senior management positions. Mr Tan holds a Bachelor of Laws Degree and a Bachelor of Commerce degree in Accounting and Finance.



**CHEN CHANG RONG**  
*Non-Executive Director*

Mr Chen Chang Rong was appointed as Independent Director of the Company since 2005 and as Executive Director in January 2009. He has been re-designated as Non-Executive Director on 12 September 2017. He has extensive working experience in manufacturing industries and has held senior management positions of General Manager and CEO for the past 15 years. He was the Deputy General Manager of BOSCH Power Tools (China) for more than 7 years. He was an Independent Director of a company listed in the Shenzhen Stock Exchange and a consultant to several international companies in China. He is currently a chief of Core group of experts of Ford Asia-Pacific for industrial 4.0 and Ford Q1 since November of 2016. Mr Chen is also a member in a committee of experts to the People's Government for the provinces of Zhejiang and Jiangsu. In addition to his Bachelor degree in Mechanical Engineering from Zhejiang University, he holds a MBA degree from China Central University.



**CHAN MENG WAH  
ALEXANDER**

*Lead Independent Director*

Mr Alex Chan Meng Wah joined the Board as Independent Director in September 2010. He brings to the Group extensive years of experience and knowledge. Mr Chan, after six years as Executive Vice-Chairman at Jebsen & Jessen SEA Pte Ltd, is currently serving as a Board Director. He has been an Independent Non-Executive Director of Standard Chartered Bank (Singapore) Ltd since 2013. He previously served as the Managing Director of Hewlett Packard Singapore and South East Asia, Managing Director and CEO of Yeo Hiap Seng Limited, Executive Director of Far East Organisation, and MMI Holdings Limited. He was Chairman of Singapore Sports Council from 2002 till 2010, and Chairman of Sistic Pte Ltd from 2000 till 2016. Mr Chan was a former Nominated Member of Parliament (NMP) in the 10th Singapore Parliament. Mr Chan holds a Bachelor's Degree of Electrical Engineering (First Class Honours) from University of Singapore, and a Master in Business Administration from University of California, Los Angeles.



**PETER TAN BOON HENG**

*Independent Director*

Mr Peter Tan Boon Heng joined the Board as Independent Director in September 2017. He has more than 35 years of operating experience in Asia and Silicon Valley, and has built up expertise and business relations in world-class manufacturing and technology companies. He is presently the Managing Partner of JP Asia Capital Partners Pte Ltd, and was previously the President and Managing Director of Flextronics Asia. He held senior management roles across a wide range of technology companies, including National Semiconductor, Molex Singapore, Apple Computer Inc. and JIT Electronics. Today Mr Tan sits on the Board of SMRT Corporation and is also Co-Chairman of the Advanced Remanufacturing and Technology Centre (ARTC). Mr Tan is also a member of the Governing Board for Singapore Centre for 3D Printing, NTU and a member of the Steering Board for SUTD Digital Manufacturing and Design Centre. More recently, he was also appointed as Technical Advisor for the NRF Central Gap Fund. Mr Tan holds a Graduate Diploma in Management Studies from the University of Chicago and an Executive MBA from the Golden Gate University, San Francisco.



**HOON TAI MENG**

*Independent Director*

Mr Hoon was appointed Director of the Company on 30 September 2021. He is presently a Senior Consultant at RHTLaw Asia LLP ("RHT"). Prior to joining RHT, he was an Executive Director of Chip Eng Seng Corporation Ltd for seven (7) years and was a Director of Chip Eng Seng Corporation Ltd for a total of 19 years. He practised law in T M Hoon & Co. Advocates & Solicitors and KhattarWong Advocates & Solicitors for 15 years covering the areas of civil litigation, real estate, construction law, insolvency, corporate and capital markets. Mr Hoon, a lawyer and accountant by profession, besides having more than 18 years of experience in law practice, also has around 27 years of experience in corporate planning, business operations, financial planning and general management, as well as audit, tax and corporate secretarial functions. He was also a registered professional with the SGX-ST rendering continuing sponsorship services to companies listed on the Catalist. Mr Hoon obtained a Bachelor of Commerce (Accountancy) from Nanyang University in 1976 and a Bachelor of Laws (Hons) from the University of London in 1993. He is a Fellow Chartered Accountant (Singapore), Fellow of the Chartered Institute of Management Accountants (UK), Fellow of the Association of Chartered Certified Accountants (UK), Chartered Global Management Accountant and Barrister-at-law (Middle Temple).

# SENIOR MANAGEMENT

## **ANDREW ORR GEOK CHENG**

*Financial Controller*

Mr Orr joined Spindex Industries Limited in June 2011 and is responsible for the Group's Finance, Administration and Human Resource Management. Prior joining to the Group, Mr Orr had more than 10 years of working experiences in auditing and accounting. Mr Orr is a fellow member of the Association of Chartered Certified Accountants (ACCA).



# CORPORATE GOVERNANCE

Spindex Industries Limited (the “**Company**”) and its subsidiaries (the “**Group**”) are committed to ensuring and maintaining a high standard of corporate governance within the Company to ensure effective self-regulation practices are in place to enhance corporate performance and accountability.

Throughout the financial year ended 30 June 2021 (“**FY2021**”), the Company has complied with the provisions of the Code of Corporate Governance 2018 (the “**Code**”) which forms part of the continuing listing obligations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual. In describing corporate governance practices, the Company also took guidance from the Code and accompanying Practice Guidance. Good corporate governance establishes and maintains an ethical environment and enhances the interest of all shareholders. The Company has generally adhered to the principles and provisions as set out in the Code.

This report describes the Company’s corporate governance processes and activities that were in place throughout FY2021 as well as the corporate governance framework and practices of the Company with references made to the Code to provide the Company a structure through which the objectives of protection of shareholders’ interest and enhancement of long-term shareholders’ value are met.

The board of directors (the “**Board**” or “**Directors**”) of the Company confirms that, for FY2021, the Company has adhered to the principles and provisions of the Code. In so far as any provision has not been complied with, the reason has been provided.

This report should be read as a whole, instead of being read separately under the different principles and provisions of the Code.

## BOARD MATTERS

### The Board’s Conduct of Affairs

**PRINCIPLE 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

The Board comprises 6 Directors as follows:

#### Executive

Mr Tan Choo Pie @ Tan Chang Chai (Chairman)  
Mr Tan Heok Ting (Managing Director)

#### Non-Executive

Mr Chen Chang Rong

#### Independent

Mr Chan Meng Wah Alexander (Lead Independent Director)  
Mr Peter Tan Boon Heng  
Mr Hoon Tai Meng

### Role of the Board of Directors (“**Board**”)

The primary role of the Board is to lead and control the Company’s operations and affairs and to protect and enhance long-term shareholder’s value. The Board sets the overall strategy for the Group and supervises executive management. The Board supervises the Management and monitors performance of these goals to enhance shareholders’ value. The Board also sets the tone for the Group in respect of ethics, values and desired organisation culture, and ensure proper accountability within the Group. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for Management and monitoring the achievement of these goals.

# CORPORATE GOVERNANCE

Directors must avoid situations in which their own personal or business interests directly or indirectly conflict or potentially conflict, with the interest of the Group. Where a Director has a conflict or potential conflict of interest in relation to any matter, he will immediately declare his interest at the meeting of the Directors or send a written notice to the Chairman and/or Company Secretary, setting out the details of his interest and the conflict and recuse himself from any discussions on the matter and abstain from participating in any Board decision.

To assist in the execution of its responsibilities, the Board has established 3 Board Committees, namely, the Nominating Committee (“**NC**”), the Remuneration Committee (“**RC**”) and the Audit Committee (“**AC**”). These Board Committees operate within clearly defined terms of reference which are reviewed from time to time. The composition of each Board Committee can also be found in the ‘Corporate Information’ section of the Annual Report.

All Directors exercise due diligence and independent judgment and make decisions objectively in the best interest of the Group. This is one of the performance criteria for the peer and self-assessment on effectiveness of the individual Directors. The Directors are provided with briefings and updates on an ongoing basis in areas such as Directors’ duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements, so as to enable them to objectively and properly discharge their duties and responsibilities as Board members or Board Committee members. The scope of such briefings and updates includes industry trends and developments, governance practices, and changes in regulatory requirements pertaining to the Company’s business.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

## **Board Meetings and Meetings of Board Committees**

The Board meets regularly and additional meetings are convened when deemed necessary by the Board. The Board is furnished with detailed information concerning the Group, to enable the Board to fulfil its responsibilities and to be fully cognizant of the actions of the Group’s executive management. All the Directors have unrestricted access to the Company’s records and information. Detailed board papers are prepared for each meeting of the Board and include sufficient information from Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board Meetings. All the Non-Executive and Independent Directors have access to all levels of senior executives in the Group. Frequency of Board Meetings and Committee Meetings held during the financial year are disclosed in this Report.

## **Matters Requiring Board’s Approval**

The Company has adopted internal guidelines setting forth matters that require Board approval. The types of material transactions that require Board approval under such guidelines include the following:

1. Approval of results announcements;
2. Approval of annual reports and accounts;
3. Proposal of final dividends;
4. Convening of shareholders’ meetings;
5. Interested person transactions; and
6. Authorisation of material acquisitions and disposal of assets.

# CORPORATE GOVERNANCE

The following table discloses the number of meetings held for the General, Board and Board Committees, and the attendance of all Directors during FY2021:

Name of Directors	AGM		The Board		AC		NC		RC	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr Tan Choo Pie @ Tan Chang Chai	1	1	4	4	4	4	1	1	1	1
Mr Tan Heok Ting	1	1	4	4	4	4	1	1	1	1
Mr Chen Chang Rong	1	1	4	4	4	4	1	1	1	1
Mr Chan Meng Wah Alexander	1	1	4	4	4	4	1	1	1	1
Mr Peter Tan Boon Heng	1	1	4	4	4	4	1	1	1	1

## Orientation, briefings and training provided for Directors

Formal letters are sent to newly appointed Directors upon their appointment explaining their roles and responsibilities as well as their duties and obligations as Directors. Appropriate trainings are provided for all Directors appointed to the Board as part of their orientation to ensure that they are familiar with the Company's businesses, operations, governance practices and regulatory requirements. Training for first-time Directors are also provided in areas such as accounting, legal and industry-specific knowledge as appropriate.

To ensure that the Company is competent in carrying out its roles and responsibilities, regular and ongoing training is provided for the Directors and to keep pace with new laws, regulations, changing commercial risks and accounting standards, all Directors engages in constant dialogues with the Management and professionals from time to time. The Company has adopted a policy where Directors are encouraged to request for further explanations or informal discussions on any aspects of the Company's operations. The Chairman will make the necessary arrangements for the informal discussions or explanations as requested by the Directors.

In addition, all new and existing Directors are encouraged to attend, at the Company's expense, relevant and useful seminars, inductions, orientations and trainings for their continuing education and skills improvement courses that are conducted by external organisations. These include programmes run by the Singapore Institute of Directors.

The Board is provided with complete and adequate information on a timely basis prior to the Board Meetings and on an on-going basis. The Management circulates copies of the minutes of the meetings of Board and Board Committees to all members of the Board to keep them informed of on-going developments within the Group. Board papers are generally sent to Directors before each meeting and would include financial management reports, reports on performance of the Group against the budget with notes on any significant variances, papers pertaining to matters requiring the Board's decision, updates on key outstanding issues, strategic plans and developments in the Group.

The Board has unrestricted access to the Company Secretary, the external auditor as well as the Senior Management of the Company. The Company Secretary is legally trained, with experience in legal matters and company secretarial practices. Company Secretary or his nominees attends all General, Board and Board Committees' meetings and is responsible for ensuring that Board procedures and all other rules and regulations applicable to the Company are adhered to. The appointment and removal of the Company Secretary are subject to the Board's approval.

The Directors and the Chairman of the respective Committees, whether as a group or individually are able to seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such professional advisor is subject to the approval of the Board.

# CORPORATE GOVERNANCE

## BOARD COMPOSITION AND GUIDANCE

**PRINCIPLE 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

### Board size and Board composition

Currently, the Board comprises 6 Directors, of whom 2 are Executive Directors, 3 are Independent Directors and 1 is a Non- Executive and Non-Independent Director.

Each year, the NC reviews the size and composition of the Board and Board Committees and the skills and core competencies of its members to ensure an appropriate balance of skills, experience and gender. These competencies include accounting and finance, business and management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. In the light of such evaluation and in consultation with Management, the NC will then assess if there is any inadequate representation in respect of any of those attributes and if so, determine the role and the desirable competencies for a particular appointment. NC will then assess the suitability of short-listed candidates and then make recommendations to the Board for approval. The Board also considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's operations and the number of Board Committees, the Board considers the board size and composition as appropriate. The Board believes that the current size and composition provides sufficient diversity without interfering with efficient decision-making. The Directors' credentials including working experience, academic and professional qualifications are presented at the Board of Directors section of the annual report.

The NC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set as part of the process for appointment of new Directors and Board succession planning. In FY2021, there was no female Director out of a total of 6 Directors on the Board.

The Company is committed to building a diverse, inclusive and collaborative culture. The Company recognizes and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In reviewing the Board composition and appointments, the NC takes into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors although merit remains the key driver.

### Independence of Directors

Pursuant to guideline 2.2 of the Code, the Independent Directors should make up majority of the Board where the Chairman is not independent and pursuant to guideline 2.3 of the Code, non-executive directors should make up a majority of the Board. The NC is of the view that there is a strong and independent element on the Board and currently, majority of the Board are non-executive directors, three of whom are independent directors and one is a non-executive director. After taking into account the views of the NC, the Board considers all the independent directors of the Company are independent in character and judgement and that there are no individual or small group of individuals dominate the Board's decision-making process.

The NC is responsible for examining the Board size and composition to ensure effective decision making, and that the Directors as a group possesses core competencies in relevant areas. The Company does not have a formal diversity policy. However, as described above, the NC reviews annually, the size and composition of the Board and Board Committees. Considering the nature and scope of the Group's operations and the number of Board Committees, the NC deemed the Board size and composition as appropriate.

# CORPORATE GOVERNANCE

Although the Chairman is not independent and the Independent Directors of the Company do not make up majority of the Board, there are three Independent Directors and one Non-Executive Director making up more than half of the Board, providing an independent element on the Board capable of exercising objective judgment and no individual or group is able to dominate the Board's decision making process. The Board and NC are satisfied that the Board has an appropriate level of independence and diversity to enable it to make decisions in the best interests of the Group. Currently, the Group has a majority of four (4) out of six (6) directors on the Board who are Non-Executive Directors and thus, comply with Provision 2.3 of the Code and given the disclosures in the Annual Report under Provision 2.4, they are consistent with the intent of Principle 2 of the Code which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

All the Independent Directors, led by the lead Independent Director, meet at least annually without the presence of other executives and Non-Independent Directors to discuss matters of significance which are then reported to the Chairman accordingly.

The independence of the Directors is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review and taking into account Rule 210(5)(d) of the SGX Listing Rules (Mainboard) (the "**Mainboard Rules**"). Each Independent Director is required to complete an Independence Confirmation at the time of appointment and annually to declare whether he considered himself independent based on the guideline provided by the Code and Mainboard Rules that independent directors should be independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonable perceived to interfere, with the exercise of the director's independent business judgement in the best interest of the Company.

On 30 September 2021, with the recommendation of the NC, the Board has appointed a new independent director, Mr Hoon Tai Meng. The appointment is part of the Company's Board renewal process, with Mr Chan Meng Wah Alexander, a long-serving director stepping down on 27 October 2021 after having served on the Board for more than nine years.

The NC has ascertained that the independent directors, namely Mr Chan Meng Wah Alexander, Mr Peter Tan Boon Heng and Mr Hoon Tai Meng do not have any relationship with the Group, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Group, and they are able to exercise objective judgment on corporate affairs independently from Management and its substantial shareholders.

Mr Chan Meng Wah Alexander has served as Independent Director for more than 9 years. The Board has carried out a rigorous review of his independence status. Such review was in accordance with the Code and entailed Mr Chan Meng Wah Alexander's independence in conduct, character and judgements, and confirmation that he has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonable perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. The Board's view is that Mr Chan Meng Wah Alexander continues to demonstrate the ability to exercise strong independent judgement in his deliberations and to act in the best interests of the Company, and that his length of service has not affected his independence from Management. Mr Chan Meng Wah Alexander continues to express views, debate issues and objectively and constructively challenges the Management. After taking into account all these factors and having weighed the need for Board refreshment against tenure for relative benefit, the NC and the Board have viewed and determined that Mr Chan Meng Wah Alexander continues as an Independent Director, notwithstanding that his service has been for more than 9 years.

