



STAMFORD TYRES CORPORATION LIMITED

Company Registration No.: 198904416M
(Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

The Board of Directors (the "**Board**") of Stamford Tyres Corporation Limited (the "**Company**") and together with its subsidiaries (the "**Group**"), refers to questions raised by the Securities Investors Association (Singapore) ("**SIAS**") in relation to the Company's annual report for the financial year ended 30 April 2025. The questions raised by SIAS and the Company's corresponding responses are set out below:

Questions and Answers from/to SIAS

Q1. Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **Gross profit margin:** Management attributed the decline in gross profit margin from 26.3% in FY2024 to 24.4% in FY2025 to higher cost of tyres. **Could management elaborate on its pricing strategy and the specific measures being taken to restore and enhance margins, including how cost pressures are being mitigated? Have selling prices been revised up due to higher input costs?**

FY2025 gross profit margin of 24.4% was comparable to the last 10 years which ranged from a low of 21.8% to a high of 27.4%. The higher gross profit margin after Covid was opportunistic as we could set selling prices based on prevailing replacement cost then for our stock on hand. However, during FY2025, the selling prices were lower due to the influx of more Chinese brands into the market, pushing market prices down. The overall gross profit margin is also a result of our sales mix which could vary depending on market demand.

- (ii) **Competitive landscape:** Management also noted that many consumers have shifted towards more affordable options from Chinese tyre manufacturers. **How is the company positioning itself in this evolving competitive landscape? What strategic levers, such as product differentiation, distribution partnerships, brand positioning, or after-sales services, are being prioritised to sustain pricing power and defend market share in a price-sensitive market?**

The company is positioning itself by leveraging a multi-pronged strategy focused on brand reputation, product differentiation, and value-added services. The core idea is to shift the customer focus from being solely on price to a broader value proposition that includes quality, reliability, and long-term cost-effectiveness. We have recently ramped up our social media marketing efforts on Facebook with more frequent postings. Stamford Tyres also has other related businesses such as car and fleet servicing/repairs, which we will be shoring up.



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As mentioned in the Chairman's "letter to shareholders" of the annual report: "This 2025, the Group celebrates our 50th anniversary of Falken partnership with Sumitomo Rubber Industries (SRI), a testament to our enduring long-term collaboration and shared success in the global tyre industry. This milestone underscores our long-standing commitment to quality, service and innovation, which has been a cornerstone of our partnership."

- (iii) **Kapar integrated facility: What is the planned investment amount for the integrated Kapar facility? What new markets, customer segments, or service capabilities will this facility enable?**

As disclosed in our SGX announcement on 14 February 2025, the "estimated cost for the Construction Project, after conducting a Request for Proposal review process of qualified contractors, is approximately RM50 million (around S\$15 million)"

The primary purpose of the Construction Project is to consolidate the Group's current operations in Selangor from two separate locations in Glenmarie and Kapar into a single integrated facility at the Kapar site. The new facility in Kapar, with a planned gross floor area of approximately 24,500 square metres, is being developed to enhance operational efficiency and streamline the Company's operations in Malaysia. Currently, Stamford Tyres Malaysia's Selangor operations are based in an older commercial-light-industry building in Glenmarie, and from a basic container yard in Kapar.

- (iv) **Makassar retread plant: What is the projected market size and growth trajectory for the Makassar retread plant once operational?**

The Indonesian tyre retreading market for mining customers is expected to grow steadily in the coming years. Retreading of larger-sized Truck & Mining (OTR) Tyres is an environmentally-friendly process that recycles, conserves valuable rubber resources and reduces wastage. This helps the Group and its customers reduce their carbon footprint and achieve their sustainability goals.



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Q2. Despite reporting a profit, the group recorded a net cash outflow from operating activities of \$(6.5) million in 2025 (2024: \$19.9 million inflow). The largest uses of cash in working capital were inventories, which rose by \$12.6 million, and trade receivables, which increased by \$2.9 million.

CONSOLIDATED STATEMENT OF CASH FLOW

For the financial year ended 30 April 2025

(In Singapore Dollar)

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities:			
Profit before taxation		1,939	7,825
Adjustments for:			
Depreciation of property, plant and equipment	12	5,004	4,854
Depreciation of right-of-use assets	13	2,039	1,819
Gain on disposal of property, plant and equipment	9	(706)	(1,945)
Property, plant and equipment written off	9	311	2
Fair value (gain)/loss on derivatives	9	(185)	345
Bad debts (recovered)/written off	18	(111)	1
Unrealised foreign exchange adjustment		1,706	(2,890)
Interest income	5	(533)	(528)
Provision for/(write-back of) product warranties	27	110	(77)
Interest expense	8	4,899	4,827
Share of results of joint ventures	15	(933)	(831)
Operating cash flows before changes in working capital		13,540	13,402
(Increase)/decrease in inventories		(12,623)	16,736
Increase in receivables		(2,891)	(2,006)
Increase/(decrease) in payables		1,731	(2,076)
Cash flows (used in)/generated from operations		(243)	26,056
Interest received	5	533	528
Interest paid	8	(4,899)	(4,827)
Income tax paid		(1,926)	(1,886)
Net cash flows (used in)/generated from operating activities		(6,535)	19,871

