



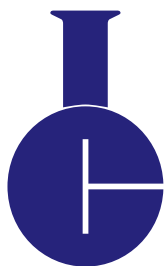
**CHEMICAL INDUSTRIES (FAR EAST) LIMITED.**

COMPANY REGISTRATION NO. 196200046K

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ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH

**2023**



# CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

## REPORT AND FINANCIAL STATEMENTS

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Non-Executive and Independent Chairman  
Yeo Hock Chye

Non-Executive and Non-Independent Directors  
Mr Lim Soo Peng, JP, BBM(L), BBM, PBM  
Mr Lim Yew Nghee

Non-Executive and Independent Directors  
Lim Chee San  
Dr Tay Kin Bee

## AUDIT COMMITTEE

Yeo Hock Chye, Chairman  
Dr Tay Kin Bee  
Lim Chee San  
Lim Yew Nghee

## NOMINATING COMMITTEE

Dr Tay Kin Bee, Chairman  
Yeo Hock Chye  
Lim Chee San  
Lim Yew Nghee

## REMUNERATION COMMITTEE

Lim Chee San, Chairman  
Yeo Hock Chye  
Dr Tay Kin Bee  
Lim Yew Nghee

## COMPANY SECRETARY

Foo Soon Soo (Ms)

## SHARE REGISTRARS

B.A.C.S Private Limited  
77 Robinson Road,  
#06-03 Robinson 77  
Singapore 068896  
Tel: 65934848  
Email: main@zicoholdings.com

## REGISTERED OFFICE

3 Jalan Samulun  
Singapore 629127  
Tel: 62650411  
Fax: 62656690  
Email: chemical.ind@cil.com.sg

## TOWN OFFICE

17 Upper Circular Road  
#05-00 Jura Building  
Singapore 058415  
Tel: 65354884  
Fax: 65344582  
Email: jutaprop@singnet.com.sg

## MANUFACTURING PLANT

91 Sakra Avenue  
Singapore 627882  
Tel: 68676977  
Fax: 68676972

## SUBSIDIARY COMPANIES

Chem Transport Pte Ltd  
Kimia Trading Pte. Ltd.  
Juta Properties Private Limited  
Chemical Industries (Myanmar) Limited

## PRINCIPAL BANKERS

DBS Bank Ltd  
Malayan Banking Berhad  
United Overseas Bank Limited

## AUDITORS

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
Partner-in-charge: Khor Tee Heng  
(Appointed with effect from financial  
year ended 31 March 2023)

# CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the group's results for the financial year ended 31 March 2023.

FY2023 marks a significant turning point in the history of the company. With our Chief Executive Officer and Chief Operating Officer onboard in the second half of the financial year and management from diverse backgrounds filling up key positions across all business units, we have successfully transitioned fully from a family-run into a professionally managed organisation. We are confident that this full complement will be able to bring our business further forward in the face of an increasingly gloomy economic outlook over the immediate future.

After many years of operating profits, we recorded an operating loss in our chemicals manufacturing business as a result of spiralling energy costs brought about by increases in energy prices as a direct result of the Russia-Ukraine conflict. This was entirely beyond our control. Whilst we had anticipated that electricity costs would increase, we did not expect that the historical skyrocketing rise in prices would be so severe as to more than double previous years' average prices. There are no signs that electricity prices will abate any time soon and this represents a significant challenge in our path to return to profitability. We have nevertheless embarked on several initiatives that are expected to bring down our energy usage as well as to explore other revenue generating initiatives to further reduce the impact on our profitability.

Our external outlook is also not bright - we are facing a slowdown in the global economy with greater uncertainties on the horizon. Private sector economists have downgraded their full-year economic forecasts. Gross Domestic Product is expected to be weighed down by a contraction in the manufacturing sector. The impact on the electronics cycle is expected to be deeper and more prolonged than earlier projected. The precision engineering cluster is also expected to be weighed down by cutbacks in capital spending by semiconductor manufacturers. The region's manufacturing output in the chemicals and electronics sectors is also expected to remain subdued in the face of weak global industrial production and demand.

Given the volatile external environment, a further escalation in the Russia-Ukraine war or other geopolitical tensions could continue to exacerbate supply disruptions, and dampen consumer and business confidence. In addition, current inflation and high interest rates are expected to prevail in Singapore.

The lacklustre manufacturing sector is expected to be under pressure for the foreseeable future. Despite that, we remain committed to strengthening the foundations of the group, and to take the business to greater heights in the future.

## **FINANCIAL PERFORMANCE REVIEW**

As was presaged in our last Annual Report, our results this financial year have been significantly impacted by high energy costs which more than doubled compared to previous years. This was beyond our control and the increased cost of operating our electrolyzers has inevitably raised our cost of production for our chlor-alkali products. At the consolidated group level, we recorded a profit due solely to revaluation of our properties.

Notwithstanding this temporary setback, we remain in a strong cash position which will enable us to seize opportunities which fit into our strategic vision.

### **Industrial chemicals segment**

Energy is a major variable cost component of our operations. The ongoing energy crisis fuelled by the Russia-Ukraine war and high supply-chain costs have had a significantly adverse impact on our profitability.

The Industrial chemicals segment represents almost 99% of our total revenue. Revenue for the segment was \$98.7 million in FY2023, an increase of \$14.7 million as compared with the previous year. This was mainly due to the increase in selling prices of core products and contribution from a one-off engineering service project for a new chemical supply facility. Despite the increase in revenue, the segment's loss before interest and tax was \$3.6 million, largely due to the impact of higher energy costs. Our profit margin was further eroded by the higher raw material costs and a reduction in chemical demand in second half of FY2023.