Key information regarding the Directors is found on pages 6 to 7. The Board considers that its Directors possess the necessary competencies to lead and govern the Company effectively.

## **Role of the Non-Executive Directors**

The Non-Executive Directors participate actively in the Board Meetings. With their professional expertise, experience and knowledge, they provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies, businesses and other affairs. The Non-Executive Directors also constructively challenge and aid the development of directions on strategy as well as review the performance of the Management in achieving agreed goals and objectives. In addition, they also monitor the reporting of the Group's performance.

To facilitate a more effective check on Management, the Non-Executive Directors meet and discuss on the Group's affairs without the presence of the Management where necessary.

# CORPORATE GOVERNANCE

## CHAIRMAN AND GROUP MANAGING DIRECTOR

**PRINCIPLE 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

The Chairman is the father of the Managing Director. Notwithstanding this, given the separate roles and responsibilities held by them, the Board is of the opinion that their relationship does not affect the independent and effective running of the Board. The Managing Director is responsible for daily management of the Group, whereas the Chairman plays an important role in steering the strategic direction of the Group. In addition, Mr Chan Meng Wah Alexander has been appointed as the Lead Independent Director of the Company and is available to shareholders should they have concerns which cannot be solved through the normal channel of the Chairman or which such contact is inappropriate.

As such, the Board believes that they are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on the collective decision-making without the Chairman being able to exercise considerable concentration of power or influence.

The Chairman ensures that Board Meetings are held when necessary and sets the Board Meeting agenda in consultation with the Managing Director. The Chairman also reviews Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. Management staff members who have prepared the papers or who can provide additional insight into the matters to be discussed are invited to present the paper or attend at the relevant time during Board Meetings.

## BOARD MEMBERSHIP

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

### Nominating Committee

The NC was formed on 13 February 2003 and now it comprises four members, three of whom are Independent Directors and one is Non-Executive Director. The members are:

Mr Peter Tan Boon Heng	(Chairman)
Mr Chan Meng Wah Alexander	(Member)
Mr Chen Chang Rong	(Member)
Mr Hoon Tai Meng	(Member)

The NC is regulated by a set of written Terms of Reference and its key functions include:

1. To review annually the independence of each Director with reference to the criteria set out in the Code.
2. To review all nominations for new appointments and re-appointments of Directors and put forth their recommendations for approval by the Board.
3. To determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly, where a Director has multiple Board representations.

Each year, the NC will review and make necessary recommendations to the Board on following matters:

- succession plan for Directors, in particular, the Chairman, Group Managing Director and key management personnel.
- development of a process for evaluating the performance of the Board, its Board Committees and Directors.
- appointment and re-appointment of Directors.
- training and professional development programmes for the Board.

# CORPORATE GOVERNANCE

The NC determines on an annual basis whether or not a Director is independent, bearing in mind Rule 210(5) (d) of the Mainboard Rules, the Code's definition of an "Independent Director" and guidance as to relationships the existence of which would deem a Director not to be independent. In this respect, the NC has carried out a review on the independence of each Non-Executive Director based on the respective Directors' self-declaration and their actual performance on the Board and Board Committees and in this respect, the NC is of the view that Mr Chan Meng Wah Alexander, Mr Peter Tan Boon Heng and Mr Hoon Tai Meng are independent and that, no individual or small group of individuals dominate the Board's decision-making process. The Board, having reviewed the basis of NC's assessment on the independence of the Non-Executive Directors, concurs with the recommendations set forth by NC and is of the view that Mr Chan Meng Wah Alexander, Mr Peter Tan Boon Heng and Mr Hoon Tai Meng should be deemed independent.

The NC has also reviewed and is satisfied that Mr Chan Meng Wah Alexander, Mr Peter Tan Boon Heng and Mr Hoon Tai Meng, who sit on multiple boards, have been able to devote adequate time and attention to the affairs of the Company to fulfil their duties as Independent Directors of the Company, in addition to their multiple board appointments.

At present, the Board does not intend to set a maximum number of listed company board representations a Director may hold as it is of the view that different Directors have different abilities and capacity. The effectiveness of a Director should be evaluated by a qualitative assessment of his commitment to the Company, his participation on at various Board and Management meetings, as well as his contributions to the Company's affairs, taking into account his other commitments including his directorships in other listed companies. The NC monitors and assesses annually whether directors who have multiple board representations and other principal commitments are able to give sufficient time and attention to the affairs of the Company and diligently discharge their duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director, his actual conduct on the Board and Board Committees and his attendance record at meetings. The NC considers that the multiple board representations held presently by some Directors do not impede their respective performance in carrying out their duties to the Company and is satisfied that in FY2021, sufficient time and attention is being given to the affairs of the Group by each director.

Key information on the Directors are set out below:

DETAILS	TAN CHOO PIE @ TAN CHANG CHAI	TAN HEOK TING	CHEN CHANG RONG	CHAN MENG WAH ALEXANDER	PETER TAN BOON HENG	HOON TAI MENG
Position	Chairman	Managing Director	Non-Executive Director	Lead Independent Director	Independent Director	Independent Director
Date of first appointed as a Director	1-Jul-1989	1-May-2010	1-Aug-2005	24-Sep-2010	12-Sep-2017	30-Sep-2021
Date of last re-election/ re-appointment as a Director	26-Oct-2018	25-Oct-2019	23-Oct-2020	26-Oct-2018	23-Oct-2020	N/A
Present Directorships or Chairmanships in other listed companies	NIL	NIL	NIL	NIL	NIL	Koufu Group Limited Hock Lian Seng Holdings Limited Aedge Group Ltd. Federal International (2000) Ltd.
Directorships or Chairmanships held over preceding three years in other listed companies	NIL	NIL	NIL	NIL	NIL	Sin Ghee Huat Corporation Ltd. Pavillon Holdings Ltd.

# CORPORATE GOVERNANCE

DETAILS	TAN CHOO PIE @ TAN CHANG CHAI	TAN HEOK TING	CHEN CHANG RONG	CHAN MENG WAH ALEXANDER	PETER TAN BOON HENG	HOON TAI MENG
Other principal commitments	NIL	NIL	NIL	Standard Chartered Bank (Singapore) Limited Jebsen & Jessen (SEA) Pte Ltd	Advanced Remanufacturing and Technology Centre (ARTC) JP Asia Capital Pte. Ltd. JP Asia Capital Partners Pte. Ltd. SMRT Corporation Ltd. Brydge Global Pte. Ltd. ImpacTech Pte. Ltd. Singapore Centre for 3D Printing (SC3DP NTU) SUTD Digital Manufacturing and Design Urban Mobility Grand Challenge (MOT/LTA) A*STAR Enterprise	Senior Consultant with RHTLaw Asia LLP
Due for re-election/ re-appointment at the AGM	Retirement by rotation (Article 115)	N/A	N/A	Retirement by rotation (Article 115)	N/A	Retirement by rotation (Article 119)

**Note:**

The details of Directors credentials including working experience, academic and professional qualifications, shareholding in the Company and Directorships can be found in the Board of Directors and Directors' Statement sections of the annual report.

New Directors are at present appointed by way of a Board Resolution, after the NC has deliberated and recommended their appointments. These new Directors submit themselves for re-election on by shareholders at the next Annual General Meeting ("AGM"). The Company's Constitution requires one third of the Board to retire by rotation at every AGM. In addition, all Directors (including the Managing Director) submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years. In its search and nomination process for new Directors, the NC has, at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates.

In assessing re-appointment of the Directors, the NC evaluates based on several criteria including each Director's qualifications, contributions, performance and independence.

The Company has no alternate Directors on its Board.

The NC had recommended to the Board the re-election of Mr Tan Choo Pie @ Tan Chang Chai, who will be retiring pursuant to Article 115 and Mr Hoon Tai Meng who will be retiring pursuant to Article 119 of the Company's Constitution at the forthcoming AGM. The directors retiring have consented to continue in office. Mr Chan Meng Wah Alexander has decided to retire to allow for the renewal of the Board.

# CORPORATE GOVERNANCE

The additional information on Mr Tan Choo Pie @ Tan Chang Chai and Mr Hoon Tai Meng , being the Directors who have been nominated for re-election, required pursuant to Rule 720(6) of the SGX-ST Listing Manual are in pages 90 to 96 of the Annual Report.

## BOARD PERFORMANCE

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

The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board and the Board Committees, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with the Management and standards of conduct of the Directors.

The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each individual Director to the effectiveness of the Board on an annual basis. At the end of each year, each Board member is required to complete a Board appraisal form and Director's assessment form and send the forms to the NC Chairman before the NC Meeting. Based on the returns, the NC Chairman will prepare a consolidated report and present the report to the Board at the Board Meeting to be held before the Annual General Meeting. It had concluded a Board performance and Directors' self- assessment evaluations for FY2021.

Based on the assessment forms, the Board has met its performance objectives for FY2021.

An external facilitator to evaluate and assess the Board, its Board Committees and each Director has not been appointed as the Board believes that the quality and objectivity of the current process and evaluations implemented are sufficient and adequate.

The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which allow for comparison to industry peers and which address how the Directors have enhanced long-term shareholders' value.

The performance criteria adopted for the evaluation process have been consistently applied from year to year, and updated from time to time to account for amendments to the Mainboard Rules and Code of Corporate Governance.

The Chairman would act on the results of the Board performance evaluation, and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek resignation of Directors.

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

#### Remuneration Committee ("RC")

The RC comprises four members, three of whom are Independent Directors and one is Non-Executive Director. The members are:

Mr Peter Tan Boon Heng	(Chairman)
Mr Chan Meng Wah Alexander	(Member)
Mr Chen Chang Rong	(Member)
Mr Hoon Tai Meng	(Member)

# CORPORATE GOVERNANCE

The RC has adopted a set of Terms of Reference which among others, include the following functions :

1. To review and recommend a framework of remuneration for the Chairman, Directors and key management personnel and members of Senior Management. The framework will cover Director's fees, basic salaries, allowances, bonuses and benefits in kind.
2. To review the remuneration packages of each Director, key management personnel and all managerial staff who are related to any of the Executive Directors.
3. To recommend to the Board in consultation with key management personnel, senior management and the Chairman of the Board, any long term incentive scheme.

No Director or Member of the RC is involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist in its deliberations.

The RC is able to obtain expert professional advice on remuneration matters as and when necessary. During the year, the RC did not seek expert advice on remuneration of all Directors as it had considered public data which is available for benchmarking and tailored specific remuneration packages to the requirements of the Company for its board and executive compensation. The Board is satisfied that the current process and evaluations implemented are sufficient and adequate.

The RC reviews the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

## LEVEL AND MIX OF REMUNERATION

**PRINCIPLE 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

The Company has a framework of remuneration to the Board members, staff related to Directors and key management personnel. Under this framework, the total remuneration comprises fixed and variable components. The fixed component comprises basic salary, contractual bonus, statutory employer's contributions to the Central Provident Fund and fixed allowances. In setting the remuneration packages, the Group takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel. Variable component comprises non-contractual bonus and profit sharing that are linked to corporate and individual performance. The remuneration framework for the Board and key management personnel is aligned with the interest of shareholders, other stakeholders and appropriate to attract, retain and motivate them for the long-term success of the Group.

The Group does not have any long-term incentive schemes for Executive Directors and key management personnel.

The RC will review and determine the remuneration packages for the Directors.

The Executive Directors have service agreements. The Service Agreements may be terminated by either the Company or the Executive Directors giving 6 months' written notice of termination to the other party. The RC is tasked to review and make recommendations on the terms of the service contracts.

Non-Executive Directors have no service contracts and are paid Directors' fees. Directors' fees are determined by the Board taking into consideration the remuneration framework adopted by the RC and based broadly on the recommended guidelines from the Singapore Institute of Directors and taking into account factors such as effort and time spent and the increasingly onerous responsibilities of the Directors. Payment of Directors' fees is subject to approval of the shareholders of the Company at each AGM. There are no share-based compensation schemes in place for Non- Executive Directors as the Board believes that the remuneration package is adequate.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

# CORPORATE GOVERNANCE

## DISCLOSURE OF REMUNERATION

**PRINCIPLE 8:** The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration of the Directors in the various remuneration bands is as follows:

	2021			2020		
	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total
\$1,500,000 to \$1,749,999	1	–	1	–	–	–
\$1,250,000 to \$1,499,999	1	–	1	–	–	–
\$1,000,000 to \$1,249,999	–	–	–	2	–	2
\$750,000 to \$999,999	–	–	–	–	–	–
\$500,000 to \$749,999	–	–	–	–	–	–
\$250,000 to \$499,999	–	–	–	–	–	–
\$0 to \$249,999	–	4	4	–	3	3
	2	4	6	2	3	5

## Remuneration of Directors and Key Management Personnel

A breakdown of the total remuneration of the Directors of the Company and the top five management personnel of the Group (who are not Directors or the Managing Director) for the financial year ended 30 June 2021, is set out below:

	Base/Fixed Salary <sup>#</sup>	AWS/Bonus/ Profit Sharing <sup>#</sup>	Directors' Fees	Total Remuneration
<b>Directors</b>				
<b><u>\$1,500,000 to \$1,749,999</u></b>				
Mr Tan Choo Pie @ Tan Chang Chai	35%	65%	–	100%
<b><u>\$1,250,000 to \$1,499,999</u></b>				
Mr Tan Heok Ting	29%	71%	–	100%
<b><u>\$1,000,000 to \$1,249,999</u></b>	–	–	–	–
<b><u>\$750,000 to \$999,999</u></b>	–	–	–	–
<b><u>\$500,000 to \$749,999</u></b>	–	–	–	–
<b><u>\$250,000 to \$499,999</u></b>	–	–	–	–
<b><u>Below \$250,000</u></b>				
Mr Chen Chang Rong	–	–	100%*	100%*
Mr Chan Meng Wah Alexander	–	–	100%*	100%*
Mr Peter Tan Boon Heng	–	–	100%*	100%*
Mr Chew Heng Ching <sup>##</sup>	–	–	100%*	100%*
<b>Key Management Personnel**</b>				
<b><u>\$500,000 to \$749,999</u></b>	–	–	–	–
<b><u>\$250,000 to \$499,999</u></b>	–	–	–	–
<b><u>Below \$250,000</u></b>				
Mr Andrew Orr Geok Cheng	85%	15%	–	100%

# CORPORATE GOVERNANCE

- \* The above proposed Directors' Fees for Independent/Non-Executive Directors are subject to shareholders' approval at the Company's AGM to be held on 27 October 2021.
- \*\* There is currently only 1 key management personnel in the Group for the financial year ended 30 June 2021.
- # The salary and AWS/Bonus/Profit Sharing shown are inclusive of employer portion of CPF contribution.
- ## For FY2020 pro-rated Director's fee payable to Mr Chew Heng Ching.

The Board is of the opinion that the information disclosed in the Annual Report would be sufficient for shareholders to have an adequate understanding of the Company's remuneration policies and practice.

In view of the competitive pressure in the industry and talent market as well as confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Company and its Group not to disclose in the Annual Report including the aggregate remuneration paid to the key management personnel and that the disclosure based on the above remuneration bands is appropriate.

## **Remuneration of Employees who are substantial shareholders of the Company, or are immediate family members of a Director, the Managing Director or a substantial shareholder of the Company**

There is no employee who is a substantial shareholder of the Company, or an immediate family member of any Director or the Managing Director or a substantial shareholder of the Company in the Group's employment for the financial year ended 30 June 2021.

The Group has implemented appropriate incentive schemes for the Executive Directors and key management personnel. There are no special termination, retirement and post-employment benefits that may be granted to the Directors and key management personnel. The Executive Directors' and key management personnel's remuneration packages in the Group comprise fixed salary, allowances and bonuses depending on their role and responsibilities in the Group. Yearly bonuses declared are based on financial and operational indicators of their respective subsidiaries and individual indicators, as these reflect most accurately the performance of the Group as a whole. Based on the current financial year, majority of the performance targets have been met.

## **ACCOUNTABILITY AND AUDIT**

### **RISK MANAGEMENT AND INTERNAL CONTROLS**

**PRINCIPLE 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

The Board is responsible for the governance of risk management and internal controls, ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' investment and the assets of the Group.