(Source: company annual report; emphasis added)

- (i) **Inventories:** Inventories rose from \$68.5 million to \$81.2 million (Note 17 Inventories; page 101). **How much of this increase is due to higher volumes of tyres held versus higher unit costs? What is the current average age of inventory? How is the company using data analytics or supplier collaboration to align inventory with demand volatility?**

In early 2024, we took a position to build up stock holding in anticipation of increased consumers' demand. Unfortunately, the market turned cautious, and spending declined due to inflation concerns and geo-political uncertainties. As a result, inventory turnover days increased from 184 days in FY2024 to 209 days in FY2025. The management team has drawn out a plan to progressively reduce the level of inventory based on our historical purchasing experience and relationships with our suppliers to reduce the average inventory turnover days to a target of 180 days. Management is on track to achieve the target by FY2026.



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In addition, the credit risk exposure on trade receivables is shown in the provision matrix below.

	Current \$'000	Less than 30 days past due \$'000	Less than 60 days past due \$'000	More than 60 days past due \$'000	Total \$'000
2025					
Gross carrying amount	21,708	6,255	2,733	7,782	38,478
Loss allowance provision	(106)	(90)	(73)	(4,494)	(4,763)
2024					
Gross carrying amount	18,999	6,228	2,400	7,121	34,748
Loss allowance provision	(26)	(14)	(12)	(4,299)	(4,351)
2023					
Gross carrying amount	26,047	4,367	1,453	5,569	37,436
Loss allowance provision	(1,849)	(603)	(279)	(3,820)	(6,551)
2022					
Gross carrying amount	27,628	5,564	2,143	12,973	48,308
Loss allowance provision	(210)	(159)	(7)	(11,729)	(12,105)

(Compiled from company annual reports)

- (ii) **Could management provide further clarification on the long-outstanding trade receivables that are significantly past due? Specifically, what are the profiles of the debtors with material trade receivables past due? Can management also provide more detailed aging analysis of the trade receivables past due, categorised into relevant time buckets (e.g., 60-180 days, 180-365 days, 1-2 years, 2-3 years, and beyond 3 years)? Are there any trade receivables that are past due by more than three years, and if so, what are the collection efforts by management?**

As disclosed on page 119 of the annual report under note 36 (c), the aging analysis of trade receivables categorized into the relevant time buckets is provided. Long-outstanding net trade receivables which are more than 60 days past due make up less than 10% of the total net trade receivables (FY2024 was similarly less than 10%). Yes, we do have trade receivables that are past due by more than 3 years. Depending on the amount and probability of recovery, we will consider legal action for recovery on a case-by-case basis. Out of the total trade receivables of \$33.7 million, about \$2.9 million or 9% were more than 180 days past due.



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Q3. Mr Christopher Tan Bian Thye was appointed to the board on 1 December 2024. The director will be retiring at the coming annual general meeting on 29 August 2025 pursuant to regulation 115 of the company's constitution and will be seeking his re-election.

Below is a snapshot of the director's announcement of appointment:

The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)

Having reviewed and considered his qualifications, credentials and knowledge of the transport industry, the Board of Directors, on the recommendation of the Nominating Committee, has approved the appointment of Mr Christopher Tan Bian Thye ("Mr Tan") as a director of the Company. The Board is of the view that Mr Tan will contribute to the core competencies of the Board as well as provide a different perspective on Board discussions. His appointment will also enhance the independent element of the Board.

(Source: <https://links.sgx.com/1.0.0/corporate-announcements/RAIL0N0W6WU8BUB0/401d2fc5311737f02b5340287504f53b86cd24ee1265ed0361ea2cfa84770db9>)

- (i) **Can the board provide greater clarity on the rationale, selection criteria and the search and nomination process that led to the appointment of the new independent director, as required under the SGX appointment announcement template?**

As disclosed on pages 32 to 35 of the annual report, "The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board."

Mr Tan was an award-winning journalist with The Business Times and The Straits Times in Singapore from 1983 to 2024. He is known for his independence, integrity and incisiveness - attributes which have served readers well, and which will serve shareholders equally well.

His extensive experience - which includes covering developments in Stamford Tyres over three decades - and wide contact base in the automotive and transport industries will value-add and contribute positively to the Board and to the Group.

During his time as a business journalist, he interacted regularly with market analysts and corporate leaders, and has attended numerous AGMs. He is familiar with the complexities of investor relations.

- (ii) **Has the nominating committee reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**

As disclosed on page 36 of the annual report, "The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors". If any gaps in skills or competencies are found, the Board would take appropriate steps to address them. Notwithstanding, future director appointments will take into account any gaps that may be identified.



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- (iii) **How has the board evaluated its collective ability to provide effective oversight of the company's sustainability objectives, transition planning and ESG-related disclosures, and what targeted enhancements in expertise or training are being considered to strengthen this capability?**

The board has engaged an external ESG consultant and subject-matter expert to provide regular briefings and strategic advice. This ensures the board is kept up-to-date on emerging risks and opportunities, allowing it to make more informed decisions without requiring every director to be an expert in every area. Directors have also attended the ESG courses conducted by the Singapore Institute of Directors.

By Order of the Board

Dr Wee Li Ann
Executive Director
22 August 2025