In Myanmar, Covid-19 and the on-going political and economic crisis has resulted in lower utilization of our manufacturing capacities. Notwithstanding, we remain committed to grow the business by strengthening our local sales force to pursue new business opportunities.

### **Properties segment**

Revenue from our Properties segment has increased to \$1.3 million in FY2023 with contributions from increases in tenancy rates. The Properties segment posted a higher profit before interest and tax of \$7.3 million mainly due to a fair value gain of \$6.4 million.

### **MOVING FORWARD**

We remain confident in the viability and sustainability of our core business in chemicals manufacturing and over the past year, have been actively engaged in developing initiatives to reduce the cost of our single largest component in our cost of sales – energy. Our energy cost will remain high for FY 2024 due to an existing contract with our genco but negotiations are currently on-going in an attempt to bring prices down in the years thereafter.

Internally, we are also reviewing energy usage – we are re-coating our electrolyzers to improve energy efficiency, we have engaged in electricity loading re-distribution together with Interruptible Load/Demand Response through an electricity users' network, as well as installation of solar panels as part of our contribution towards utilising sources of renewable energy. In addition, we are exploring recovery of heat from our production process to minimize procurement of steam.

Other efforts to reduce our costs of production include exploration into conversion of NEWater to supplement our demineralised water usage as well as installation of a sodium hypochlorite production filtration system to remove impurities in our imported caustic soda.

In tandem with our efforts to reduce costs, the Board has over the past year, also been very actively engaged in exploring opportunities for organic and inorganic growth into projects which align with our strategic vision. There has been no fruition as yet but discussions are ongoing in various directions and at various levels. Concurrently, we are exploring the manufacture of higher value downstream Chlor-alkali derivatives, expansion into adjacent value chains which will enable us to grow new business segments as well as to continue to explore options to collaborate with potential technology partners.

In our Properties segment, we are exploring alternative uses for our properties both at Upper Circular Road and at Carpenter Street with a view to enhancing rental yields. In the longer term, we are also looking at ways to increase capital values. Discussions are currently on-going towards these ends.

### **SUSTAINABILITY**

As we are aware, El Nino has officially returned and is likely to yield extreme weather later in 2023. El Nino events bring warmer temperatures to Singapore and we can expect rainfall to be significantly affected. With increasing attention and importance on the effects of climate change, TCFD (Task Force on Climate-related Financial Disclosures) climate reporting will subsequently be mandatory for us in FY2024. The financial impacts of climate-related issues are driven by the specific climate-risks and sustainability-related opportunities which we are exposed to. We will continue to explore more innovative solutions to support our decarbonization efforts and transform our business by integrating sustainability. Recently, our Independent Director, Dr Tay Kin Bee, has been appointed by the Board to oversee sustainability and to interact closely with our management to align our strategy and objective setting towards sustainability, with our overall vision and mission so as to embrace lasting value creation. This is outlined in our Sustainability Report.

### **MANAGING OUR IMMEDIATE FUTURE**

We have had a tough year and FY 2024 does not promise to be any better. We expect energy costs to stay elevated and headwinds will result in a slower growth rate as the global economic landscape continues to be volatile, uncertain and ambiguous. Nevertheless, we are confident of our future and through the various initiatives which are currently in progress, are committed to ensure that we remain the premier chemical solutions provider in the region.

## **DIVIDEND**

In spite of a challenging year, we believe in providing a sustainable return to our valued shareholders. The Board of Directors has consequently recommended a final dividend (one tier tax exempt) of 1.5 cents per ordinary share for this financial year 2023. The dividend will be subject to approval by shareholders at our forthcoming Annual General Meeting to be held on 27 July 2023.

## **IN APPRECIATION**

On behalf of the Board, I would like to express our sincere thanks and appreciation to our dedicated employees and management team for their confidence and their belief in our vision, their commitment, hard work and invaluable contributions during the transitional changes in our organisation. We will embrace change and ride the wave of uncertainties ahead together to build a resilient organisation for a better future.

We would also like to extend our gratitude to our customers, shareholders, business partners, bankers and associates, and all stakeholders for their continuous and unwavering support, confidence and trust in us.

We look forward to your continued support and another year of successful collaboration.

Yours Sincerely,



**YEO HOCK CHYE**  
Non-Executive and Independent Chairman

# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) of Chemical Industries (Far East) Limited. (the “**company**”) and its subsidiaries (the “**group**”) are committed to achieve high standards of corporate governance. We recognise that good corporate governance enhances accountability and protects the interests of shareholders. This is also consistent with the sustainability pillar of our corporate strategy.

This report sets out the company’s corporate governance practices with reference to the Code of Corporate Governance 2018 (the “**Code**”). The company has complied in all material aspects with the principles and provisions of the Code.

## BOARD MATTERS

### **Principle 1: Board’s Conduct of its Affairs** **Effective Board to head the company**

The Directors of the company are:

Mr Lim Soo Peng	Emeritus Chairman, Non-Executive and Non-Independent Director
Mr Yeo Hock Chye	Chairman, Non-Executive and Independent Director
Mr Lim Yew Nghee	Non-Executive and Non-Independent Director
Dr Tay Kin Bee	Non-Executive and Independent Director
Lim Chee San	Non-Executive and Independent Director

### **Provision 1.1** **Role of the Board**

The Directors are fiduciaries who must act objectively in the best interests of the company. The Board has put in place a Code of Conduct and Ethics to set an appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the group. Directors facing conflicts of interest must recuse themselves from discussions and decisions on those matters.