The Company, with the assistance from an external consultant, had established the Enterprise Risk Management Framework on policies, processes and systems pertaining to each of the key risk areas of the Group. On a semi-annual basis, the Group's internal audit function prepares an audit plan taking into consideration risks identified and assessed from the risk management system. This risk-based audit plan is approved by the AC and audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in addressing financial, operational, compliance and information technology risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

Based on the review of the Group's governing framework, systems, policies and processes in addressing the key risks, the monitoring and review of the Group's overall performance and representation from the Management, the Board is of the view that as at 30 June 2021, the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems is adequate and effective.

# CORPORATE GOVERNANCE

The Board is responsible for overseeing the Company's risk management, framework and policies. Although there is no separate risk committee, all Board members are collectively responsible and active in this function. The Board regularly convenes to carry out its responsibility of overseeing the Company's risk management framework and policies, with the help of in-house or external resources where necessary.

The Board and the AC, with the assistance of the internal auditors, have reviewed the adequacy of the Group's internal controls, including financial, operational and compliance risks, as well as the Group's information technology controls and risk management systems.

The Company's internal auditors conduct an annual review on the adequacy and effectiveness of the Group's material internal controls, including financial, operational and compliance and information technology controls and risk management systems to ensure the adequacy and effectiveness thereof. This review is conducted by the Company's internal auditors which presented their findings to the AC.

As part of the external audit plan, the external auditors also review certain key accounting controls relating to financial reporting, covering selected financial cycles and highlight material findings, if any, to the AC.

The AC reviews the findings of both the internal and external auditors and the adequacy and effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

The Board has received from the Managing Director and the Financial Controller on a half yearly basis before each half yearly meeting in relation to the announcement on financial statements, that the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards (International) and are not false and misleading in any material aspect.

The Board has also received written assurance from the Managing Director and the Financial Controller that:

- (a) The financial records of the Group have been properly maintained and financial statements for the financial year ended 30 June 2021 give a true and fair view of the Group's operations and financial position; and
- (b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed and actions taken by the Management and on-going reviews and continuing efforts at enhancing controls and processes, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, as well as the Group's information technology controls and risk management systems were adequate and effective as at 30 June 2021.

The Board notes that the system of internal control provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Board and the AC wish to highlight that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Financial risks relating to the Group are set out in Note 32 to the Financial Statements of this Annual Report.

# CORPORATE GOVERNANCE

## AUDIT COMMITTEE

### **PRINCIPLE 10: The Board has an Audit Committee (“AC”) which discharges its duties objectively.**

The AC comprises of four members, three of whom are Independent Directors and one is Non-Executive Director. The members are:

Mr Chan Meng Wah Alexander	(Chairman)
Mr Peter Tan Boon Heng	(Member)
Mr Chen Chang Rong	(Member)
Mr Hoon Tai Meng	(Member)

The Board is of the opinion that the members of the AC have sufficient expertise and experience to discharge their duties.

The Board considers Mr Chan Meng Wah Alexander, who has extensive and practical experience in both accounting and financial management, well qualified to chair the AC. In addition, the members of the AC collectively have strong accounting and related financial management expertise and experience. They keep abreast of relevant changes to accounting standards and issues which have a direct impact on financial statements.

None of the members of the AC were Partners or Directors of the Company’s existing external auditor within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm and none of the members of the AC hold any financial interest in the auditing firm.

The role of the AC is to assist the Board with discharging its responsibilities, maintaining adequate accounting records and developing and maintaining effective internal control systems. In addition to pursuing this goal, the AC will:

1. Recommend to the Board the appointment or re-appointment of the external auditor;
2. Review with external auditor the audit plan, their evaluation of the system of internal controls, monitor Management’s response and actions to correct any noted deficiencies;
3. Review the scope and results of the audit and the independence and objectivity of the external auditor;
4. Determine that no unwarranted management restrictions are being placed upon the external auditor;
5. Review of the internal audit program including the scope and results of the internal audit;
6. Review the financial statements with Management and external auditor for submission to the Board; and
7. Review interested person transaction.

The AC has explicit authority to investigate any matter relating to the Group’s accounting, auditing, internal controls and financial practices, with full access to and co-operation of the Management as well as full discretion to invite any Director or Executive Director to attend its meetings and has been given reasonable resources to enable it to perform its functions properly. Both the internal and external auditors have unrestricted access to the AC.

The internal audit function is currently outsourced to Mazars LLP, which is an international auditing firm. The outsourced internal auditor report directly to the Audit Committee (“AC”) and the AC approves the appointment, removal, evaluation and compensation of the internal auditor. The internal auditor have unfettered access to all the Company’s documents, records, properties and personnel, including access to the AC.

Mazars LLP are staffed with qualified professionals and carried out internal audit works based on International Standards established by The Institute of Internal Auditors. The AC also meets with the internal auditor without the presence of Management at least once a year.

In the opinion of the Board, Mazars LLP, meets the Company’s internal audit obligations, which is based on the experience of the firm and engagement partner and the number of qualified professional staff assigned to internal audit projects and has met the standards established by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing as established by The Institute of Internal Auditors.

# CORPORATE GOVERNANCE

The internal auditor submits their annual audit planning for approval by the AC prior to the commencement of the annual audit plan. In FY2021, the scope of the audit primarily covers the including financial, operational, compliance and information technology controls and risk management systems of the Group. The appointed internal auditor is responsible to (i) evaluate the effectiveness of internal controls to ensure that an effective internal control system is in place; (ii) ensure compliance with established policies and procedures and best practices; (iii) identify improvement opportunities; and (iv) develop recommendations for improvement in controls and operational efficiency. The AC has confirmed that for FY2021, it has reviewed and is satisfied that the internal audit function is independent, effective and adequately resourced. Given the disclosures in the Annual Report, this complies to Listing Rules 1207(10C).

In FY2021, an Enterprise Risk Assessment exercise for Spindex group of companies was performed to identify key risks facing the Group and develop risk mitigation strategies to manage these key risks. The outcome of the ERM was validated and approved by the Board of Directors and Audit Risk Committee.

Mazars presents the internal audit findings to the Board periodically. Based on the internal controls established and maintained by the Group, work performed by the internal auditor, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 30 June 2021.

However, the Board and the AC noted that all internal controls contain inherent limitations and no system of internal controls and risk management can provide absolute assurance in this regard or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal controls system.

The AC met twice with the external auditor with the presence of the Company's Management. In the review of the financial statements for the financial year ended 30 June 2021, the AC discussed with Management and the external auditor the accounting principles that were applied and their judgment of items that might affect the financial statements. Based on the review and discussions, the AC is of the view that the financial statements are drawn up in conformity with the Singapore Financial Reporting Standards (International) to provide a true and fair view.

In performing its functions, the AC met twice with the external auditor and once with internal auditor (without the presence of the Company's Management) and reviewed the overall scope of the external audit, the internal audit and the assistance given by the Management to the auditors. The external auditor and internal auditor have unrestricted access to the AC.

The AC has in place a whistle-blowing framework, which provides an avenue for the staff of the Company to access the AC members and Chairman to raise concerns about improprieties. Contact details of these persons have been made available to all staff and staff are encouraged to either call or email as part of the procedure to raise concerns, if any. The AC reviews the policy and adequacy of the whistle-blowing arrangements by which staff of the Company and its Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. All information received will be treated confidentially and the identity and the interest of all whistle-blowers will be protected. Anonymous disclosures will be accepted and anonymity honoured. All cases reported are objectively and independently investigated, and appropriate remedial measures and follow-up are taken where warranted. All whistle-blowing matters are reviewed annually by the AC. Matters requiring immediate or urgent attention are reported immediately to the AC Chairman. The policy is communicated via internal email and bulletin boards accessible to all staff.

The AC has reviewed the non-audit services provided to the Group by the external auditor and its affiliates, and is of the opinion that the provision of such services does not affect their independence. Details of the fees paid and payable to the auditors in respect of audit and non-audit services are disclosed in Note 6 to the Financial Statements.

The AC, with the concurrence of the Board, had recommended the re-appointment of Ernst & Young LLP as the Company's external auditor at the forthcoming Annual General Meeting.

The Company has complied with Rules 712 and 715, read with Rule 716 of the Listing Manual of SGX-ST in relation to its appointment of external auditor. The Board and AC have reviewed and confirmed the suitability of the appointment of a different auditor for the Group's significant foreign-incorporated subsidiaries and are satisfied that the said appointment would not compromise the standard and effectiveness of the audit of the Group.

# CORPORATE GOVERNANCE

## SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

**PRINCIPLE 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company strongly encourages shareholder participation during AGMs. Shareholders are able to proactively engage with the Board and the Management on the Group's business activities, financial performance and other business related matters and vote for or against the proposed resolutions put forth for their approval. On this, shareholders are informed of the rules, including the voting procedure that govern the General Meetings.

The Constitution of the Company allows shareholders of the Company to appoint one or two proxies to attend and vote on their behalf.

The Board's primary role is to protect and enhance long-term value and returns for the shareholders. In the discharge of its duties to the shareholders, the Board, when presenting annual financial statements and announcements, seeks to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis.

The Board aims to provide a balanced and understandable assessment of the Company's and the Group's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required).

Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET, press releases and Company's website.

Management provides the Board members with management accounts and such explanation and information on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, to enable the Board to make an informed assessment of the Company's and Group's performance, position and prospects.

The Company welcomes the views of shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. Generally, the Chairman of the Board together with the rest of the Directors and the Chairman of the AC, the NC and the RC of the Company will be present at General Meetings to answer questions from shareholders. The external auditor will also be present to assist the Directors in addressing any relevant queries by shareholders. All Directors attended the Company's AGM held on 23 October 2020 ("**2020 AGM**"). Save for the 2020 AGM, there were no other general meetings of the Company held during FY2020.

For FY2020, due to the COVID-19 outbreak and the circuit breaker put in place by the Singapore Government, the Company's last AGM held on 23 October 2020 (being the 2020 AGM) was held by way of electronic means, through "live webcast" and "audio-only means", pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Order"). The notice of AGM was published in the newspaper and in accordance with the alternative arrangements for holding of the AGM pursuant to the COVID-19 Order, was also disseminated to shareholders through publication on SGXNet and the Company's corporate website. The Company had also published a notice to shareholders, together with the notice of AGM, detailing the alternative arrangements for the 2020 AGM, during the COVID-19 pandemic.

# CORPORATE GOVERNANCE

Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member of the Company (whether individual or corporate and including a relevant intermediary) entitled to vote at the AGM must appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate and including a relevant intermediary) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. Shareholders participated in the 2020 AGM via electronic means, voting by appointing the Chairman of the 2020 AGM as proxy and their questions in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the 2020 AGM, and responses to the questions were provided via announcement on SGXNet and the Company's corporate website prior to or at the AGM.

The proceedings of all general meetings including substantial and relevant comments/queries from shareholders and responses exchanged between the Company and shareholders are recorded in the minutes book of the Company, and will be published on the Company's corporate website. Minutes of the 2020 AGM had been published by the Company on its corporate website and on the SGXNet within one month from the date of the 2020 AGM.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

An independent scrutineer is appointed to validate the proxy forms submitted by the shareholders and the votes of all such valid proxy forms are counted and verified. Votes cast for, or against, each resolution will be tallied and announced to shareholders immediately at the meeting. The total numbers and percentage of votes cast for or against the resolutions are also announced after the meeting via SGXNet.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company Secretary, with the assistance of his representative, prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and the Management and publishes these on the Company website. Minutes of the 2020 AGM had been published by the Company on its corporate website and on the SGXNet within one month from the date of the 2020 AGM.

The Company currently does not have a fixed dividend policy. The form, frequency and amount of dividends that the Directors may recommend or declare in respect of any particular financial year or period are subject to various other factors including the level of cash and retained earnings. Any payment of interim dividend or, upon receipt of shareholders' approval at Annual General Meetings, final dividend, will be paid to all shareholders in an equitable and timely manner.

## ENGAGEMENT WITH SHAREHOLDERS

**PRINCIPLE 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

The Board of Directors is accountable to the shareholders while the Management is accountable to the Board. All announcements, half-year and full year financial results are released to SGX-ST via SGXNET.

Shareholders are informed of general meetings through notices sent to all shareholders, made available electronically. Shareholders may download the Annual Report and Notice of AGM from the Company's website. The general meeting procedures provide shareholders the opportunity to raise questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage and openly communicate their views on matters relating to the Company to the Directors. Please refer to Principle 11 on communications with shareholders in relation to the 2020 AGM.

The Company is committed to providing its investors with a high level of transparency by engaging in regular, effective and fair communication with shareholders. In addition to comprehensive, accurate and timely disclosure of information that is material or that may influence the price of the Company's shares on SGXNET in compliance with the requirements of the Listing Manual, the Company adopts the practice of regularly communicating major developments in its businesses and operations through the appropriate media.

# CORPORATE GOVERNANCE

The Company is committed to use channels such as news releases, annual reports, shareholder circulars, shareholders' meetings, and direct announcements, whenever applicable. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

The Company has appointed an investor relations firm on a retainer basis, to communicate regularly with the analysts and they monitor the dissemination of material information to the investing community. In addition, through such investor relations firm, the Company also holds meetings, on a quarterly basis, based on interest levels from analysts and shareholders in order to give more opportunities of access to the Company.

Though the Company does not currently have an investor relations policy, it believes in regular, effective and fair communication with members of the investing community. As such, the Company maintains open channels of communication through which shareholders can contact the Company with their questions and give feedback through email or telephone and the Company will respond to such questions in a timely manner. The shareholders are also invited to share feedback with the Board at General Meetings of the Company. All shareholders of the Company receive the Annual Report and notice of AGM. The notice is also advertised in the newspaper. At AGMs, shareholders are given the opportunity to air their views and ask Directors or Management questions regarding the Company. In addition, the external auditor and Chairman of the various Board Committees are present and available to address questions.

## MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

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

The Board adopts an inclusive approach towards the needs and interest of material stakeholders to ensure that the best interest of the Company is served.

The Company maintains a corporate website at <http://www.spindex.com.sg> to communicate and engage with stakeholders.

The Annual Report sets out the Group's strategy and key areas of focus in managing stakeholder relationships on page 28.

## INTERESTED PERSON TRANSACTIONS

All Directors are required to officially disclose their interest in the Company including any Interested Person Transactions ("IPT") with the Company. All Directors practise good governance by updating the Company about changes in their interests in a timely manner. The AC has reviewed the IPT entered into during the financial year by the Company. In accordance with Rule 907 of the Listing Manual of SGX-ST, no disclosure of such transactions is necessary as the aggregate value of all IPTs during the financial year under review were less than S\$100,000.

## MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries involving the interests of each Director or controlling shareholders that subsisted at or entered into since the end of the last financial year.

# CORPORATE GOVERNANCE

## **DEALINGS IN SECURITIES**

In relation to dealings in the Company's securities by Directors and officers of the Group, the Company has adopted its own internal code modelled after the provisions of Listing Rule 1207(19) on dealings in securities.

The Company, Directors and officers of the Group are prohibited dealing in the securities of the Company during the period commencing one (1) month as the case may be, before the announcement of the Company's half-year and full-year results, and ending on the date of announcement of the relevant results or when they are in possession of any unpublished price sensitive information on the Group. The Company discourages the trading of the Company's shares for short term gain by both Directors and senior employees.

In view of the process in place, in the opinion of the Directors, the Company has complied with Listing Rule 1207(19) on dealings in securities.

# MANAGEMENT OF STAKEHOLDER RELATIONSHIPS

For more than three decades, Spindex has partnered with customers in the imaging and printing, automotive, consumer, and industrial business sectors around the world. Beginning as a one-man, one-machine turning shop, the company has transformed into a one-stop precision engineering solutions firm with a regional footprint and international reach covering the demanding precision applications in the automotive, office automation, power tools, appliances, and consumer lifestyle sectors.

Having established an admirable reputation as a precision engineering solutions provider, the Group is uniquely positioned with the technical know-how that spans diverse industries and a global footprint to facilitate fast time-to-market. Our strategy is to always to closely engage and work with our customers to develop customised solutions.

With our corporate headquarter located in Singapore, our production facilities are strategically located in China, Malaysia and Vietnam and is supported by over 1,700 headcounts and more than 1,000 CNC equipments. We believe we are strategically well placed to provide the right size and mix to successfully capture and deliver value to our long-term stakeholders.

## **Vision**

To be a world class and preferred precision parts solutions provider for our customers globally, fostering a sustainable partnership through growth together.

## **Mission**

To provide appropriate solutions to our customers that are competitive in pricing, quality and delivery. Delivering returns to our stakeholders by ensuring service excellence to our customers. To develop a committed team, guided by our core values and passion to achieve our vision.

