



**Spindex Industries Limited**  
Annual Report 2015

# CORPORATE INFORMATION

## Board of Directors

Mr Tan Choo Pie @ Tan Chang Chai  
*Chairman*

Mr Tan Heok Ting  
*Managing Director*

Mr Chen Chang Rong  
*Executive Director*

Mr Chew Heng Ching  
*Lead Independent Director*

Mr Chan Meng Wah Alexander  
*Independent Director*

## Audit Committee

Mr Chew Heng Ching  
*Chairman*

Mr Chen Chang Rong

Mr Chan Meng Wah Alexander

## Remuneration Committee

Mr Chan Meng Wah Alexander  
*Chairman*

Mr Tan Choo Pie @ Tan Chang Chai

Mr Chew Heng Ching

## Nominating Committee

Mr Chan Meng Wah Alexander  
*Chairman*

Mr Tan Choo Pie @ Tan Chang Chai

Mr Chew Heng Ching

## Registered Office

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Singapore 628573  
Tel: (65) 62680078  
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Email: 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

Ms Loh Lee Eng

## Auditor

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

## Audit Partner-in-Charge

Mr Ng Boon Heng  
Date of Appointment:  
Since financial year ended 30 June 2013

## Bankers

DBS Bank  
Standard Chartered Bank  
Malayan Banking Berhad  
United Overseas Bank

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# ABOUT US

**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 Singapore, 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 2015.

**Tan Choo Pie @ Tan Chang Chai**  
*Chairman*

## Review of FY2015: A Good Performance

In FY2015, Spindex achieved another year of record performance. Turnover rose 16% to \$114.2 million and net profit attributable to shareholders grew 34% to \$12.4 million. The strong performance was underpinned by higher demand from existing customers.

The growth in turnover was broad-based across all business sectors. Notably, turnover from Machinery and Automotive Systems (MA) business sector went up by 26% from \$45.0 million in FY2014 to \$56.5 million in FY2015 as we delivered more automotive systems and machines tools to existing customers. The increase in business allocation from key customers is a testament to the success of the Group's customer-centric strategy. Imaging & Printing (IP) business sector also experienced higher demand from customers and recorded a 9% increase in turnover to \$36.2 million.

Buoyed by higher orders for components for domestic appliances and leisure products, contributions from the "Others" business sector which comprises the rest of the Group's businesses rose 9% to \$21.5 million.

The increase in sales drove gross profit up by 21% to \$27.3 million. During the year, the Group benefited from the strengthening of the US dollar against the Asian currencies as the bulk of our sales is dominated in US dollar. Together with the change in sales mix and lower input costs, gross profit margin improved to 24%. Under the favourable foreign exchange environment, the net foreign exchange loss of \$0.4 million in FY2014 was reversed to a net gain of \$1.9 million in FY2015. However, the Group recorded a loss of \$1.4 million on disposal on the sale of its 70% interest in Spindex Energy Services Pte Ltd.



# CHAIRMAN'S STATEMENT

Due to higher demand for its products, the Group's net profit attributable to shareholders rose 34% to record \$12.4 million in FY2015.

To reward shareholders for the strong financial performance, your Directors have proposed a first and final cash dividend of 2.8 Singapore cents per ordinary share. Subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 27 October 2015, the proposed dividend will be paid on 19 November 2015.

## Strengthening Our Core Competencies

As a highly integrated solution provider of precision machined components, Spindex takes pride in its ability to reconfigure our resources so as to meet the sophisticated and changing requirements of our customers. Over the years, we have forged close strategic partnerships with our key customers by focusing on supporting their business growth. In order to meet the evolving needs of our customers, the Group constantly strives to strengthen our core competencies through prudent and selective investments.

In FY2015, we focused on enhancing our manufacturing capabilities selectively for higher value-added products in industries with growth potential. The increased production capacity and productivity will accord us the flexibility to align our manufacturing activities to the customers' changing demand. In maintaining a longer term view when investing for a sustainable future, the Group's investments in relevant technology, productive assets and human capital are carried out at a steady pace without compromising our financial strength. Together with our consistent efforts to optimise productivity through resource allocation, the Group has benefited from the cumulative incremental improvements achieved over time.

## Prospects

Uncertainties persist in much of the global economy and this has contributed to a volatile business environment in East Asia. Besides uncertain business conditions, the Group is also mindful of other challenges such as fluctuation in input costs, increasing pricing pressures and a volatile US dollar. The Group maintains a cautious outlook for FY2016 and will remain vigilant in managing these business risks.