The principal functions of the Board include, inter alia,

- (a) providing entrepreneurial leadership, setting strategic objectives with an appropriate focus on value creation, innovation and sustainability;
- (b) ensuring necessary resources are in place for the company to meet its strategic objectives;
- (c) monitoring and reviewing management’s performance;
- (d) maintaining a sound risk management framework to effectively monitor and manage risks and to achieve an appropriate balance between risks and Company performance;
- (e) safeguarding shareholders’ interests and the company’s assets;
- (f) instilling an ethical corporate culture and ensuring that the company’s values, standards, policies and practices are consistent with the culture; and
- (g) ensuring transparency and accountability to key stakeholder groups.

### **Provision 1.2** **Directors’ Duties and Responsibilities**

The Directors must understand the company’s business as well as their directorship duties (including their roles as non-executive and independent directors). The Directors must comply and ensure the company complies with legislative and regulatory requirements. The Directors have each signed the respective undertakings in the form set out in Appendix 7.7 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) to undertake to use their best endeavours to comply with the Listing Rules and to procure that the company shall so comply. The Directors have also procured a similar undertaking from the Interim Chief Executive Officer (“**Interim CEO**”), Chief Executive Officer (“**CEO**”), Chief Operating Officer (“**COO**”), the Group Financial Controller (“**GFC**”) and other key executive officers.

The company has in place a process for induction, training and development for both new and existing Directors.

### **Orientation, Briefings, and Training provided for Directors**

A new Director appointed to the Board will be briefed by the Chairman on his/her duties and obligations, and on the group’s organisational structure, business and governance practices. He/She will also meet up with senior management

to familiarize himself/herself, thereby facilitating Board interaction and independent access to senior management. If he/ she is a first-time director of a listed company, he/ she must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.

The Directors are continually and regularly updated on the group's business and governance practices, including changes in laws and regulations, financial reporting standards and Code of Corporate Governance so as to enable the Directors to effectively discharge their duties.

For FY2023, updates on the group's business and strategic developments were presented by the CEO, updates to changes and developments in accounting standards were presented by the external auditors and regulatory changes to the Listing Rules and Code of Corporate Governance were presented by the Company Secretary.

All Directors are also encouraged to be members of the Singapore Institute of Directors ("SID") and for them to receive journal updates and training from SID. Information on training programs, seminars and workshops organised by various professional bodies and organisations are circulated to the Directors on a regular basis. During the year, to equip the directors with relevant knowledge, other than attending the mandatory sustainability training course, the company has also organized in-house training on enterprise risk management and TCFD. In addition, the CEO has also attended training so as to equip himself with knowledge of the roles and responsibilities of a director to enable him to discharge his fiduciary duties efficiently and effectively.

**Provision 1.3  
Matters which require Board approval**

For operational efficiency and sound internal controls, the Board has put in place a policy clearly defining the boundaries of authority for effective management of the business including financial approval limits which set out the delegated authority to various levels of management for approval of business transactions.

Matters which require the Board's approval include the following:

- The group's strategic plans
- Results announcements, half-year and full year
- Succession plans for Directors and key management personnel
- Transactions involving a conflict of interest or interested persons or related parties
- Material acquisitions and disposals
- Corporate or financial restructuring
- Declaration of dividends and other returns to Shareholders
- Appointment and re-appointment of Directors

**Provision 1.4  
Delegation of Authority to Board committees**

Board committees, namely the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit Committee ("AC") have been constituted to assist the Board in the discharge of specific responsibilities without the Board abdicating its responsibilities.

The current members of the Board and their membership on the Board committees of the company are as follows:

Name of director	Board appointments			Board committees			
	Emeritus Chairman	Chairman of the Board	Non-Executive and Non-Independent Director	Independent Director	AC	NC	RC
Lim Soo Peng	*	-	*	-	-	-	-
Yeo Hock Chye	-	*	-	*	Chairman	Member	Member
Dr Tay Kin Bee	-	-	-	*	Member	Chairman	Member
Lim Chee San	-	-	-	*	Member	Member	Chairman
Lim Yew Nghee	-	-	*	-	Member	Member	Member

These Board committees function within clearly defined terms of reference approved by the Board. The segments of this report under Principles 4 to 10 detail the activities of the NC, RC and AC respectively.



## Provision 1.5

### Meetings of Board and Board committees

The following table discloses the number of meetings held for Board and Board committees during the tenure of each Director and the number of meetings attended by him during FY2023.

Name of Director	Board	AC	RC	NC
Lim Soo Peng	4/6	N.A.	N.A.	N.A.
Yeo Hock Chye	6/6	3/3	3/3	4/4
Lim Yew Nghee	6/6	3/3	3/3	3/4
Dr Tay Kin Bee	6/6	3/3	3/3	4/4
Lim Chee San	6/6	3/3	3/3	4/4
Lim Yew Khang Cecil <sup>(1)</sup>	3/6	N.A.	N.A.	N.A.

<sup>(1)</sup> Mr Lim Yew Khang Cecil resigned on 25 May 2023.

N.A. – Not Applicable when the director is not a member of any of the Board committees.

The Board is required to meet at least twice a year and as warranted by the business of the company. The Board ensures that Directors with other listed board representations give sufficient time and attention to the affairs of the group. During the FY2023, the Directors of the board committees' contributions are not confined to but also extended beyond the attendance of the scheduled formal meetings through the sharing of views, advice, experience and networks which would further the interests of the group. The Directors, whether individually or collectively, also engage with the Management in order to enable the Directors to continue to develop and maintain a better understanding of the group's business, key operations and the challenges faced by the group. The input of the Directors, through such engagements, provide invaluable perspectives to the Management.