## **Core Values**

Customer Oriented

Continuous Improvement and Innovation

Accountability

Inclusion

Integrity

Commitment

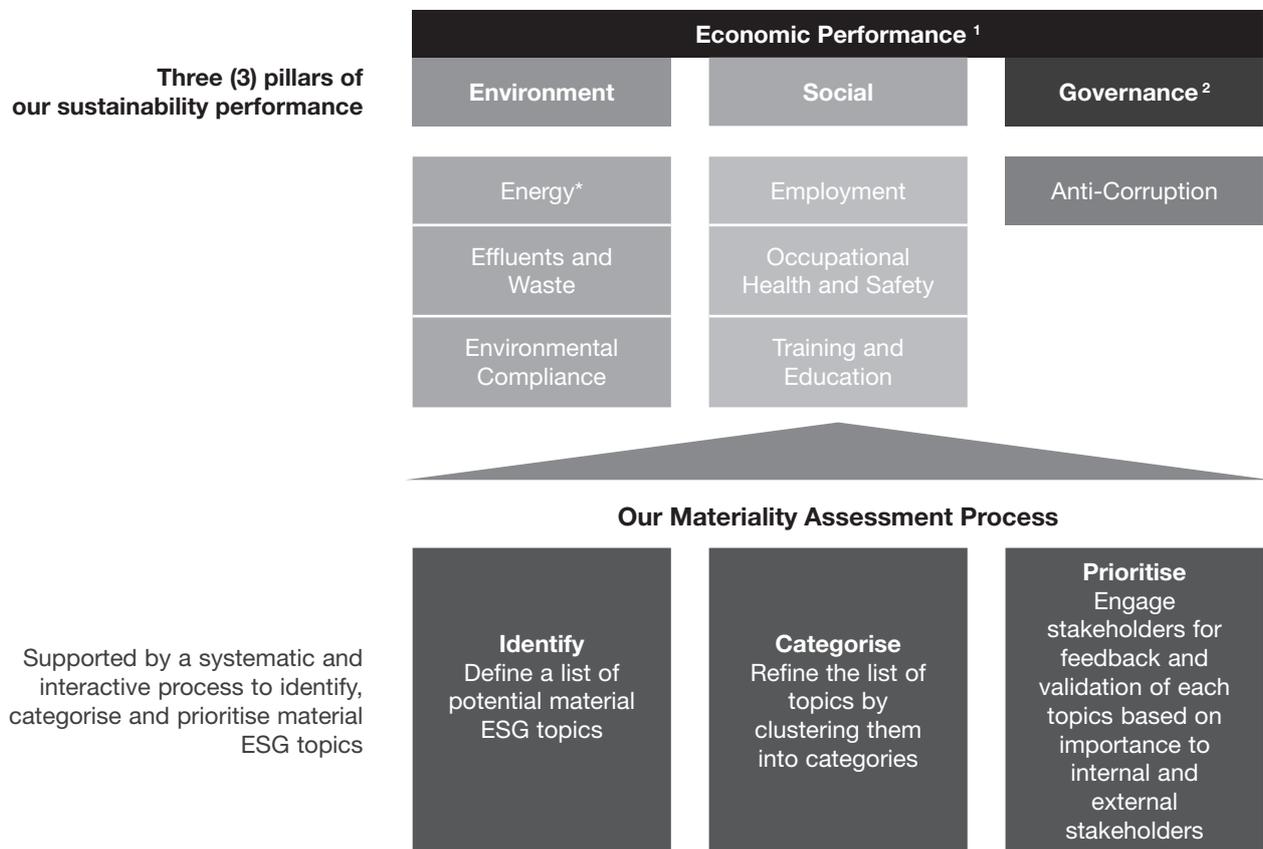
# SUSTAINABILITY REPORT

## STATEMENT ON SUSTAINABILITY

The Board and Management of Spindex continues to maintain commitment towards transparency in sustainability reporting and considers sustainability issues as part of strategic formulation. We continue to refine our management approach to adapt to the changing business landscape. Since FY2018, where we first embark on sustainability reporting, the Group continues to undertake an annual materiality review with an independent external consultant to ensure issues disclosed in our sustainability report remain material and relevant.

The review helped us to identify key areas that impact our ability to create value for our stakeholders. In FY2021, from this review, the Group identified Energy practices as a relevant and important topic to monitor and disclose under the Group's sustainability report. This new topic has been incorporated into our sustainability performance management framework (see Exhibit 1) for FY2021.

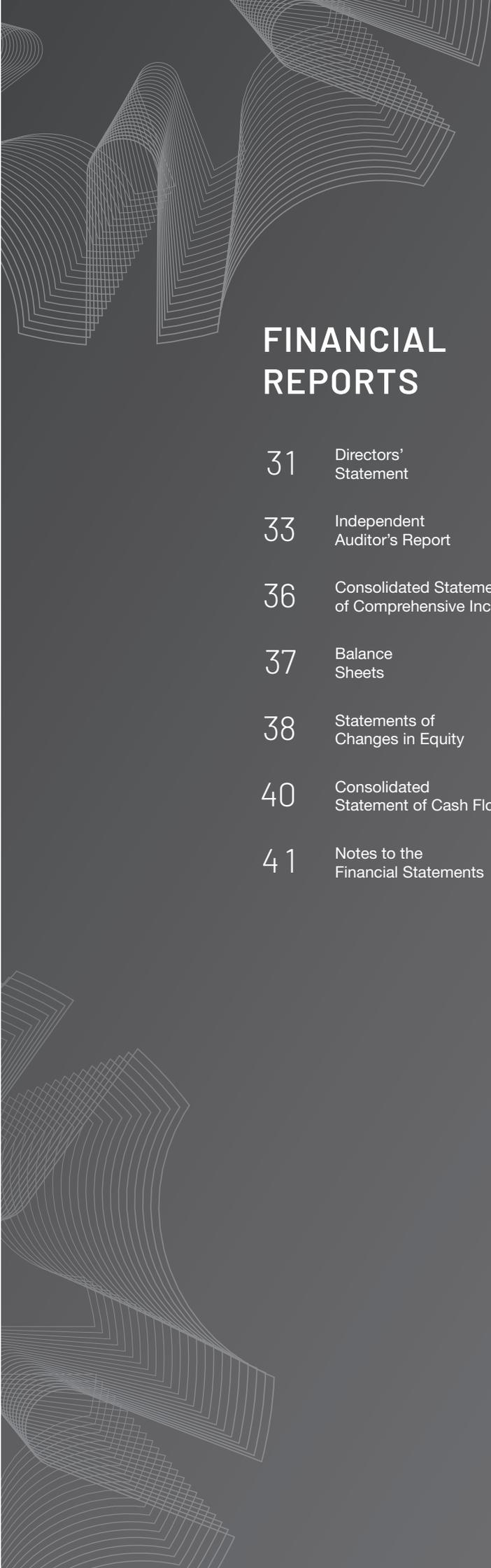
**Exhibit 1. Spindex's Sustainability Performance Management Framework**



\* New topic

1. Please refer to Financial Statements of Annual Report 2021.
2. Please refer to the Corporate Governance section of Annual Report 2021.

Moving forward, to keep abreast of critical issues, Management will continue to review annually its material ESG focus areas against the changing business environment, stakeholder opinions, and emerging global and local trends.



## FINANCIAL REPORTS

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# DIRECTORS' STATEMENT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Spindex 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 June 2021.

## Opinion of the directors

In the opinion of the directors,

- (i) the accompanying consolidated statement of comprehensive income, balance sheets, statements of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial 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 report are:

Tan Choo Pie @ Tan Chang Chai	(Chairman)
Tan Heok Ting	(Managing Director)
Chen Chang Rong	
Chan Meng Wah Alexander	
Peter Tan Boon Heng	
Hoon Tai Meng	(Appointed on 30 September 2021)

## Arrangements to enable directors to acquire shares or debentures

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 object is, to enable 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 or 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, Cap. 50, an interest in shares and share options of the Company and related corporations, as stated below:

	Direct interest			Deemed interest		
	At 1.7.2020	At 30.6.2021	At 21.7.2021	At 1.7.2020	At 30.6.2021	At 21.7.2021
<b>The Company</b>						
(Ordinary shares)						
Tan Choo Pie @ Tan Chang Chai	–	–	–	86,470,312	86,470,312	86,470,312
Tan Heok Ting	–	–	–	86,470,312	86,470,312	86,470,312

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr Tan Choo Pie @ Tan Chang Chai is deemed to be interested in the shares held by the Company in all its subsidiaries.

Except as disclosed in this report, no director who held office at the end of the financial year had an interest in the shares, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or the end of the financial year and on 21 July 2021.

# DIRECTORS' STATEMENT

## **Audit Committee**

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited as detailed in the Report on Corporate Governance.

## **Auditor**

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Tan Choo Pie @ Tan Chang Chai  
Director

Tan Heok Ting  
Director

Singapore  
5 October 2021

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2021  
To The Members of Spindex Industries Limited

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Spindex Industries Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement 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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 June 2021 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 responsibilities 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 risk of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Revenue recognition

The Group derives its revenue from the sale of goods via either direct or consignment sales. During the financial year, the Group recognised revenue of \$204.9 million of which 41% were from consignment sales and the remaining through direct sales. Due to the high volume of transactions of consignment sales and various shipping terms with different customers, there is a risk that revenue could be recorded in the incorrect period. This is especially for sales transactions occurring on and around the year-end. Accordingly, we have identified this to be a key audit matter.

As part of our audit procedures, we evaluated the appropriateness of the Group's revenue recognition accounting policies. We obtained an understanding of internal controls over the revenue recognition process, including the timing of revenue recognition. We tested the controls over revenue recognition by checking to supporting documents to assess if the related revenue and trade receivables are recorded in the correct accounting period, taking into consideration the shipping terms as well as other terms and conditions in the contracts. We performed journal entries testing and analysed the relationships among revenue, trade receivables and cash accounts to establish the existence and completeness assertion of revenue. We tested sales cut-off and reviewed credit notes issued to customers subsequent to the year end to ascertain that revenue was recognised in the correct period. Additionally, we have, on a sample basis, circularised balances with trade debtors. We also considered the adequacy of the disclosures in respect of revenue in Note 4 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2021  
To The Members of Spindex Industries Limited

## Other Information

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism 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.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2021  
To The Members of Spindex Industries Limited

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## 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 has 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 Adrian Koh.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

5 October 2021

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2021

	Note	Group	
		2021 \$'000	2020 \$'000
<b>Revenue</b>	4	204,935	149,626
<b>Cost of sales</b>		(156,950)	(117,750)
<b>Gross profit</b>		47,985	31,876
Other income	5	3,458	2,395
Distribution and selling expenses		(3,779)	(2,973)
Administrative expenses		(21,946)	(16,068)
Impairment loss on trade receivables	15	(190)	(266)
<b>Profit from operations</b>	6	25,528	14,964
Financial expenses	8	(193)	(133)
Share of loss in joint venture	13	(250)	—*
<b>Profit before tax</b>		25,085	14,831
Income tax expense	9	(3,815)	(2,640)
<b>Profit for the year</b>		21,270	12,191
<b>Other comprehensive income for the year, net of tax</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation		1,950	402
<b>Total comprehensive income for the year</b>		23,220	12,593
<b>Profit attributable to:</b>			
Owners of the Company		21,270	12,191
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		23,220	12,593
<b>Earnings per share attributable to owners of the Company (cents per share)</b>			
- <b>Basic</b>	10	18.44	10.57
- <b>Diluted</b>	10	18.44	10.57

Note : \* figure less than \$1,000

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

# BALANCE SHEETS

As at 30 June 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	77,662	56,524	508	416
Right-of-use assets	24	9,074	8,587	179	172
Deferred tax assets	23	351	288	–	–
Investment in subsidiaries	12	–	–	33,039	17,195
Investment in joint venture	13	1,431	–	1,681	–*
		88,518	65,399	35,407	17,783
<b>Current assets</b>					
Inventories	14	39,496	24,286	1,728	1,199
Trade receivables	15	39,960	21,636	7,318	4,090
Other receivables and deposits	16	2,116	1,190	132	137
Prepayments		5,804	3,390	63	17
Due from subsidiaries	17	–	–	384	5,895
Cash and cash equivalents	18	43,891	51,188	6,773	8,100
		131,267	101,690	16,398	19,438
<b>Current liabilities</b>					
Trade payables	19	29,443	14,770	168	163
Other payables and accruals	20	24,111	15,207	3,941	2,618
Refund liabilities	4	2,446	1,377	1,556	1,018
Provision for defects	21	1,293	922	–	–
Due to subsidiaries	17	–	–	5,565	1,207
Loans and borrowings	22	2,002	54	657	54
Lease liabilities	24	1,557	838	92	99
Deferred government grant		–	133	–	133
Provision for tax		238	162	–	–
		61,090	33,463	11,979	5,292
<b>Net current assets</b>		70,177	68,227	4,419	14,146
<b>Non-current liabilities</b>					
Loans and borrowings	22	4,491	149	4,491	149
Lease liabilities	24	1,803	1,992	87	76
Deferred tax liabilities	23	4,430	3,508	7	7
Provision for restoration costs	25	190	186	–	–
		10,914	5,835	4,585	232
<b>Net assets</b>		147,781	127,791	35,241	31,697
<b>Equity attributable to owners of the Company</b>					
Share capital	26	13,145	13,145	13,145	13,145
Reserves	28	134,636	114,646	22,096	18,552
<b>Total equity</b>		147,781	127,791	35,241	31,697

Note : \* figure less than \$1,000

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 June 2021

Group	Attributable to owners of the Company					Total equity \$'000
	Share capital \$'000	Foreign currency translation reserve \$'000 (Note 28 a)	Reserve fund \$'000 (Note 28 b)	Accumulated profit \$'000	Total reserves \$'000	
At 1 July 2019	13,145	(10,490)	5,556	110,794	105,860	119,005
Net profit for the year	–	–	–	12,191	12,191	12,191
Other comprehensive income for the year	–	402	–	–	402	402
Total comprehensive income for the year	–	402	–	12,191	12,593	12,593
Appropriation to/(from) reserve fund/ accumulated profit	–	–	617	(617)	–	–
Dividend on ordinary shares (Note 27)	–	–	–	(3,807)	(3,807)	(3,807)
At 30 June 2020 and 1 July 2020	13,145	(10,088)	6,173	118,561	114,646	127,791
Net profit for the year	–	–	–	21,270	21,270	21,270
Other comprehensive income for the year	–	1,950	–	–	1,950	1,950
Total comprehensive income for the year	–	1,950	–	21,270	23,220	23,220
Appropriation to/(from) reserve fund/ accumulated profit	–	–	824	(824)	–	–
Dividend on ordinary shares (Note 27)	–	–	–	(3,230)	(3,230)	(3,230)
At 30 June 2021	13,145	(8,138)	6,997	135,777	134,636	147,781

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 June 2021

	Attributable to owners of the Company			Total equity \$'000
	Share capital \$'000	Accumulated profit \$'000	Total reserves \$'000	
<b>Company</b>				
At 1 July 2019	13,145	18,095	18,095	31,240
Net profit for the year	–	4,264	4,264	4,264
Total comprehensive income for the year	–	4,264	4,264	4,264
Dividend on ordinary shares (Note 27)	–	(3,807)	(3,807)	(3,807)
At 30 June 2020 and 1 July 2020	13,145	18,552	18,552	31,697
Net profit for the year	–	6,774	6,774	6,774
Total comprehensive income for the year	–	6,774	6,774	6,774
Dividend on ordinary shares (Note 27)	–	(3,230)	(3,230)	(3,230)
At 30 June 2021	13,145	22,096	22,096	35,241

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 June 2021

	Note	Group	
		2021 \$'000	2020 \$'000
<b>Operating activities</b>			
Profit before tax		25,085	14,831
Adjustments for:			
Impairment loss on trade receivables	6,15	190	266
Depreciation of property, plant and equipment	6,11	9,709	9,067
Depreciation of right-of-use assets	6,24	1,281	895
Gain on disposal of property, plant and equipment	5	(53)	(18)
Interest expense	8	193	133
Interest income	5	(334)	(332)
(Write back)/ write-down of inventories	6,14	(81)	889
Provision for defects	6,21	1,042	307
Write-back of provision for defects	6,21	(709)	(167)
Share of loss in joint venture	13	250	–*
Unrealised exchange loss		588	243
		37,161	26,114
<b>Operating cash flows before changes in working capital</b>			
(Increase)/decrease in:			
Inventories		(15,170)	(274)
Trade receivables		(18,515)	6,375
Other receivables and deposits		(981)	414
Prepayments		(2,415)	(633)
Increase/(decrease) in:			
Trade payables		14,673	(6,455)
Other payables and accruals		9,974	(272)
Deferred government grant		(133)	133
		24,594	25,402
<b>Cash flows from operations</b>			
Income taxes (paid)/refunded		(2,806)	95
Interest paid		(56)	(133)
Interest received		334	332
		22,066	25,696
<b>Net cash flows generated from operating activities</b>			
<b>Investing activities</b>			
Investment in joint venture	13	(1,681)	–*
Purchase of property, plant and equipment	11	(30,491)	(8,877)
Purchase of land use rights		–	(3,368)
Proceeds from disposal of property, plant and equipment		89	20
		(32,083)	(12,225)
<b>Net cash flows used in investing activities</b>			
<b>Financing activities</b>			
Dividend paid on ordinary shares	27	(3,230)	(3,807)
Repayment of principal obligations under lease liabilities	22	(1,375)	(854)
Repayment of loans and borrowings	22	(54)	(54)
Proceed from loans and borrowings	22	6,344	–
		1,685	(4,715)
<b>Net cash flows generated from/(used in) financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>			
<b>Cash and cash equivalents at beginning of financial year</b>			
<b>Currency alignment on opening cash balances</b>			
<b>Cash and cash equivalents at end of financial year</b>			
	18	43,891	51,188

Note : \* figure less than \$1,000

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 June 2021

## 1. Corporate information

Spindex Industries Limited (the “Company”) is a limited liability company, incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 8 Boon Lay Way #10-03, 8@TradeHub 21, Singapore 609964.