In addition, we will continue with our ongoing efforts to preserve our flexibility by maintaining our financial strength. As of 30 June 2015, the Group's balance sheet remains healthy with cash and bank balances amounted to \$22.7 million against negligible bank borrowings. The resultant comfortable net cash position will provide the Group with sufficient financial flexibility to meet market challenges as well as capitalise on business opportunities in the year ahead.

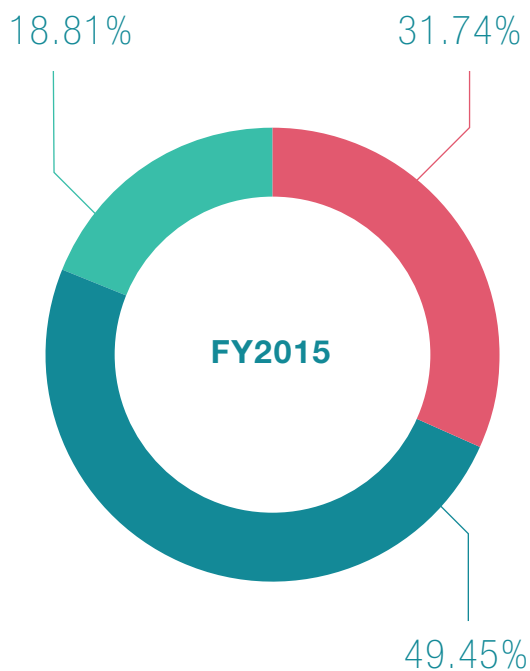
## A Word of Thanks

On behalf of the Board, I sincerely thank all our management and staff for their commitment and hard work in contributing to another year of record performance. I also wish to record my appreciation to my fellow directors for their wise counsel and assistance in guiding the Group. Last but not least, I remain grateful to all our customers, bankers, shareholders, business associates and suppliers for their continuing support throughout the year.

**Tan Choo Pie @ Tan Chang Chai**  
*Chairman*

# FINANCIAL HIGHLIGHTS

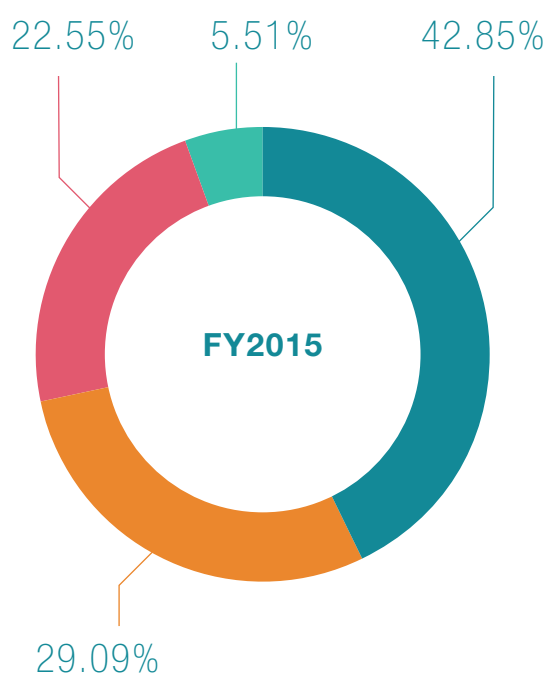
**TURNOVER BY BUSINESS SEGMENTS  
(\$'000)**



- Machinery & Automotive Systems
- Imaging & Printing
- Others

	FY2015	FY2014
Machinery & Automotive Systems	56,465	44,994
Imaging & Printing	36,242	33,331
Others	21,475	19,826
<b>Total</b>	<b>114,182</b>	<b>98,151</b>