## Provision 1.6

### Management providing information to Board

Directors are provided with complete, adequate and timely information prior to Board meetings and on an on-going basis. Such information is circulated in advance of each meeting and it includes financial reports, disclosure documents, explanatory information, key developments and other matters requiring the Board's decisions. The Board is kept informed of material events and transactions as and when they occur in a timely manner.

Every Board member has separate and independent access to management. They are entitled to request additional information from management.

## Provision 1.7

### Board's Access to Management, Company Secretary and External Advisers

Besides Management, the Board has separate and independent access to the Company Secretary at all times. The role of the Company Secretary is clearly defined and the Company Secretary is present at Board meetings to respond to queries from any Director and to assist in ensuring that Board procedures as well as applicable rules and regulations are followed. The appointment and the removal of the Company Secretary are subject to the Board's approval.

The Board takes independent professional advice as and when necessary, at the company's expense, concerning any aspect of the group's operations or undertakings in order to discharge its responsibilities effectively.

## BOARD COMPOSITION AND GUIDANCE

### Principle 2: Independence and diversity in the composition of the Board

## Provision 2.1

### Independent Directors

The current Board comprises five directors of whom three are Independent Directors.

The criterion for independence is based on the definition given in the Code and in the Listing Rules of SGX-ST. The Code has defined an “independent” director as one who is 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 reasonably perceived to interfere, with the exercise of the director’s independent business judgment with a view to the best interests of the company. Under the Listing Rules of SGX-ST, an independent director is not one who is or has been employed by the company or any of its related corporations for the current or any of the past three financial years; or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the RC.

The NC reviews annually, and as and when circumstances require, if a director is independent based on the provisions of the Code and the Listing Rules of SGX-ST. Each Independent Director is required to complete a declaration form of independence based on the guidelines provided in the Code. The declaration form also requires the Director to make declaration on any relationships or circumstances, including those identified by the Code, that are relevant in the determination of whether a director is independent.

The three Independent Directors have declared themselves to be independent. Having reviewed the declarations of independence by the Independent Directors, considered the objectivity and exercise of independent judgment in deliberations at Board and Board Committee meetings in the interests of the company, the NC is of the view that the Independent Directors, namely Mr Yeo Hock Chye, Dr Tay Kin Bee and Mr Lim Chee San have none of the relationships or circumstances as stated in the Code or the Listing Rules of SGX-ST that would otherwise deem them not to be independent. The Board concurs with the NC. Each of the Independent Directors abstained from the deliberations of the NC and the Board on his independence.

#### **Provisions 2.2 and 2.3**

##### **Composition of Independent Directors and Non-Executive Directors on the Board**

Provision 2.2 is not applicable as the Chairman of the Board is an Independent Director. The Listing Rules of SGX-ST requires the Independent Directors to make up at least one-third of the Board. The Independent Directors comprise a majority of the Board in compliance with the Listing Rules of SGX-ST.

Under Provision 2.3 of the Code, the Non-Executive Directors should make up a majority of the Board. The Board currently has five members, all of whom are Non-Executive Directors with three being Independent Directors.

#### **Provision 2.4**

##### **Board size and diversity**

The NC has reviewed the current composition of the Board and is of the view that the current Board size is adequate in relation to the nature, size and scope of the company’s operations, with a diversity of skills and experience for effective functioning and informed decision-making.

The company has in place a Board Diversity Policy, which endorses the principle that there should be diversity at the Board to ensure effective decision making and governance of the company and its businesses.

The NC viewed that the Board has achieved its target of an appropriate level of diversity of thought and backgrounds to provide for wider perspectives as set out in its diversity policy. The NC recognises the merits of gender diversity in relation to the composition of the Board. The Board should not set targets to appoint directors by reason of their gender, age or attributes simply to meet targets and constrain itself in the choice and selection of suitable candidates in appointment of directors. The Board Diversity Policy provides for inclusion in the selection and appointment of candidate of both genders that meet the set requirements for a new candidate and has all the qualifications that merit the appointment. The NC will continue to review the Board composition to support diversity so as to enhance the Board’s effectiveness.

The profiles of the directors are disclosed in pages 22 to 25 of this Annual Report.

#### **Provision 2.5**

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

In FY2023, the Non-Executive Directors constructively challenged and helped to develop proposals on investment and business strategies. The performance of the management in meeting the agreed investment and business strategies was also monitored and reviewed by the Non-Executive Directors. The Non-Executive Directors

(including the Independent Directors) communicate among themselves without the presence of Management as and when the need arises, and where applicable provide feedback to the Board and the Chairman.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

### **Principle 3: Clear division of responsibilities between the leadership of the Board and the management of the company**

#### **Provisions 3.1 and 3.2**

##### **Chairman and Chief Executive Officer (CEO)**

Mr Yeo Hock Chye is the Chairman of the Board. Mr Yeo Sze Chiat has been appointed as the CEO from 1 September 2022. The roles and responsibilities of the Chairman and CEO are separate and distinct. The Chairman and the CEO are not related.

As Chairman of the Board, Mr Yeo Hock Chye plays an instrumental role in ensuring the Board's effectiveness by steering the Board in setting policies for its corporate governance, compliance and internal controls, leading the group in committing to achieve and maintain a high standard of corporate governance and also in formulating strategies for the group's business and direction. The primary responsibility of the Chairman includes:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promoting a culture of openness and debate at the Board;
- (d) ensuring the directors receive complete, adequate and timely information;
- (e) ensuring effective communication with shareholders;
- (f) encouraging constructive relations within the Board and between the Board and Management;
- (g) facilitating the effective contribution of non-executive directors; and
- (h) promoting high standards of corporate governance.