The principal activities of the Company are to carry on the business as importer, exporter and dealer of mechanical, electrical and electronic parts. The principal activities of the subsidiaries are manufacturing and trading of mechanical, electrical, electronic parts, precision machine parts and other engineering materials.

## 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 (International) (“SFRS(I)”).

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

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

### 2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

### 2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 16 <i>Leases: Covid-19 Related Rent Concessions</i> beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 3 <i>Business Combinations: Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual improvements to SFRS (I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-12 <i>Income Taxes</i> : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures</i> : Sale or Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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

### 2.4 Basis of consolidation

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

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

Subsidiary companies 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.

### 2.5 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, investment in subsidiaries is accounted for at cost less impairment losses.

### 2.6 Joint arrangement and joint venture

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### 2.6 *Joint arrangement and joint venture (cont'd)*

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and recognises the amount in profit or loss.

### 2.7 *Foreign currency*

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

#### (a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the date of the reporting period are recognised in profit or loss.

#### (b) *Consolidated financial statements*

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### 2.8 Property, plant and equipment

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

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Factory buildings	2 – 50 years
Leasehold improvements	2 – 5 years
Plant and machinery	5 – 10 years
Furniture and fittings	6 years
Motor vehicles	6 years
Office equipment	3 – 6 years
Quality control equipment	5 years
Warehouse equipment	5 – 6 years

Assets under construction are not depreciated as these assets are not yet available for use.

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

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

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

### 2.9 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### 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.

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

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

##### *Subsequent measurement*

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

##### *De-recognition*

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

#### (b) Financial liabilities

##### *Initial recognition and measurement*

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

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

##### *Subsequent measurement*

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

##### *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### 2.11 *Impairment of financial assets*

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a “12-month ECL”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (“lifetime ECL”).

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

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

### 2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits.

### 2.13 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials – purchase cost, freight and other transportation and incidental costs on a first-in first-out basis; and
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. 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*

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### 2.14 Provisions (cont'd)

#### Provision for defects

Provision for defects are recognised for expected claims on products sold during the last one year. It is based on past experience of the level of returns. The estimate is revised annually.

#### Provision for restoration costs

Provision for restoration costs arise from the obligation to restore the leased premises the Group occupies to their original condition upon expiry of the leases. Restoration costs are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of the asset.

The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in estimated future costs are added to or adjusted from the cost of the asset.

### 2.15 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other income".

### 2.16 Borrowing costs

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.17 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. Contributions to national pension schemes are recognised as an expense in the period in which the related services are performed.

#### Singapore

The Company makes contribution to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution pension scheme. The Company makes monthly contributions based on stipulated contribution rates.

#### China ("PRC")

The subsidiaries incorporated in the PRC are required to provide certain staff pension benefits to their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by PRC legislation and are contributed to pension funds managed by government agencies, which are paying pensions to the PRC subsidiaries' retired employees.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### 2.17 *Employee benefits (cont'd)*

#### (a) *Defined contribution plans (cont'd)*

##### Malaysia

The subsidiary incorporated and operating in Malaysia is required to make contributions to the Employees Provident Fund ("EPF"), a defined contribution pension scheme. The subsidiary makes monthly contributions based on stipulated contribution rates.

##### Vietnam

The subsidiary incorporated and operating in Vietnam is required to make contributions to the state pension scheme in Vietnam and is administered solely by the Government's Social Insurance Agency ("SIA"). The subsidiary makes monthly contributions based on stipulated contribution rates.

#### (b) *Employee leave entitlement*

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

### 2.18 **Leases**

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

#### *As lessee*

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

#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land use rights	25 – 50 years
Office premises	2 – 5 years
Equipment	3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### 2.18 Leases (cont'd)

#### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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

#### Short-term leases and leases of low-value assets

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

### 2.19 Revenue

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

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

#### (a) *Sale of goods*

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated trade discounts, volume and price rebates. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained, and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises the expected rebates payable to customer where consideration have been received from customers as refund liabilities.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### 2.19 Revenue (cont'd)

#### (b) Interest income

Interest income is recognised using the effective interest method.

### 2.20 Income taxes

#### (a) Current tax

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

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

#### (b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 assets to be recovered.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### 2.20 *Income taxes (cont'd)*

#### (b) *Deferred tax (cont'd)*

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) *Sale 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.

### 2.21 *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 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

### 2.22 *Share capital*

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.

## 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. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Management is of the opinion that there is no significant judgement made in applying accounting policies.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### **3.1 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the date 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.

#### *Provision for expected credit losses of trade receivables*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 4. Revenue

### (a) Disaggregation of revenue

Segments	Imaging and printing		Machinery and automotive systems		Others*		Total Revenue	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Primary geographical markets</b>								
China	14,501	7,146	67,264	45,075	1,758	1,204	83,523	53,425
Singapore	63	104	1,422	2,835	791	977	2,276	3,916
ASEAN (excluding Singapore)	33,369	25,095	852	280	10,567	6,884	44,788	32,259
USA, Europe and others	91	78	24,102	20,540	50,155	39,408	74,348	60,026
	48,024	32,423	93,640	68,730	63,271	48,473	204,935	149,626
<b>Timing of transfer of goods</b>								
At a point in time	48,024	32,423	93,640	68,730	63,271	48,473	204,935	149,626

\*Others – include domestic appliances, consumer electronics, data storage, telecommunications and others

### (b) Refund liabilities

Arising from sales rebates	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
	2,446	1,377	1,556	1,018

The Group recognises the expected rebates payable to customers where consideration have been previously received from customers as refund liabilities.

### (c) Judgement and methods used in estimating revenue

Management is of the opinion that there is no significant judgement and estimates used in the revenue recognition process other than in estimating the variable consideration arising from product defects. The methods and judgements used are described in Note 21.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 5. Other income

	Group	
	2021 \$'000	2020 \$'000
Sales of scrap	2,534	1,566
Interest income from fixed deposits	334	332
Gain on disposal of property, plant and equipment	53	18
Government grants	241	447
Others	296	32
	3,458	2,395

## 6. Profit from operations

This is determined after charging/(crediting) the following:

	Note	Group	
		2021 \$'000	2020 \$'000
Audit fees:			
- Auditor of the Company		100	97
- Other auditors*		105	88
Non-audit fees:			
- Auditor of the Company		12	12
- Other auditors*		22	39
Total audit and non-audit fees		239	236
Depreciation of property, plant and equipment	11	9,709	9,067
Depreciation of right-of-use assets	24	1,281	895
(Write back)/ write-down of inventories	14	(81)	889
Provision for defects	21	1,042	307
Write-back of provision for defects	21	(709)	(167)
Foreign exchange loss/(gain), net		2,312	(793)
Employee benefits	7	33,992	28,872
Impairment loss on trade receivables	15	190	266
Expenses relating to short-term leases and low-value assets	24	32	385
		239	236

\* Relates to the network of member firms of Ernst & Young LLP

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 7. Employee benefits

	Group	
	2021 \$'000	2020 \$'000
Wages, salaries and bonuses	29,298	24,463
Defined contribution plans	2,429	2,418
Other personnel costs	2,265	1,991
	<u>33,992</u>	<u>28,872</u>

## 8. Financial expenses

	Group	
	2021 \$'000	2020 \$'000
Interest expense on:		
- bank loans carried at amortised cost	51	1
- obligations under hire purchase arrangement	6	6
- obligations under lease liabilities related to right-of-use assets	136	126
	<u>193</u>	<u>133</u>

## 9. Income tax expense

### Major components of income tax expense

The major components of income tax expense for the financial years ended 30 June 2021 and 2020 are:

	Group	
	2021 \$'000	2020 \$'000
Current income tax		
- current year	3,030	1,963
- over provision in respect of prior years	(110)	(244)
Deferred income tax		
- movement in temporary differences	1,297	1,013
- over provision in respect of prior years	(402)	(92)
Income tax expense recognised in profit or loss	<u>3,815</u>	<u>2,640</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 9. Income tax expense (cont'd)

### Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2021 and 2020 are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Profit before tax	25,085	14,831
Tax at the domestic rates applicable to profits in the countries where the Group operates	5,120	2,744
Tax effect of:		
- expenses not deductible for tax purposes	295	293
- income not subject to tax	(58)	(77)
- utilisation of current year's reinvestment allowance*	(889)	-
- deferred tax asset recognised on unutilised reinvestment allowance*	(617)	-
- over provision in respect of prior years	(512)	(336)
- deferred tax assets not recognised	530	230
- enhanced deductions	(329)	(298)
- undistributed earnings of subsidiaries	244	-
- share of results of joint venture	43	-
- others	(12)	84
Income tax expense recognised in profit or loss	3,815	2,640

\* Reinvestment allowance is a special incentive scheme provided by the Malaysia government to approved capital expenditures.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

## 10. Earnings per share (cents)

Basic earnings per share is calculated by dividing the net profit for the financial year of \$21,270,000 (2020: \$12,191,000) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no share options as at year end.

The following table reflects the information used in the computation of basic and diluted earnings per share for the years ended 30 June:

	Weighted average number of shares	
	2021	2020
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	115,365	115,365

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 11. Property, plant and equipment

Group	Freehold land \$'000	Factory buildings \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Office equipment \$'000	Quality control equipment \$'000	Warehouse equipment \$'000	Assets under construction \$'000	Total \$'000
<b>Cost</b>											
At 1.7.2019	1,000	11,007	2,101	106,560	821	1,057	3,177	5,737	4,709	2,130	138,299
Additions	-	4,643	-	2,692	19	112	62	692	546	111	8,877
Disposals	-	-	(585)	(257)	(3)	-	(18)	(51)	-	-	(914)
Reclassification	-	-	-	1,080	-	-	3	-	-	(1,083)	-
Exchange difference on translation	(18)	91	(7)	139	(1)	1	1	(12)	3	25	222
At 30.6.2020 and 1.7.2020	982	15,741	1,509	110,214	836	1,170	3,225	6,366	5,258	1,183	146,484
Additions	-	164	245	17,243	124	73	172	1,641	198	10,631	30,491
Disposals	-	-	(39)	(1,157)	(41)	-	(490)	(92)	(8)	-	(1,827)
Reclassification	-	-	-	1,068	-	-	-	56	-	(1,124)	-
Exchange difference on translation	8	(16)	(6)	840	16	12	31	47	123	160	1,215
At 30.6.2021	990	15,889	1,709	128,208	935	1,255	2,938	8,018	5,571	10,850	176,363

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

Group	Freehold land \$'000	Factory buildings \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Office equipment \$'000	Quality control equipment \$'000	Warehouse equipment \$'000	Assets under construction \$'000	Total \$'000
<b>Accumulated depreciation</b>											
At 1.7.2019	-	3,764	1,357	67,228	656	540	1,821	3,226	3,104	-	81,696
Charge for the year	-	292	75	6,903	59	152	318	784	484	-	9,067
Disposals	-	-	(585)	(257)	(3)	-	(16)	(51)	-	-	(912)
Exchange difference on translation	-	23	(4)	97	(1)	1	-	(8)	1	-	109
At 30.6.2020 and 1.7.2020	-	4,079	843	73,971	711	693	2,123	3,951	3,589	-	89,960
Charge for the year	-	469	64	7,299	59	124	311	889	494	-	9,709
Disposals	-	-	(39)	(1,124)	(38)	-	(490)	(92)	(8)	-	(1,791)
Exchange difference on translation	-	92	(4)	569	14	11	21	46	74	-	823
At 30.6.2021	-	4,640	864	80,715	746	828	1,965	4,794	4,149	-	98,701
<b>Net carrying amount</b>											
At 30.6.2021	990	11,249	845	47,493	189	427	973	3,224	1,422	10,850	77,662
At 30.6.2020	982	11,662	666	36,243	125	477	1,102	2,415	1,669	1,183	56,524

### Assets under construction

The assets relate to expenditure for plant and machinery and a factory building in the course of construction.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

Company	Leasehold improvements \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Office equipment \$'000	Quality control equipment \$'000	Warehouse equipment \$'000	Total \$'000
<b>Cost</b>							
At 1.7.2019	39	70	800	639	94	61	1,703
Additions	–	–	–	11	–	–	11
At 30.6.2020 and 1.7.2020	39	70	800	650	94	61	1,714
Additions	163	37	–	19	–	–	219
Disposals	(39)	(41)	–	(490)	(94)	–	(664)
At 30.6.2021	163	66	800	179	–	61	1,269
<b>Accumulated depreciation</b>							
At 1.7.2019	39	57	292	610	94	49	1,141
Charge for the year	–	4	133	16	–	4	157
At 30.6.2020 and 1.7.2020	39	61	425	626	94	53	1,298
Charge for the year	7	4	99	10	–	4	124
Disposals	(39)	(38)	–	(490)	(94)	–	(661)
At 30.6.2021	7	27	524	146	–	57	761
<b>Net carrying amount</b>							
At 30.6.2021	156	39	276	33	–	4	508
At 30.6.2020	–	9	375	24	–	8	416

## 12. Investment in subsidiaries

	Company	
	2021 \$'000	2020 \$'000
Unquoted equity shares, at cost	33,039	17,195

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 12. Investment in subsidiaries (cont'd)

The Company had the following subsidiaries as at 30 June:

Name of subsidiary	Principal Activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment	
			2021 %	2020 %	2021 \$'000	2020 \$'000
Synturn (M) Sdn. Bhd. <sup>(1)</sup>	Manufacturing and trading of precision machine parts and other engineering materials	Malaysia	100	100	1,304	1,304
Spindex Precision Engineering (Shanghai) Co., Ltd. <sup>(2)</sup>	Manufacturing and trading of mechanical, electrical and electronic parts	China	100	100	4,323	4,323
Spindex Precision Engineering (Suzhou) Co., Ltd. <sup>(3)</sup>	Manufacturing and trading of mechanical, electrical and electronic parts	China	100	100	3,569	3,569
Spindex Industries (Hanoi) Co., Ltd. <sup>(4)</sup>	Manufacturing and trading of mechanical, electrical and electronic parts	Vietnam	100	100	2,973	2,973
Spindex Precision Technologies (Nantong) Co., Ltd. <sup>(2)</sup>	Manufacturing and trading of mechanical, electrical and electronic parts	China	100	100	20,870	5,026
					33,039	17,195

(1) Audited by Ernst & Young PLT, Johor Bahru

(2) Audited by Shanghai WanLong, Certified Public Accountants, China

(3) Audited by Suzhou Fangben, Certified Public Accountants, China

(4) Audited by Ernst & Young Vietnam Limited, Hanoi

## 13. Investment in joint venture

The Group holds 50% (2020: 50%) interest in the ownership and voting rights in a joint venture, Spindex Acuger Precision Pte. Ltd. ("SAPPL"), with cost of investment amounting to \$1,681,300 (2020: \$50) as at financial year ended 30 June 2021. This joint venture is incorporated in Singapore and is an investment holding company. The Company jointly controls the venture with another partner under a contractual agreement and requires unanimous consent for all major decisions over the relevant activities. During the year ended 30 June 2021, the Group has made additional capital contribution of \$1,681,250. The Group maintained its ownership of 50%, jointly in control with another partner under the contractual agreement.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 13. Investment in joint venture (cont'd)

Summarised financial information in respect of Spindex Acuger Precision Pte. Ltd. based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2021 \$'000	2020 \$'000
<b>Summarised statement of financial position</b>		
Current assets, including cash and cash equivalents, and prepayments	1,987	–*
Non-current assets	1,559	–
Current liabilities	436	13
Non-current liability	248	–
Net assets/(liabilities)	2,862	(13)
Proportion of the Group's ownership	50%	50%
Group's share of net assets/(liabilities)	1,431	(6)
Carrying amount of investment	1,431	–
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Revenue	305	–
Cost of sales	(441)	–
Other income	–*	–
Distribution and selling expenses	(6)	–
Administrative expense	(358)	(13)
Loss before tax	(500)	(13)
Income tax expense	–	–
Loss after tax	(500)	(13)
<b>Total comprehensive income</b>	<b>(500)</b>	<b>(13)</b>

Note : \* figure less than \$1,000

## 14. Inventories

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Balance sheet:</b>				
Finished goods	23,035	14,751	1,711	1,189
Work-in-progress	3,877	1,658	4	4
Raw materials	9,452	6,421	–	–
Goods-in-transit	3,132	1,456	13	6
Inventories (at cost or net realisable value)	39,496	24,286	1,728	1,199
<b>Income statement:</b>				
Inventories recognised as an expense in cost of sales	146,331	98,894		
Inclusive of the following charge:				
- (write back)/ write-down of inventories	(81)	889		

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 15. Trade receivables

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables, net	39,960	21,119	7,318	3,573
Unbilled receivables	–	517	–	517
Total trade receivables	39,960	21,636	7,318	4,090
Add:				
Other receivables and deposits (Note 16)	2,116	1,190	132	137
Due from subsidiaries (Note 17)	–	–	384	5,895
Cash and cash equivalents (Note 18)	43,891	51,188	6,773	8,100
Less:				
Input tax/VAT	(1,199)	(348)	(405)	(70)
Tax recoverable (Note 16)	(263)	(315)	–	–
Total financial assets carried at amortised cost	84,505	73,351	14,202	18,152

Trade receivables are non-interest bearing and are generally on 45 to 90 days' credit terms. They are recognised at their original amounts which represent their fair values on initial recognition.