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

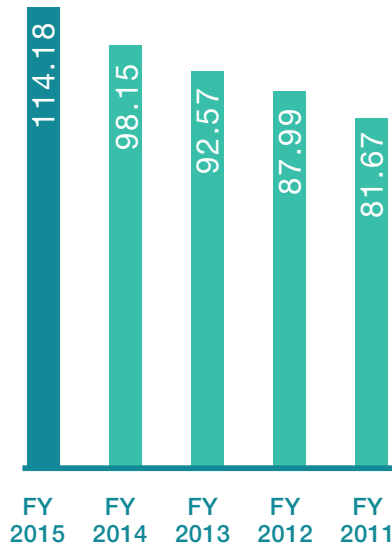


- People's Republic of China
- Asean
- USA, Europe and Others
- Singapore

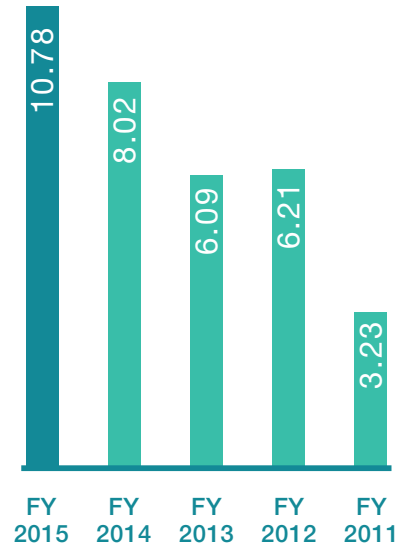
	FY2015	FY2014
People's Republic of China	48,932	40,751
ASEAN (Excludes Singapore)	33,213	30,701
USA, Europe and Others	25,743	21,284
Singapore	6,294	5,415
<b>Total</b>	<b>114,182</b>	<b>98,151</b>

# FINANCIAL HIGHLIGHTS

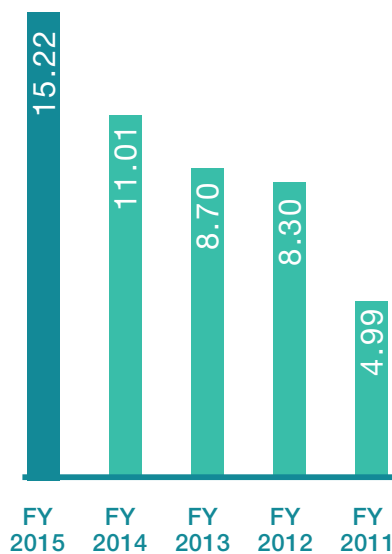
**TURNOVER**  
(\$ Million)



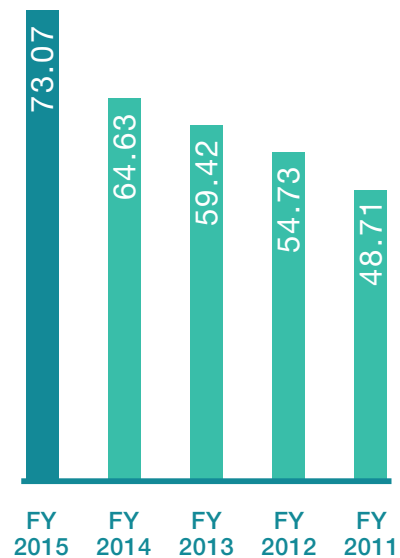
**EARNINGS PER SHARE**  
(\$ Cents)



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



**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

*Executive Director*

**Mr Chen Chang Rong** was appointed as Independent Director of the Company since 2005 and was re-designated as Executive Director in January 2009. 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 is currently an Independent Director of a company listed in the Shenzhen Stock Exchange and a consultant to several international companies in China. 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.



# BOARD OF DIRECTORS



## Chew Heng Ching

*Lead Independent Director*

**Mr Chew Heng Ching** has been an Independent Director of the Company since 1998 and Chairman of the Audit Committee. He has been appointed as Lead Independent Director since 1 January 2011. He has more than 30 years of senior management experience in both the public and private sectors and has served as Chairman and Managing Director of various public and private companies. He now sits on the Board of several other public listed companies and charities. Mr Chew is the Founding President of the Singapore Institute of Directors (“SID”) and past Chairman of its Governing Council. He is also a Board member and was Chairman of the Singapore International Chamber of Commerce from 2005 to 2007. He was also a Council member of the Singapore Business Federation. He served on both the Corporate Governance Committee and the Council on Corporate Disclosure and Governance. Mr Chew was also a former Deputy Speaker of the Singapore Parliament and a Member of Parliament from 1984 to 2006. He is a graduate, under a Colombo Plan Scholarship, in Industrial Engineering (First Class Honours) and Economics. He holds an Honorary Doctorate in Engineering. He is a Fellow of SID and CPA Australia.



## Chan Meng Wah Alexander

*Independent Director*

**Mr 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, currently Executive Vice-Chairman at Jebsen & Jessen SEA Pte Ltd, 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 till 2010, and is Chairman of Sistic Private Limited. 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.

# SENIOR MANAGEMENT

## **Francis Wong Liang Kwang**

*Group General Manager*

Mr Wong is currently responsible for the operations of Spindex Group. He joined Spindex Industries Limited in May 1986. Prior to joining the Company, Mr Wong had about 11 years of working experience, with a number of local precision engineering firms. Mr Wong was a Production Engineering Manager with a local precision engineering company before he joined the Company. He first joined Spindex Industries Limited as Production Manager. He was also responsible for the establishment of our Malaysia and Shanghai operations and was eventually promoted to Group General Manager of Spindex in January 2012.

## **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).



**Spindex Industries Limited**

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