As CEO, Mr Yeo Sze Chiat leads the members of the management team, reviews the business direction and works with the Board to formulate the group's strategies, including identifying and assessing risks and opportunities for the growth of its business. The CEO assumes responsibility for executing and implementing the business strategies, policies and processes across the group as endorsed by the Board. The CEO is accountable to the Board for the operational and business performance and organisational excellence of the group.

#### **Provision 3.3**

##### **Lead Independent Director**

There is no requirement for the company to appoint a Lead Independent Director as the roles of Chairman and CEO are separate and distinct. The Independent Directors meet amongst themselves without the presence of the Non-Independent Directors where necessary for independent discussions and strive to provide constructive feedback to the Board after their meetings.

## **BOARD MEMBERSHIP**

### **Principle 4: Formal and transparent process for appointment of Directors**

#### **Provisions 4.1 and 4.2**

##### **Nominating Committee**

The NC comprises four members, all of whom are Non-Executive Directors. Three of the Non-Executive Directors including the chairman are independent and make up the majority of the NC.

Dr Tay Kin Bee (NC Chairman, Non-Executive and Independent Director)  
Mr Yeo Hock Chye (Non-Executive and Independent Director)  
Mr Lim Chee San (Non-Executive and Independent Director)  
Mr Lim Yew Nghee (Non-Executive and Non-Independent Director)

The role of the NC is to make recommendations to the Board on all Board appointments and re-appointments. The key responsibilities of the NC are to make recommendations to the Board relating to:

- the appropriate size of the Board and the relevant mix of expertise and experience within the Board;
- the Board's succession plans, in particular for the CEO and key management personnel;
- the development of a process for evaluation of the performance of the Board, the Board committees and Directors;
- the review of training and professional development programmes for the Board and the Directors;
- the appointment and re-appointment of directors; and
- the review of the independence of the Independent Directors.

As part of the selection, appointment and re-appointment process, the NC takes into consideration each Director's competencies, commitment, contribution and performance, including, if applicable, as an Independent Director.

#### **Provision 4.3**

##### **Process for the selection, appointment and re-appointment of Directors**

The NC reviews the composition of the Board on an annual basis, and as and when circumstances require, to ensure that the Board is of the appropriate size and has the relevant mix of expertise and experience.

When the need for a new Director arises, nominations will be reviewed by the NC who will then forward to the Board for approval and the new Director is appointed by way of a Board resolution.

Under the company's Constitution, at least one-third of the Directors shall retire from office each year by rotation. The retiring directors are eligible for re-election.

In accordance with the Constitution, Mr Lim Soo Peng and Dr Tay Kin Bee will retire at the forthcoming AGM and be eligible for re-election. The NC has recommended the re-election of Mr Lim and Dr Tay to the Board. The Board accepts the NC's recommendations. Dr Tay recused himself from the deliberations of the NC and the Board on his re-election. Mr Lim did not participate in the deliberation of the Board on his re-election.

#### **Provision 4.4**

##### **Review of Directors' independence**

The NC determines, on an annual basis, and as and when circumstances require, if a director is independent.

For FY2023, the NC has conducted its annual review on the independence of the Independent Directors, using the criteria of independence in the Code and the Listing Rules of SCX-ST and respective Independent Directors' self-declaration as set out in Provision 2.1 above. Accordingly, the NC has ascertained that they are independent.

#### **Provision 4.5**

##### **Multiple board representations**

The NC ensures that new Directors are aware of their duties and obligations. The NC also assesses if a director is able to and has been adequately carrying out his or her duties as a Director of the company, taking into account his principal commitments and other directorships in other listed companies.

The NC does not consider it appropriate to set a limit on the number of directorships that a Director may hold because the individual circumstances and capacity of each Director are different. The NC respects each Director as a professional and leaves it to his personal assessment on the demands of competing directorships and obligations and whether he can still serve effectively.

Details of the Directors' principal commitments and outside directorships are set out in the segment on the Board of Directors of this Annual Report.

## **BOARD PERFORMANCE**

### **Principle 5: Formal assessment of the effectiveness of the Board and contributions of each director**

#### **Provisions 5.1 & 5.2**

##### **Board evaluation and performance criteria**

In evaluating the Board's performance, the NC implements an annual assessment process that requires each Director to submit an assessment form of the performance of the Board as a whole during the financial year under review. The results of the evaluation exercise are considered by the NC, which then make recommendations to the Board aimed at assisting the Board to discharge its duties more effectively. The Chairman would, in consultation with the NC, propose, where appropriate, new members to be appointed to the board or seek the resignation of Directors.

This assessment process takes into account, inter alia, performance indicators such as governance, leadership and strategy, conduct of meetings, independence, competencies, development and training, internal control and risk management, and engagement with stakeholders.

In evaluating the performance of the Board committees, the members of the NC, RC and AC submitted the assessments on the performance of their respective committees. The Board committees are assessed on the work they perform in accordance with their terms of reference and the objectivity and independence in their deliberations and recommendations presented to the Board.

For FY2023, having reviewed the performance of the Board and Board committees, the NC is of the view that the performance of the Board has been effective in the discharge of its responsibilities of overseeing the business of the group and supervision of management, and the Board Committees have performed their duties in accordance with their terms of reference and committed considerable time and effort to their duties in addition to attendance at Board Committee meetings.

##### **Evaluation of Individual director's performance**

For the assessment of individual Directors, the NC considers the contribution by each Director towards the effectiveness of the Board and its committees in which he is a member. The assessment includes, inter alia, attendance and quality of participation at Board and committee meetings, commitment of time, knowledge and abilities, teamwork and overall effectiveness to enable the Board and its committees to make sound and well-considered decisions. For FY2023, the NC has assessed that each of the Directors had discharged his duties as a director in attending Board meetings and participating in Board deliberations and decision making.