Unbilled receivables relate to the Group's unconditional right to consideration as the Group has satisfied its performance obligation upon the transfer of control of certain consigned products but yet to invoice the client at reporting date.

Trade receivables denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
United States Dollar	16,943	9,938	6,829	3,418
Renminbi	3,243	2,289	–	–

### Expected credit losses

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Movement in allowance accounts:				
At beginning of financial year	275	29	30	7
Charge for the year	190	266	16	23
Write off	–	(22)	–	–
Exchange difference on translation	–	2	–	–
At end of financial year	465	275	46	30

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 16. Other receivables and deposits

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other receivables	935	427	88	119
Tax recoverable	263	315	-	-
Deposits	918	448	44	18
	<u>2,116</u>	<u>1,190</u>	<u>132</u>	<u>137</u>

## 17. Due from/(to) subsidiaries

	Company	
	2021 \$'000	2020 \$'000
Due from subsidiaries		
Trade	17	-
Non-trade	367	5,895
	<u>384</u>	<u>5,895</u>
Due to subsidiaries		
Trade	5,565	1,207

### Trade/non-trade balances

These balances are unsecured, interest free and are repayable within the next twelve months.

## 18. Cash and cash equivalents

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Fixed deposits	527	525	526	525
Cash at bank	43,364	50,663	6,247	7,575
Cash and cash equivalents	<u>43,891</u>	<u>51,188</u>	<u>6,773</u>	<u>8,100</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fixed deposits earn interest 0.4%% (2020: 0.5%) per annum. The tenure of fixed deposits is 6 months (2020: 6 months).

Cash and cash equivalents denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
United States Dollar	17,672	17,923	4,374	3,650
Renminbi	68	66	-	-
Swiss Franc	226	240	226	240
Vietnamese Dong	619	977	-	-
Euro	295	1,937	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 19. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
United States Dollar	3,491	1,664	–	75
Euro	66	104	–	–

## 20. Other payables and accruals

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other payables	7,840	3,369	32	62
Accrued operating expenses	6,331	4,930	757	452
Accrued payroll benefits	9,940	6,908	3,152	2,104
Other payables and accruals	24,111	15,207	3,941	2,618
Add:				
Trade payables	29,443	14,770	168	163
Loans and borrowings (Note 22)	6,493	203	5,148	203
Due to subsidiaries (Note 17)	–	–	5,565	1,207
Lease liabilities (Note 24)	3,360	2,830	179	175
Less:				
Unutilised leave accruals	(423)	(361)	(214)	(208)
Total financial liabilities carried at amortised cost	62,984	32,649	14,787	4,158

Other payables include unpaid indirect expenses for production and remaining unpaid capital expenditures on plant and machineries. Other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

## 21. Provision for defects

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At beginning of financial year	922	779	–	2
Provision for the financial year	1,042	307	–	–
Write-back of provision	(709)	(167)	–	(2)
Exchange difference on translation	38	3	–	–
At end of financial year	1,293	922	–	–

A provision is recognised for expected claims on products sold during the last one year, based on past experience of the level of returns. It is expected that most of these costs will be incurred within one year from the date of the reporting period.

Assumptions used to calculate the provision for defects are based on recent sales levels and current information available on returns based on the past experiences for all products sold.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 22. Loans and borrowings

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current:</b>				
Obligations under hire purchase arrangement	54	54	54	54
Bank loans				
- 2.00% p.a. fixed rate SGD bank loan	603	-	603	-
- 1.00% p.a. fixed rate USD bank loan	1,076	-	-	-
- 1.05% p.a. fixed rate USD bank loan	269	-	-	-
	<u>2,002</u>	<u>54</u>	<u>657</u>	<u>54</u>
<b>Non-current:</b>				
Obligations under hire purchase arrangement	95	149	95	149
Bank loans				
- 2.00 % p.a. fixed rate SGD bank loan	4,396	-	4,396	-
	<u>4,491</u>	<u>149</u>	<u>4,491</u>	<u>149</u>
Total loans and borrowings	<u>6,493</u>	<u>203</u>	<u>5,148</u>	<u>203</u>

### 2% p.a. fixed rate SGD bank loan

The loan pertains to a Temporary Bridging Loan of \$5,000,000 that was granted by Enterprise Singapore during the financial year to the Company. It bears fixed interest of 2% per annum and is repayable over a period of 5 years. This facility requires the Group to maintain a gearing ratio of not more than 125% and debt coverage ratio of not less than 120%.

### 1% and 1.05% fixed rate USD bank loan

The Group has bank loans that bear interest ranging 1.00% and 1.05% per annum (30 June 2020: Nil). The loans are repayable within 1 month subsequent to the year ended 30 June 2021. The borrowings are secured by a corporate guarantee from the Company.

### Obligations under hire purchase arrangement

The hire purchase obligation is secured by a charge over the motor vehicle presented in Note 11. The obligation is denominated in SGD and the implicit discount rate is 2.28% (2020: 2.28%) per annum.

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

	2020 \$'000	Cash flows \$'000	Non-cash changes		2021 \$'000
			Additions \$'000	Others* \$'000	
<b>Group</b>					
Obligations under hire purchase arrangement	203	(54)	-	-	149
Bank loans	-	6,344	-	-	6,344
Lease liabilities related to right-of-use assets (Note 24)	2,830	(1,511)	1,559	482	3,360
Total liabilities from financing activities	<u>3,033</u>	<u>4,779</u>	<u>1,559</u>	<u>482</u>	<u>9,853</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 22. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows: (cont'd)

	2019 \$'000	Cash flows \$'000	Non-cash changes		2020 \$'000
			Additions \$'000	Others* \$'000	
<b>Group</b>					
Obligations under hire purchase arrangement	257	(54)	–	–	203
Lease liabilities related to right-of-use assets (Note 24)	2,836	(854)	787	61	2,830
Total liabilities from financing activities	<u>3,093</u>	<u>(908)</u>	<u>787</u>	<u>61</u>	<u>3,033</u>

\* Others mainly relate to the accretion of interest and foreign exchange differences.

## 23. Deferred tax

Deferred income tax as at 30 June relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Deferred tax liabilities</i>				
Differences in depreciation for tax purposes	2,920	2,242	714	813
Undistributed reserves of overseas subsidiaries	1,510	1,266	244	163
	<u>4,430</u>	<u>3,508</u>		
<i>Deferred tax assets</i>				
Differences in depreciation for tax purposes	(43)	(34)	(9)	–
Provisions and other taxable temporary differences	(308)	(254)	(54)	(55)
	<u>(351)</u>	<u>(288)</u>		
Deferred tax expense			<u>895</u>	<u>921</u>
			Company Balance sheet	
			2021 \$'000	2020 \$'000
<i>Deferred tax liabilities</i>				
Differences in depreciation for tax purposes			7	7
Net deferred tax liabilities			<u>7</u>	<u>7</u>

As at 30 June 2021, the Group has tax losses and capital allowances of approximately \$21,370,000 (2020: \$18,850,000) that are available for offset against future taxable profits of the companies in which the losses and capital allowances arose. No deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 23. Deferred tax (cont'd)

### Tax consequences of proposed dividends

There are no income tax consequences (2020: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 27).

## 24. Leases

### Group as a lessee

The Group has lease contracts for office premises and equipment. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has land use rights whereby upfront payment has been made over three plots of state-owned land in Vietnam and China, where the operations reside. The land use rights are not transferable and have a remaining tenure of 13 to 49 years (2020: 14 to 50 years).

The Group also has certain leases of asset with lease terms of 12 months or less and leases of asset with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Carrying amounts of right-of-use assets recognised and the movements during the period:

Group	Land use rights \$'000	Office Premises \$'000	Equipment \$'000	Total \$'000
<b>Cost:</b>				
As at 1.7.2019	2,059	2,824	12	4,895
Additions	3,996	787	–	4,783
Exchange difference on translation	74	(64)	–	10
As at 30.6.2020 and 1.7.2020	6,129	3,547	12	9,688
Additions	–	1,246	313	1,559
Derecognition due to early termination	–	(275)	–	(275)
Exchange difference on translation	151	197	(2)	346
	6,280	4,715	323	11,318
<b>Accumulated depreciation:</b>				
As at 1.7.2019	198	–	–	198
Depreciation	183	708	4	895
Exchange difference on translation	6	2	–	8
As at 30.6.2020 and 1.7.2020	387	710	4	1,101
Depreciation	163	1,023	95	1,281
Derecognition due to early termination	–	(188)	–	(188)
Exchange difference on translation	(2)	53	(1)	50
	548	1,598	98	2,244
<b>Net carrying amount:</b>				
As at 30.6.2021	5,732	3,117	225	9,074
As at 30.6.2020	5,742	2,837	8	8,587

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 24. Leases (cont'd)

(a) Carrying amounts of right-of-use assets recognised and the movements during the period (cont'd):

Company	Office Premises \$'000	Total \$'000
<b>Cost:</b>		
As at 1.7.2019, 30.6.2020 and 1.7.2020	268	268
Additions	194	194
Derecognition due to early termination	(275)	(275)
As at 30.6.2021	<u>187</u>	<u>187</u>
<b>Accumulated depreciation:</b>		
As at 1.7.2019	–	–
Charge for the year	96	96
As at 30.6.2020 and 1.7.2020	96	96
Charge for the year	100	100
Derecognition due to early termination	(188)	(188)
As at 30.6.2021	<u>8</u>	<u>8</u>
<b>Net carrying amount</b>		
As at 30.6.2021	<u>179</u>	<u>179</u>
As at 30.6.2020	<u>172</u>	<u>172</u>

(b) Carrying amounts of lease liabilities related to right-of-use assets and the movements during the period:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At the beginning of financial year	2,830	2,836	175	268
Additions	1,559	787	194	–
Derecognition due to early termination	(90)	–	(90)	–
Accretion of interest	136	126	4	6
Payments during the year	(1,511)	(980)	(104)	(99)
Translation differences	436	61	–	–
At the end of financial year	<u>3,360</u>	<u>2,830</u>	<u>179</u>	<u>175</u>
Represented by:				
Current	1,557	838	92	99
Non-current	1,803	1,992	87	76
	<u>3,360</u>	<u>2,830</u>	<u>179</u>	<u>175</u>

The maturity analysis of lease liabilities is discussed in Note 32(c).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 24. Leases (cont'd)

### (c) Amounts recognised in profit or loss

	2021 \$'000	2020 \$'000
Depreciation of right-of-use assets	1,281	895
Interest expense on lease liabilities	136	126
Lease expense not capitalised in lease liabilities		
- Expenses relating to short-term lease and low-value assets (included in administrative expense)	32	385
Total amount recognised in profit or loss	1,449	1,406

The Group had total cash outflows of leases of \$1,543,000 (2020: \$1,365,000).

## 25. Provision for restoration costs

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At the beginning of financial year	186	171	-	-
Increase in the year	4	15	-	-
At the end of financial year	190	186	-	-

## 26. Share capital

	Group and Company	
	2021 \$'000	2020 \$'000
Issued and fully paid		
At beginning and end of financial year		
- 115,365,000 ordinary shares	13,145	13,145

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

## 27. Dividends

	Group and Company	
	2021 \$'000	2020 \$'000
<b>Declared and paid during the year</b>		
Final exempt (one-tier) dividend of 2.80 (2020: 3.30) cents per ordinary share in respect of the previous financial year	3,230	3,807
<b>Proposed but not recognised as a liability as at 30 June</b>		
Final exempt (one-tier) dividend of 4.50 (2020: 2.80) cents per ordinary share	5,191	3,230

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 28. Reserves

### (a) *Foreign currency translation reserve*

The foreign currency translation reserve is used to record 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.

### (b) *Reserve fund*

In accordance with the relevant laws and regulations of the China ("PRC"), profits of the subsidiaries, Spindex Precision Engineering (Shanghai) Co., Ltd., and Spindex Precision Engineering (Suzhou) Co., Ltd., are available for distribution in the form of cash dividends to the investors after the subsidiaries have (1) satisfied all tax liabilities; (2) provided for losses in previous years and (3) made appropriations to statutory reserve fund. The subsidiaries have to appropriate at least 10% of its annual profit after tax as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiaries until the statutory reserve fund reaches 50% of its registered capital. Appropriation to the staff bonus and welfare fund is determined at the discretion of the board of directors of the subsidiaries.

The statutory reserve fund is not available for distribution as dividends but it can be used to offset losses or be capitalised as capital.

For the financial year ended 30 June 2021, the board of directors of the subsidiaries resolved to appropriate 10% (2020: 10%) of the net profit as reported in its statutory financial statements for the financial year ended 30 June 2021 to the reserve fund.

## 29. Related party transactions

Except for related party information disclosed elsewhere in the financial statements, there were no transactions between the Group and related parties during the year.

### *Compensation of key management personnel*

	Group and Company	
	2021	2020
	\$'000	\$'000
Short-term employee benefits	3,218	2,320
Defined contribution plans	20	21
Directors' fees	242	215
Total compensation paid	<u>3,480</u>	<u>2,556</u>

## 30. Capital expenditure commitments

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

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Commitments in respect of property, plant and equipment	<u>25,248</u>	<u>5,343</u>	<u>50</u>	<u>-</u>

Commitments in respect of property, plant and equipment mainly relates to the construction of factory building and purchase of machineries in Malaysia and China.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 31. Segment information

For management purposes, the Group is organised on a world-wide basis into major product categories based on the industries in which the Group serves, as follows:

- (i) Imaging and printing
- (ii) Machinery and automotive systems
- (iii) Others (domestic appliances, consumer electronics, data storage, telecommunications and others)

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

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

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs), other operating income, administrative expenses and income taxes are managed on a group basis and are not allocated to the product categories.