No external facilitator was used in the evaluation process.

## **REMUNERATION MATTERS**

### **Principle 6: Formal and transparent procedure for developing policies on director and executive remuneration**

#### **Provisions 6.1 & 6.2**

##### **Remuneration Committee**

The RC comprises four members, all of whom are Non-Executive Directors. Three of the Non-Executive Directors including the chairman are independent and make up the majority of the RC.

Mr Lim Chee San (RC Chairman, Non-Executive and Independent Director)

Mr Yeo Hock Chye (Non-Executive and Independent Director)

Dr Tay Kin Bee (Non-Executive and Independent Director)

Mr Lim Yew Nghee (Non-Executive and Non-Independent Director)

The main responsibilities of the RC are to

- recommend to the Board a framework of remuneration for the Board and key management personnel;
- review specific remuneration packages for each Executive Director and key management personnel;
- review the Directors' Fee framework;
- review the remuneration of employees who are immediate family members of a director or the CEO to ensure that the remuneration of each of such employee is commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her.

**Provision 6.3**  
**Review of remuneration**

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits-in-kind and termination payments will be reviewed by the RC. No member of the RC or any director is involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

There are no Executive Directors. Each key management personnel has an employment contract with the company which can be terminated by either party giving notice of resignation or termination. The RC has reviewed and concluded that the termination clauses are fair and reasonable.

**Provision 6.4**  
**Engagement of remuneration consultants**

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The RC shall ensure that remuneration consultants, if engaged, shall be free from any relationships with the company which might affect their objectivity and independence. The expenses of such professional services shall be borne by the company.

**LEVEL AND MIX OF REMUNERATION**  
**Principle 7: Level and mix of remuneration**

**Provision 7.1**  
**Remuneration of Executive Directors and key management personnel**

Currently, there are no Executive Directors. The company has a CEO to manage the affairs of the company under the supervision of the Board.

A significant and appropriate proportion of the key management personnel's remuneration is structured such that rewards are linked to corporate and individual performance. Such performance-related remuneration is aligned with the interests of shareholders and promotes the long-term success of the company.

The company has no employee share incentive scheme or other long-term incentives. In this regard, the RC has reviewed and is satisfied that the existing compensation structure with a variable component paid out in cash has continued to be effective in incentivising performance without being excessive.

The RC has reviewed the recommendations of the Code on the use of contractual provisions to allow the company to reclaim incentive components of remuneration from the key management personnel in exceptional circumstances, and considers it unnecessary in the current context.

There are no contractual provisions in the employment contracts of key management personnel for the company to reclaim incentive components of remuneration.

**Provision 7.2**  
**Remuneration of Non-Executive Directors**

All the Non-Executive Directors have no service contracts with the company and are compensated based on a fixed annual fee taking into account factors such as responsibilities, efforts and time spent.

The RC considers that the current fixed fee structure adequately compensates the Non-Executive Directors given the size and operations of the company, without implementation of share schemes. The RC will consider recommending such schemes if appropriate.

**Provision 7.3**  
**Remuneration Framework**

The remuneration framework for the Executive Directors, CEO and key management personnel is aligned with the sustainable performance of the group and the interests of shareholders and is appropriate to attract, retain and motivate them for the long-term success of the group.

## DISCLOSURE ON REMUNERATION

### Principle 8: Disclosure of Remuneration

#### Provision 8.1 Remuneration of Directors and key management personnel for FY2023

	Salary	Bonus	Provident Fund	Directors' Fee	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Directors</b>					
Lim Soo Peng	-	-	-	150	150
Yeo Hock Chye	-	-	-	158	158
Lim Yew Khang Cecil <sup>(1)</sup>	-	-	-	75	75
Lim Yew Nghee	-	-	-	75	75
Lim Chee San	-	-	-	82	82
Dr Tay Kin Bee	-	-	-	83	83
<b>Chief Executive Officer</b>					
Chng Hee Kok <sup>(2)</sup>	257	30	6	-	293
Yeo Sze Chiat <sup>(3)</sup>	189	-	7	-	196
<b>Total</b>	<b>446</b>	<b>30</b>	<b>13</b>	<b>623</b>	<b>1,112</b>

<sup>(1)</sup> Mr Lim Yew Khang Cecil resigned as Director on 25 May 2023

<sup>(2)</sup> Mr Chng Hee Kok ceased as Interim CEO with effect from 31 October 2022

<sup>(3)</sup> Mr Yeo Sze Chiat was appointed CEO with effect from 1 September 2022

#### Top 3 management personnel (who are not Directors or the CEO) for FY2023

	Salary	Bonus	Provident Fund	Total
<b>\$250,000 and below</b>				
Executive 1	97%	-	3%	100%
Executive 2	77%	16%	7%	100%
<b>\$250,000 to \$500,000</b>				
Executive 3	82%	12%	6%	100%

The remuneration of the top 3 key management personnel (who are not Directors or the CEO) is shown on a "no name" basis so as to avoid a situation where the information might be exploited by competitors. The company has only 3 key management personnel.

The company has many competitors in the same industry. Given that the company has invested in staff development and retention, the disclosure of full details of each key management personnel with no similar disclosure by the company's competitors would facilitate competitors to poach its management staff and impedes its ability to retain and develop its staff to the detriment of its business.

The Board is of the view that the information on the level and mix of remuneration in percentage terms within bands of \$250,000 provide a balance between the interests of the company and information to shareholders and is consistent with the intent of Principle 8 of the Code.

The aggregate of the total remuneration paid to the top three key management personnel (who are not directors) is S\$673,000.

#### Provision 8.2 Remuneration of employees who are substantial shareholders or immediate family members of a Director, the CEO or a substantial shareholder

There is no employee who is an immediate family member of a substantial shareholder, director or the CEO and whose remuneration exceeds \$100,000.



### **Provision 8.3 Employee Share Option Scheme**

The company does not have a share option scheme or other share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing compensation structure with a variable component paid out in cash continues to be effective in incentivising performance without being excessive.

## **ACCOUNTABILITY AND AUDIT**

### **Principle 9: Accountability of the Board and Management**

#### **Provision 9.1 Risk Management and Internal Control Systems**

The Board has overall responsibility for the governance of risk and maintains oversight of the key risks of the group's business. This includes determining the nature and extent of the significant risks which the company is willing to take. The Board ensures that the group's risk management framework and policies are in place. The Audit Committee ("AC") assists the Board in overseeing the risk governance in the group to ensure that the Management maintains an adequate and effective system of risk management and internal controls to safeguard shareholders' interest and the group's assets. Having considered the group's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

The group maintains a system of internal controls for all companies within the group. The controls are to provide reasonable assurance but not absolute guarantee that assets are adequately safeguarded, operational and information technology controls are in place, business risks are suitably addressed and proper accounting records are maintained. The AC reviews the effectiveness of each group company's material internal controls, including financial, operational and administrative controls and risk management annually. In the course of their statutory audit, the external auditors conduct an annual review of the effectiveness of each group company's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The AC reviews the audit plans and the findings of the external auditors annually and takes steps to ensure that the relevant group company follows up on the recommendations raised by the external auditors, if any, during the audit process.

The Board reviews the effectiveness of the key internal controls with the AC annually and on an on-going basis and provides its perspective on management controls and ensures that the necessary corrective and preventive actions are taken on a timely basis.

The group has in place an Enterprise Risk Management ("ERM") framework to provide the Board with a group-wide view of the risks in the respective business units. The ERM framework enables the identification, assessment, management, and monitoring of key risks to the group's business. As part of this framework, risk registers are set up to document the identified key material risks, mitigating controls and action plans. The risk registers are reviewed periodically to ensure the continuing relevance and adequacy of identified risks, and the effectiveness of mitigating controls.

With the assistance of KPMG, the group has identified the risk profile to align with the group's latest corporate strategies and mission and vision. The key risks faced by the group were documented together with the controls in place to manage and mitigate those risks, for the review by the AC and the Board annually. Risk workshops are carried out with the risk owners to identify, assess, and prioritise these risks. Mitigating controls to manage the key risks, as well as action plans to address the gaps, are considered and duly documented in the risk registers.

The AC assists the Board in reviewing the adequacy and effectiveness of the internal controls and risk management systems. The Board has delegated the oversight responsibility of the ERM framework to the AC, which is responsible for reviewing and endorsing the ERM framework to ensure its continuous relevance to the company's operating environment and is aligned to its business plans and goals.

The company's overall risk philosophy is to identify challenges that may become obstacles in achieving its objectives, and be prepared to adapt to meet those challenges with a risk awareness mindset. The company must have the ability to identify material risks which may prevent it from creating value, as well as identifying opportunities for improving its performance and profitability. The company will actively manage risk which the company believes is capable of generating a return.



The company has established a rigorous and systematic risk review process to identify, assess, manage, monitor and report risks throughout the organisation. The Management has primary responsibility for identifying, managing and reporting to the AC and Board on the key risks faced by the company. The Management is also responsible for ensuring that the enterprise risk management framework is effectively implemented within the business units.

#### **Provision 9.2 Assurances to the Board**

For FY2023, the Board has received letters of assurance from the Interim CEO, CEO, COO and Group Financial Controller of the company that the financial records have been properly maintained and the financial statements give a true and fair view of the group's operations and finances, and regarding the adequacy and effectiveness of the company's risk management and internal control systems.

#### **Board's Comment on Adequacy and Effectiveness of Internal Controls**

Based on the internal controls established and maintained by the group, and work performed by the external auditors and internal auditors (collectively, "auditors"), discussions with them, including Management's responses to the auditors' recommendations for improvements to the group's internal controls, if any, and assurances from the Interim CEO, CEO and the key management personnel, the Board is of the opinion that the group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology controls for FY2023. The AC concurs with the Board's opinion based on their reviews of audit findings on internal controls and risks with the auditors.

The Board notes that the internal controls and risk management systems provide reasonable, but not absolute assurance that the group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities and other situations not currently within the contemplation or beyond the control of the Board.

### **AUDIT COMMITTEE**

#### **Principle 10: Audit Committee**

##### **Provisions 10.1 and 10.2 AC membership and responsibilities Audit Committee**

The AC comprises four members, all of whom are Non-Executive Directors. Three of the Non-Executive Directors including the chairman are independent and make up the majority of the AC.

Mr Yeo Hock Chye (AC Chairman, Non-Executive and Independent Director)  
Dr Tay Kin Bee (Non-Executive and Independent Director)  
Mr Lim Chee San (Non-Executive and Independent Director)  
Mr Lim Yew Nghee (Non-Executive and Non-Independent Director)

All AC members have recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities effectively.

The Chairman of the AC, Mr Yeo Hock Chye has considerable years of experience in the financial services industry, banking and risk consultancy. Mr Lim Chee San holds a Bachelor of Law Degree (Honours) from the University of London and is a practising lawyer. He is a Fellow of the Association of Chartered Certified Accountants, UK and a member of the Chartered Accountants, Singapore. He has extensive accounting and legal experience.

The other AC members, Dr Tay Kin Bee and Mr Lim Yew Nghee have considerable experience in business and finance.