### ***Allocation basis and transfer pricing***

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

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 31. Segment information (cont'd)

### (a) Business segments

	Imaging and printing		Machinery and automotive systems		Others*		Adjustments and eliminations		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>										
External customers	48,024	32,423	93,640	68,730	63,271	48,473	-	-	204,935	149,626
Inter-segment	2,216	681	19,645	18,956	4,615	1,035	(26,476)	(20,672)	-	-
Total revenue	50,240	33,104	113,285	87,686	67,886	49,508	(26,476)	(20,672)	204,935	149,626
Segment profit	11,245	6,764	21,926	14,339	14,814	10,773	-	-	47,985	31,876
Distribution and selling expenses	(886)	(644)	(1,727)	(1,366)	(1,166)	(963)	-	-	(3,779)	(2,973)
Impairment loss on trade receivables	(19)	(74)	(83)	(92)	(88)	(100)	-	-	(190)	(266)
Unallocated other income									3,458	2,395
Unallocated expenses									(21,946)	(16,068)
Operating profit									25,528	14,964
Financial expenses									(193)	(133)
Share of loss in joint venture									(250)	-
Income tax expense									(3,815)	(2,640)
Net profit for the financial year									21,270	12,191
<b>Assets</b>										
Trade receivables	8,879	4,715	23,598	12,143	7,483	4,778	-	-	39,960	21,636
Unallocated assets									179,825	145,453
Total assets									219,785	167,089
<b>Liabilities</b>										
Provision for defects	303	200	590	424	400	298	-	-	1,293	922
Unallocated liabilities									70,711	38,376
Total liabilities									72,004	39,298
<b>Other segment information</b>										
Depreciation of plant and machinery	1,708	1,496	3,330	3,171	2,261	2,236	-	-	7,299	6,903
Unallocated depreciation of other assets									2,410	2,164
Depreciation expense for the financial year									9,709	9,067

\* Others – include domestic appliances, consumer electronics, data storage, telecommunications and others

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 31. Segment information (cont'd)

### (b) *Geographical segments*

The Group's geographical segments are based on the location of the Group's customers. Non-current assets and additions to property, plant and equipment and right-of-use assets are based on the location of those assets.

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

	Revenue		Non-current assets		Capital expenditure	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
China	83,523	53,425	30,713	20,445	12,273	820
Singapore	2,276	3,916	2,118	588	219	11
ASEAN (excludes Singapore)	44,788	32,259	55,687	44,366	17,999	8,046
USA, Europe and others	74,348	60,026	–	–	–	–
	<u>204,935</u>	<u>149,626</u>	<u>88,518</u>	<u>65,399</u>	<u>30,491</u>	<u>8,877</u>

#### Information about major customers

Individual customers with revenue more than 10% of the Group's total revenue amounted to \$53,056,000 (2020: \$41,688,000) and \$33,161,000 (2020: \$24,791,000), arising from "Machinery and automotive systems" segments and "Others" segments respectively.

## 32. Financial risk management and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Financial Controller. 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 derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

### (a) *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 the Group entities, primarily United States Dollars ("USD").

The foreign currencies in which these transactions are denominated are mainly in USD. Approximately 64% (2020: 71%) of the Group's sales are denominated in foreign currencies while almost 16% (2020: 12%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the date of the reporting period have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the date of the reporting period, such foreign currency balances (mainly in USD) amounted to \$18,880,000 (2020: \$21,143,000) and \$4,600,000 (2020: \$3,890,000) for the Group and the Company respectively. The foreign currency balances are described in more detail in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### (a) Foreign currency risk (cont'd)

As at 30 June 2021, the Group and Company did not hold any financial derivatives. (2020: Nil).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, China ("PRC") and Vietnam. The Group's net investments in Malaysia, PRC and Vietnam are not hedged as currency positions in Ringgit Malaysia ("RM"), Renminbi ("RMB") and USD are considered to be long-term in nature.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a 10% (2020: 10%) strengthening or weakening of USD exchange rates against SGD, with all other variables held constant, on the Group's and Company's profit before taxation.

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
USD / SGD - strengthened	2,047	3,584	930	974
- weakened	(2,047)	(3,584)	(930)	(974)

### (b) 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 the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- Actual or expected significant changes in the operating results of the counterparty

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### (b) Credit risk (cont'd)

- Significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparties in the group and changes in the operating results of the counterparty.

Regardless of the analysis above, a significant increase in credit risk is presumed if a counterparty is more than 30 days past due in making contractual payment.

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

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

The Group categorises a receivable for potential write-off when a counterparty fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

#### Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

	Unbilled receivables \$'000	Current \$'000	< 30 days past due \$'000	> 30 days past due \$'000	> 60 days past due \$'000	> 90 days past due \$'000	Total \$'000
<b>30 June 2021</b>							
Gross carrying amount	-	36,678	2,475	64	2	7	39,226
Loss allowance provision	-	(437)	(21)	*	*	(7)	(465)
<b>30 June 2020</b>							
Gross carrying amount	517	19,184	1,484	241	130	7	21,563
Loss allowance provision	(3)	(249)	(19)	(1)	(1)	(2)	(275)

Note : \* figure less than \$1,000

Information regarding loss allowance movement of trade receivables are disclosed in Note 15.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### (b) Credit risk (cont'd)

#### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

#### Exposure to credit risk

At the date of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the balance sheets.

#### Credit risk concentration profile

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

	Outstanding balance		Percentage of total trade receivables	
	2021 \$'000	2020 \$'000	2021 %	2020 %
<b>By industry:</b>				
Imaging and printing	8,879	4,639	23	22
Machinery and automotive systems	23,607	11,949	61	56
Others	6,275	4,700	16	22
<b>By region:</b>				
Singapore	436	971	1	5
China	18,156	12,606	47	59
ASEAN (excludes Singapore)	6,862	4,375	18	20
USA, Europe and others	13,307	3,336	34	16

At the date of the reporting period, approximately 37% (2020: 50%) of the Group's trade receivables were due from 5 major customers who are multi-industry conglomerates.

#### Other receivables and amounts due from subsidiaries

The Group/Company has assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate, and concluded that there has been no significant increase in the credit risk since initial recognition of the financial assets. Accordingly, the Group has determined that the ECL on other receivables and amounts due from subsidiaries is insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### (c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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

<b>Group</b>	<b>One year or less \$'000</b>	<b>2 to 5 years \$'000</b>	<b>Total \$'000</b>
<b>2021</b>			
<b>Financial assets</b>			
Trade receivables	38,761	–	38,761
Other receivables and deposits	1,853	–	1,853
Cash and cash equivalents	43,891	–	43,891
Total undiscounted financial assets	<u>84,505</u>	<u>–</u>	<u>84,505</u>
<b>Financial liabilities</b>			
Trade payables	29,443	–	29,443
Other payables and accruals	23,688	–	23,688
Loans and borrowings	2,106	4,661	6,767
Lease liabilities	1,679	1,886	3,565
Total undiscounted financial liabilities	<u>56,916</u>	<u>6,547</u>	<u>63,463</u>
Total net undiscounted financial assets/(liabilities)	<u>27,589</u>	<u>(6,547)</u>	<u>21,042</u>
<b>2020</b>			
<b>Financial assets</b>			
Trade receivables	21,288	–	21,288
Other receivables and deposits	875	–	875
Cash and cash equivalents	51,188	–	51,188
Total undiscounted financial assets	<u>73,351</u>	<u>–</u>	<u>73,351</u>
<b>Financial liabilities</b>			
Trade payables	14,770	–	14,770
Other payables and accruals	14,846	–	14,846
Loans and borrowings	60	165	225
Lease liabilities	961	2,267	3,228
Total undiscounted financial liabilities	<u>30,637</u>	<u>2,432</u>	<u>33,069</u>
Total net undiscounted financial assets/(liabilities)	<u>42,714</u>	<u>(2,432)</u>	<u>40,282</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### (c) *Liquidity risk (cont'd)*

Company	One year or less \$'000	Over one year \$'000	Total \$'000
<b>2021</b>			
<b>Financial assets</b>			
Trade receivables	6,913	–	6,913
Other receivables and deposits	132	–	132
Due from subsidiaries	384	–	384
Cash and cash equivalents	6,773	–	6,773
Total undiscounted financial assets	14,202	–	14,202
<b>Financial liabilities</b>			
Trade payables	168	–	168
Other payables and accruals	3,727	–	3,727
Due to subsidiaries	5,565	–	5,565
Loans and borrowings	761	4,661	5,422
Lease liabilities	96	88	184
Total undiscounted financial liabilities	10,317	4,749	15,066
Total net undiscounted financial assets/(liabilities)	3,885	(4,749)	(864)
<b>2020</b>			
<b>Financial assets</b>			
Trade receivables	4,020	–	4,020
Other receivables and deposits	137	–	137
Due from subsidiaries	5,895	–	5,895
Cash and cash equivalents	8,100	–	8,100
Total undiscounted financial assets	18,152	–	18,152
<b>Financial liabilities</b>			
Trade payables	163	–	163
Other payables and accruals	2,410	–	2,410
Due to subsidiaries	1,207	–	1,207
Loans and borrowings	60	165	225
Lease liabilities	100	78	178
Total undiscounted financial liabilities	3,940	243	4,183
Total net undiscounted financial assets/(liabilities)	14,212	(243)	13,969

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 33. Fair value of assets and liabilities

### (a) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability

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

### (b) Assets and liabilities measured at fair value

At the end of the reporting period, there are no financial instruments that are carried at fair value.

### (c) Assets and liabilities not measured at fair value, for which fair value is disclosed

The fair value of non-current liabilities which are not carried at fair value in the balance sheet is presented in the following table. The fair value is estimated using discounted cash flow analysis using discount rate that reflects the issuer's borrowing rate at the end of the reporting period.

	Note	2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$'000	\$'000	\$'000	\$'000
Obligations under hire purchase arrangement	22	95	92	149	132

### (d) Assets and liabilities are measured at fair value and whose carrying amounts are reasonable approximation of fair value

*Trade and other receivables and payables, amounts due from/(to) subsidiaries, cash and cash equivalents and loans and borrowings (current).*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## **34. Capital management**

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2021 and 2020.

As disclosed in Note 28(b), certain subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the calendar years ended 31 December 2020 and 2019.

## **35. Events occurring after the reporting period**

On 13 September 2021, the Company's Board of Directors has approved through a Directors' Resolution to make additional capital injection of \$18,225,000 into Spindex Precision Technologies (Nantong) Co., Ltd. for the purpose of funding the ongoing construction of the factory building and its related costs. The Company will continue to hold 100% equity in the subsidiary.

On 22 September 2021, the Company has drawn down a short term loan of approximately \$8,100,000 from its bank. The interest rate is at 1.15% per annum, and is due within 6 months from the drawn down date.

## **36. Authorisation of financial statements for issue**

The financial statements for the financial year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 5 October 2021.

# DETAILS OF MAJOR PROPERTIES IN THE GROUP

For the financial year ended 30 June 2021

Major properties of the Group are as follows:

DESCRIPTION	LOCATION	AREA (SQ. METRES)	TENURE OF LEASE	NET BOOK VALUE	
				2021 \$'000	2020 \$'000
Leasehold property	<u>China</u> 475 Fa Sai Road WaiGaoQiao Free Trade Zone Shanghai 200131 China	8,144	50 years	2,223	2,232
	<u>Vietnam</u> Lot No. 7A Noi Bai Industrial Zone Quang Tien Commune Soc Son District Hanoi Vietnam	9,578	30 years	751	802
	<u>Vietnam</u> Lot No. 8A Noi Bai Industrial Zone Quang Tien Commune Soc Son District Hanoi Vietnam	10,575	25 years	4,414	4,667
Freehold property	<u>Malaysia</u> 6 Jalan Istimewa 7 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Malaysia	9,470	NA	2,272	2,317
	<u>Malaysia</u> 8 Jalan Istimewa 7 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Malaysia	8,364	NA	3,267	3,292

# STATISTICS OF SHAREHOLDINGS

As at 13 September 2021

Issued and Fully Paid-up Shares	:	115,365,000
Class of Shares	:	Ordinary shares
Voting Rights	:	On show of hands – one vote for each member On poll – one vote for each ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	4	1.15	73	0.00
100 - 1,000	60	17.14	46,964	0.04
1,001 - 10,000	165	47.14	906,151	0.78
10,001 - 1,000,000	116	33.14	11,072,700	9.60
1,000,001 AND ABOVE	5	1.43	103,339,112	89.58
<b>TOTAL</b>	<b>350</b>	<b>100.00</b>	<b>115,365,000</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	86,764,212	75.21
2	DBS NOMINEES (PRIVATE) LIMITED	8,594,900	7.45
3	LOW BOON YONG	3,753,000	3.25
4	PHILLIP SECURITIES PTE LTD	2,586,700	2.24
5	OCBC SECURITIES PRIVATE LIMITED	1,640,300	1.42
6	NG KWONG CHONG OR LIU OI FUI IVY	900,000	0.78
7	SEE BENG LIAN JANICE	882,400	0.76
8	LOW WEI MIN JAMES (LIU WEIMING, JAMES)	795,800	0.69
9	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	665,000	0.58
10	JERRY ONG SER KAI	651,000	0.56
11	WEE WEI LING	480,000	0.42
12	ABN AMRO CLEARING BANK N.V.	437,700	0.38
13	RAFFLES NOMINEES (PTE.) LIMITED	351,200	0.30
14	CITIBANK NOMINEES SINGAPORE PTE LTD	348,400	0.30
15	LAI KAH SHEN	310,000	0.27
16	SEET CHRISTINA	300,100	0.26
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	264,600	0.23
18	TAN SUNG SUNG	205,300	0.18
19	GO MEI LIN	203,000	0.18
20	TAN DENG LANG	185,700	0.16
	<b>TOTAL</b>	<b>110,319,312</b>	<b>95.62</b>

Based on the information available to the Company, approximately 25.05% of the Company's equity securities are held in the hands of the public. This is in compliance with Rule 723 of the Listing manual of the SGX-ST which require at least 10% public float of a listing issuer's equity securities to be held by public.

# STATISTICS OF SHAREHOLDINGS

As at 13 September 2021

## Substantial Shareholders

<b>NAME OF SUBSTANTIAL SHAREHOLDERS</b>	<b>NO. OF SHARES DIRECT INTEREST</b>	<b>NO. OF SHARES DEEMED INTEREST</b>
Hong Wei Holdings Ltd (“Hong Wei”)	86,470,312 <sup>(1)</sup>	–
Tan Choo Pie @ Tan Chang Chai	–	86,470,312 <sup>(2)</sup>
Tan Ai Wang	–	86,470,312 <sup>(3)</sup>
Tan Heok Ting	–	86,470,312 <sup>(4)</sup>

### Notes:

- (1) Hong Wei’s interest registered under UOB Kay Hian Pte Ltd.
- (2) Mr Tan Choo Pie @ Tan Chang Chai owns 55% of the issued share capital of Hong Wei, and is deemed to be interested in all of the shares in which Hong Wei has an interest.
- (3) Ms Tan Ai Wang, the spouse of Mr Tan Choo Pie @ Tan Chang Chai, owns 25% of the issued share capital of Hong Wei, and is deemed to be interested in all of the shares in which Hong Wei has an interest.
- (4) Mr Tan Heok Ting owns 20% of the issued share capital of Hong Wei, and is deemed to be interested in all of the shares in which Hong Wei has an interest.

# NOTICE OF THE 34TH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 34th Annual General Meeting of Spindex Industries Limited (the “**Company**”) will be held by way of electronic means on Wednesday, 27 October 2021 at 2.30 p.m., for the following purposes:

## **AS ROUTINE BUSINESS:**

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 30 June 2021, together with the Auditors’ Report thereon.  
**(Resolution 1)**
2. To declare a final dividend of 4.50 cents per ordinary share tax exempt (one-tier) for the financial year ended 30 June 2021 (previous year: final dividend of 2.80 cents per ordinary share tax exempt (one-tier)).  
**(Resolution 2)**
3. To re-elect Mr Tan Choo Pie @ Tan Chang Chai as a Director under Article 115 of the Company’s Constitution. [See Explanatory Note (i)]  
**(Resolution 3)**
4. To note that Mr Chan Meng Wah Alexander will be retiring pursuant to Article 115 of the Company’s Constitution and he will not be seeking re-election at this Annual General Meeting.
5. To re-elect Mr Hoon Tai Meng as a Director under Article 119 of the Company’s Constitution. [See Explanatory Note (ii)]  
**(Resolution 4)**
6. To approve the payment of Director’s fees of S\$27,280 for financial year ended 30 June 2020. [See Explanatory Note (iii)]  
**(Resolution 5)**
7. To approve the payment of Directors’ fees of S\$215,160 for the financial year ended 30 June 2021 (previous year: S\$215,160).  
**(Resolution 6)**
8. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.  
**(Resolution 7)**
9. To transact any other routine business that 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 modifications:

### **10. SHARE ISSUE MANDATE**

That pursuant to Section 161 of the Companies Act, Chapter 50 (the “**Companies Act**”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company to:

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

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

# NOTICE OF THE 34TH ANNUAL GENERAL MEETING

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

provided that:

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed ten per cent. (10%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company shall be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares 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 exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (iii) 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 for the time being of the Company; and
- (iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution 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 the earlier.  
[See Explanatory Note (iv)] **(Resolution 8)**

## 11. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company (the “**Directors**”) of all the powers 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 Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to but not exceeding the Maximum Price (as hereafter defined), whether by way of:
  - (i) on-market purchases (“**Market Purchases**”) transacted through the Singapore Exchange Securities Trading Limited’s (“**SGX-ST**”) trading system and/or any other securities exchange on which the Shares may for the time being be listed and quoted (the “**Other Exchange**”), through one or more duly licensed dealers appointed by the Company for the purpose; and/or

# NOTICE OF THE 34TH ANNUAL GENERAL MEETING

- (ii) off-market purchases (“**Off-Market Purchases**”), otherwise than on a securities exchange, made in accordance with an equal access scheme as defined in Section 76C of the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Companies Act, the memorandum and articles of association of the Company and the listing rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the date by which the next annual general meeting of the Company is required to be held; and
  - (iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Market Day**” means a day on which the SGX-ST is open for trading in securities;

“**Maximum Percentage**” means that number of issued Shares representing 10% of the issued Shares as at the date of the passing of this Resolution; and

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
  - (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;
- (d) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held as a treasury share and dealt with in accordance with the Companies Act; and

# NOTICE OF THE 34TH ANNUAL GENERAL MEETING

- (e) the Directors of the Company and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing such documents as may be required and approving any amendments, alterations or modifications to any documents) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution and/or the Share Purchase Mandate.

**(Resolution 9)**

By Order of the Board

Abdul Jabbar Bin Karam Din  
Company Secretary

Singapore, 12 October 2021

## Explanatory Notes

- (i) **Resolution 3** - is to re-elect Mr Tan Choo Pie @ Tan Chang Chai as a Director of the Company. Mr Tan Choo Pie @ Tan Chang Chai will, upon re-election, continue as the Chairman of the Board.
- (ii) **Resolution 4** - is to re-elect Mr Hoon Tai Meng as a Director of the Company. Mr Hoon Tai Meng will, upon re-election, continue as an Independent Director of the Board, Member of the Audit, Remuneration and Nominating Committees.
- (iii) **Resolution 5** - is in relation to the payment of pro-rated director's fee for FY2020 to Mr Chew Heng Ching following his retirement as an Independent Director on 25 October 2019.
- (iv) **Resolution 8** - proposed in item 10 above, if passed, is to empower the Directors to allot and issue shares in the capital of the Company and/or Instruments (as defined above), and to issue shares in pursuance of such Instruments. The aggregate number of shares to be issued pursuant to Resolution 8 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company, with a sub-limit of ten per cent. (10%) for shares issued other than on a pro rata basis (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company will be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company at the time of the passing of Resolution 8, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 8, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

## Notes:

1. The Annual General Meeting of the Company (the "**AGM**" or the "**Meeting**") to be held on Wednesday, 27 October 2021 at 2.30 p.m. is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of this Notice of AGM, the Appendix accompanying this Notice of AGM and the accompanying proxy form for the Meeting will not be sent to members of the Company.** Instead, this Notice of AGM, the Appendix accompanying this Notice of AGM and the accompanying proxy form for the Meeting will be published on (i) the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>; and (ii) the Company's corporate website at the URL <http://www.spindex.com.sg>.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Meeting, are set out in the Company's accompanying letter to shareholders dated 12 October 2021 (the "**Announcement**"), which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Announcement may also be accessed at the Company's corporate website at the URL <http://www.spindex.com.sg>. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of AGM in respect of the Meeting.

# NOTICE OF THE 34TH ANNUAL GENERAL MEETING

In particular, the Meeting will be held by way of electronic means and a member of the Company will be able to observe the proceedings of the Meeting through a “live” webcast (“**LIVE WEBCAST**”) via his/her/its smart phones, tablets or computers. In order to do so, a member of the Company who wishes to watch the LIVE WEBCAST must register **by 2.30 p.m. on 24 October 2021** (“**Registration Deadline**”) (being not less than seventy-two (72) hours before the time appointed for holding the Meeting), at the URL <https://bit.ly/SpindexAGM2021>. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive an email on their authentication status by **25 October 2021**. Members who do not receive any email by 2.30 p.m. on 25 October 2021, but have registered by the Registration Deadline, should contact the Company at [support@rajahtann.com](mailto:support@rajahtann.com).

Persons who hold the shares of the Company through relevant intermediaries, including Central Provident Fund (“**CPF**”) / Supplementary Retirement Scheme (“**SRS**”) investors, should contact the relevant intermediary (which would include, in the case of CPF/SRS investors, their respective CPF Agent Banks/ SRS Operators) through which they hold such shares of the Company to submit their votes to the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., by post at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or by email at [corporate@spindex.com.sg](mailto:corporate@spindex.com.sg) at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 18 October 2021) in order for the necessary arrangements to be made for their participation at the AGM.

3. **Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member of the Company (whether individual or corporate and including a Relevant Intermediary\*) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting.** In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary\*) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
  - (a) if sent by post, be lodged at the office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
  - (b) if submitted by email, be received by the Company at [corporate@spindex.com.sg](mailto:corporate@spindex.com.sg),

in either case, **by 2.30 p.m. on 25 October 2021** (being not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

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

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

CPF/SRS investors who wish to appoint the Chairman of the AGM to act as their proxy should approach their respective CPF Agent Banks/ SRS Operators to submit their votes to the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., by post at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or by email at [corporate@spindex.com.sg](mailto:corporate@spindex.com.sg) at least seven (7) working days before the AGM (i.e. **by 5.00 p.m. on 18 October 2021**).

6. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.
7. Members will not be able to ask questions “live” during the broadcast of this AGM. All members may submit questions relating to the business of this AGM no later than 2.30 p.m. on 20 October 2021:
  - a. via the pre-registration website at <https://bit.ly/SpindexAGM2021>;
  - b. by post to the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

# NOTICE OF THE 34TH ANNUAL GENERAL MEETING

**In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, members and Investors are strongly encouraged to submit their questions via the pre-registration website.** The Company will endeavour to answer all substantial and relevant questions prior to, or at, this AGM.

8. All documents (including the Annual Report 2021, the proxy form and this Notice of AGM) or information relating to the business of this AGM have been, or will be, published on SGXNet and/or the Company's website at <http://www.spindex.com.sg/en/Investor.aspx>. **Printed copies of these documents will not be despatched to members.** Members and CPF/SRS investors are advised to check SGXNet and/or the Company's website regularly for updates.
9. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.
10. 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, Chapter 50 of Singapore.

\* A Relevant Intermediary is:

- (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; or
- (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.

## **Personal data privacy:**

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

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Director who is seeking re-election at the forthcoming annual general meeting of the Company as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	<b>Tan Choo Pie @ Tan Chang Chai</b>	<b>Hoon Tai Meng</b>
Date of Appointment	01-07-1989	30-09-2021
Date of last re-appointment (if applicable)	26-10-2018	–
Age	75	70
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the qualification, work experience and suitability of Mr Tan Choo Pie @ Tan Chang Chai for re-appointment as the Chairman of the Board.</p> <p>The Board has concluded that Mr Tan Choo Pie @ Tan Chang Chai possesses the experience, qualifications, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the qualification, work experience and suitability of Mr Hoon Tai Meng for re-appointment as the Chairman of the Board.</p> <p>The Board has concluded that Mr Hoon Tai Meng possesses the experience, qualifications, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	Yes, Mr Tan Choo Pie @ Tan Chang Chai is primarily responsible for providing overall leadership to the board, formulating the long term plans in conjunction with the Managing Director, and playing an active part in setting the agenda for board meetings. Mr Tan Choo Pie @ Tan Chang Chai also ensures Directors receive accurate, timely and clear information, fosters effective communication with shareholders, encourages constructive relations between the Board and Management, and among Directors, and promotes high standards of corporate governance.	The appointment is non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Independent Non-Executive Director, Member of Audit Committee, Member of Remuneration Committee, Member of Nominating Committee

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Tan Choo Pie @ Tan Chang Chai	Hoon Tai Meng
Working experience and occupation(s) during the past 10 years	1989 - Current Spindex Industries Ltd. - Executive Chairman	2018 - Current RHTLaw Asia LLP - Senior Consultant  2011 - 2018 Chip Eng Seng Corporation Ltd. - Executive Director  2007 - 2011 KhattarWong LLP - Partner  1997 - 2007 T M Hoon & Co. - Managing Partner
Shareholding interest in the listed issuer and its subsidiaries	Yes - Mr Tan Choo Pie @ Tan Chang Chai owns 55% of the issued share capital of Hong Wei, and is deemed to be interested in all of the shares in which Hong Wei has an interest.	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes - The Chairman is the father of the Managing Director.	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# (for the last 5 years)  Past		Pavillon Holdings Ltd. - Director  Ardille Pte. Ltd. - Director  ACP Metal Finishing Pte. Ltd. - Director  CES-China Holding Pte. Ltd. - Director  CES-Fort Pte. Ltd. - Director  CES-West Coast Pte. Ltd. - Director

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Tan Choo Pie @ Tan Chang Chai	Hoon Tai Meng
Past (cont'd)		<p>CES-Land Pte. Ltd. - Director</p> <p>CES-Vietnam Holdings Pte. Ltd. - Director</p> <p>CES-VH Holdings Pte. Ltd. - Director</p> <p>CES-NB Pte. Ltd. - Director</p> <p>Grange Properties Pte. Ltd. - Director</p> <p>PH Properties Pte. Ltd. - Director</p> <p>Chip Eng Seng Corporation Ltd. - Executive Director</p> <p>CES Building &amp; Construction Pte. Ltd. - Director</p> <p>CEL- Alexandra Pte. Ltd. - Director</p> <p>CEL Property Pte. Ltd. - Director</p> <p>CEL-Yishun (Residential) Pte. Ltd. - Director</p> <p>CEL-Yishun (Commercial) Pte. Ltd. - Director</p> <p>CEL Property Investment (Australia) Pte. Ltd. - Director</p> <p>CEL Property Investment Pte. Ltd. - Director</p> <p>CEL Residential Development Pte. Ltd. - Director</p> <p>CEL Property (M) Pte. Ltd. - Director</p> <p>Fernvale Development Pte. Ltd. - Director</p> <p>Sin Ghee Huat Corporation Ltd. - Director</p> <p>Cocoaorient Pte. Ltd. - Director</p>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Tan Choo Pie @ Tan Chang Chai	Hoon Tai Meng
Present	<p>Spindex Precision Engineering (Shanghai) Co. Ltd. - Director</p> <p>Spindex Precision Engineering (Suzhou) Co. Ltd. - Director</p> <p>Spindex Industries (Hanoi) Co. Ltd. - Director</p> <p>Synturn (M) Sdn. Bhd. - Director</p> <p>Unicorn (WA) Pte. Ltd. - Director</p> <p>Capita Development LLC - Director</p> <p>Hong Wei Holdings Ltd. - Director</p>	<p>Ee Hoe Hean Club - Director</p> <p>Koufu Group Limited - Director</p> <p>Hock Lian Seng Holdings Limited - Director</p> <p>Aedge Group Ltd. - Director</p> <p>Federal International (2000) Ltd. - Director</p> <p><u>Other Principal Commitments</u></p> <p>RHTLaw Asia LLP - Senior Consultant</p>
<p><b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b></p>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Tan Choo Pie @ Tan Chang Chai	Hoon Tai Meng
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Tan Choo Pie @ Tan Chang Chai	Hoon Tai Meng
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or  (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or  (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Tan Choo Pie @ Tan Chang Chai	Hoon Tai Meng
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
<b>Disclosure applicable to the appointment of Director only</b>		
Any prior experience as a director of an issuer listed on the Exchange?  If yes, please provide details of prior experience.	MMI Holdings Limited	Sin Ghee Huat Corporation Ltd.  Koufu Group Limited  Hock Lian Seng Holdings Limited  Pavillon Holdings Ltd.  Chip Eng Seng Corporation Ltd.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		

# SPINDEX INDUSTRIES LIMITED

(Incorporated in the Republic of Singapore)  
(Registration No. 198701451M)

## PROXY FORM 34TH ANNUAL GENERAL MEETING (Please see notes overleaf before completing this Form)

### IMPORTANT:

1. The Annual General Meeting of the Company to be held on Wednesday, 27 October 2021 at 2.30 p.m. (and any adjournment thereof) (the "AGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM, and this Proxy Form will not be sent to members. Instead, the Notice of AGM, and this Proxy Form will be sent to members by electronic means via publication on the Company's website at the URL <http://www.spindex.com.sg> and the SGXNet.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM, are set out in the accompanying Company's letter to shareholders dated 12 October 2021 (the "Announcement"), which has been uploaded together with the Notice of AGM dated 12 October 2021 on SGXNet on the same day. The Announcement may also be accessed at the Company's corporate website at the URL <http://www.spindex.com.sg>. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 12 October 2021 in respect of the AGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member of the Company (whether individual or corporate and including a Relevant Intermediary) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their CPF/SRS Operators to submit their votes by 5.00 p.m. on 18 October 2021.

**By submitting an instrument appointing the Chairman of the AGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 October 2021.**

**Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport Number/ Company Regn. No.)

of \_\_\_\_\_ (Address)

being a member/members of SPINDEX INDUSTRIES LIMITED (the "Company"), hereby appoints the Chairman of the annual general meeting of the Company (the "AGM"), as \*my/our proxy to vote for \*me/us on \*my/our behalf at the AGM to be held by way of electronic means on Wednesday, 27 October 2021 at 2.30 p.m. and at any adjournment thereof. \*I/We direct the Chairman of the AGM, being \*my/our proxy, to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as \*my/our proxy will be treated as invalid.

All Resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Resolutions	For **	Against **	Abstain **
	<b>ROUTINE BUSINESS</b>			
1.	Adoption of Directors' Report and Audited Financial Statements for the financial year ended 30 June 2021 <b>(Resolution 1)</b>			
2.	Payment of proposed final dividend of 4.50 cents per ordinary share tax exempt (one-tier) <b>(Resolution 2)</b>			
3.	Re-election of Mr Tan Choo Pie @ Tan Chang Chai as a Director <b>(Resolution 3)</b>			
4.	Re-election of Mr Hoon Tai Meng as a Director <b>(Resolution 4)</b>			
5.	Approval of Director's fees amounting to S\$27,280 for the financial year ended 30 June 2020 <b>(Resolution 5)</b>			
6.	Approval of Directors' fees amounting to S\$215,160 for the financial year ended 30 June 2021 <b>(Resolution 6)</b>			
7.	Re-appointment of Messrs Ernst & Young LLP as Auditors <b>(Resolution 7)</b>			
8.	Any other routine business			
	<b>SPECIAL BUSINESS</b>			
9.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Chapter 50 <b>(Resolution 8)</b>			
10.	Approval of the proposed adoption of the share purchase mandate <b>(Resolution 9)</b>			

\*\* If you wish to exercise all your votes "For" or "Against", or "Abstain" from voting the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that Resolution. In the absence of specific directions, the appointment of the Chairman as your proxy will be treated as invalid.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Total Number of Shares held in:	
Depository Register	
Register of Members	

\_\_\_\_\_  
Signature(s) of member(s)  
Or Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF.**

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. **Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. This proxy form may be accessed at the Company's website at <http://www.spindex.com.sg> and the SGXNet.** If a member of the Company (whether individual or corporate and including a Relevant Intermediary\*) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary\*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The instrument for the appointment of proxy may be accessed at the Company's website at <http://www.spindex.com.sg> or the SGXNet.
3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must:
  - (a) if sent by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
  - (b) if submitted by email, be received by the Company at [corporate@spindex.com.sg](mailto:corporate@spindex.com.sg),

in either case, by **2.30 p.m. on 25 October 2021** (being not less than forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

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

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

5. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised. (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.
6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. This proxy form is not valid for use by an investor who holds shares under the Central Provident Fund ("CPF")/Supplementary Retirement Scheme ("SRS") and shall be ineffective for all intents and purposes if used or purported to be used by him/her. Any CPF/SRS Investor who wishes to appoint the Chairman of the AGM as proxy should approach his/her respective CPF Agent Banks/SRS Operators to submit his/her votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. 18 October 2021)

\* A Relevant Intermediary is:

- (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; or
- (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.

**General:**

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

**Personal data privacy:**

By submitting this proxy form appointing the Chairman of the AGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of AGM dated 12 October 2021.