All the AC members at least annually receive a briefing from the external auditors on updates to accounting issues which have a direct impact on financial statements and developments in accounting standards, and circulation of such updates from the auditors as and when applicable, to ensure their accounting education

and knowledge stay recent and relevant to perform their functions. The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the AC's functions.

The qualifications and experience of the AC members are found on the profiles of the Directors in pages 22 to 25 of this Annual Report.

### **Roles, responsibilities and authorities of AC**

The AC assists the Board in fulfilling its fiduciary responsibilities. The main responsibilities of the AC include:

- reviewing significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;
- reviewing and evaluating with internal auditors, the adequacy and effectiveness of internal controls, including financial, operational, compliance and information technology controls and risk management systems;
- reviewing the scope and effectiveness of internal audit;
- reviewing the assurances from the Interim CEO, CEO, COO and the Group Financial Controller on the financial records and financial statements and the assurances from the Interim CEO, CEO and the key management personnel on the adequacy and effectiveness of internal controls and risk management systems;
- reviewing the scope and results of the external audit, including management's response to the auditors' recommendations for improvements to the group's internal controls, if any;
- reviewing the independence and objectivity of the external auditors;
- making recommendations on the appointment, re-appointment and removal of external auditors;
- reviewing interested persons and related persons transactions, if any, to ensure compliance with the Listing Manual;
- reviewing whistle blowing reports and investigations, if any, and ensure appropriate follow up action, if required.

The AC has full authority to investigate any matters within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or management to attend its meetings and has been given reasonable resources to enable it to discharge its functions.

### **Review objectivity and independence of external auditors**

The external auditors, Deloitte & Touche LLP is registered with the Accounting and Corporate Regulatory Authority. They are also the external auditors of all the company's subsidiaries as well as its associate companies. The company confirmed its compliance with Rules 712 and 715 of the Listing Manual.

The aggregate fees paid to the group's external auditor, Deloitte & Touche LLP, for FY2023 were \$122,000, of which the audit fee amounted to \$87,000 and non-audit fees amounted to \$35,000 or 40% of total audit fees. The AC has reviewed the amount, nature and extent of such non-audit services rendered to the group by Deloitte & Touche LLP and concluded that it will not prejudice the independence and objectivity of the external auditors.

Accordingly, the AC has recommended Deloitte & Touche LLP for re-appointment as external auditors of the company at the forthcoming annual general meeting of the company.

### **Whistle-blowing policy**

The company has in place a whistle-blowing policy that provides staff of the group direct access to the CEO and/or AC Chairman to raise concerns about possible improprieties in matters of financial reporting or other matters.

The AC Chairman is responsible for the oversight and monitoring of any whistle-blowing matters.

All information received will be treated confidentially and the identities and the interests of the whistle-blowers will be protected, so as to enable staff to voice their concerns without any fear of reprisal, retaliation, discrimination or harassment of any kind.

The employees are free to bring complaints to the attention of their supervisors and department heads, the human resources manager, or any of the senior management. They can choose to send the complaint directly to the CEO or AC Chairman.

All whistleblower complaints will be investigated independently by the AC and the findings will be reported to the Board. When necessary, external advisors such as lawyers and forensic accountants may be engaged to assist with such investigation.

The company will not tolerate the harassment or victimisation of anyone reporting a genuine concern. If a whistleblower believes that he or she is being subjected to discrimination, retaliation or harassment for having made a report under this policy, he or she should immediately report those facts to the CEO or to the AC Chairman, if the CEO is the subject of the Reportable matter.

**Provision 10.3**  
**Restriction on AC membership**

None of the AC members is a former partner of the company's existing external auditors, Deloitte & Touche LLP and none of the AC members holds any financial interest in the external audit firm.

**Provision 10.4**  
**Internal audit function**

The company's internal auditors, Crowe Horwath First Trust Risk Advisory Pte Ltd is a member of the Institute of Internal Auditors Singapore, and is staffed with professionals with relevant qualifications and experience. The internal auditors carry out its functions according to the standards of the Professional Practice of Internal Auditing set out by The Institute of Internal Auditors, and plans its internal audit schedule in consultation with, but independent of, Management. Its internal audit plan is submitted to the AC for approval at the beginning of each internal audit cycle. The internal auditors report directly to the Chairman of the AC on all internal audit matters, and have full access to the company's documents, records, properties and personnel of the group, including access to AC.

The primary functions of internal audit are to:

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

The internal auditors completed its internal audit review of the group in FY2023 in accordance with the internal audit plan approved by the AC. The internal auditors had unfettered access to the relevant documents, records, properties and personnel of the group. The findings and recommendations of the internal auditors, the management's responses, and the management's implementation of the recommendations have been reviewed and approved by the AC. The AC is of the view that the internal audit function is independent, effective and adequately resourced.

**Provision 10.5**  
**Meeting with internal and external auditors without presence of management**

In FY2023, the AC met with the external auditor and the internal auditor without the presence of management.

The AC had discussed the key audit matters identified by the external auditor for FY2023. The AC having reviewed the approach and methodology used, concurred with the basis and conclusions included in the auditor's report with respect to the key audit matters for FY2023.

Please refer to the Independent Auditor's Report on pages 31 to 33 of this annual report on the key audit matters.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Principle 11: Shareholders to be treated fairly and equitably

#### Provision 11.1

##### Shareholders' participation and vote at general meetings

Every shareholder has the right to receive notices of general meetings and to vote thereat. Notice of a general meeting is sent out at least 14 days before the meeting so that sufficient notice is given to shareholders to attend the meeting or appoint proxies to attend and vote in their stead.

All resolutions at general meetings are required to be voted by poll under the Listing Rules of the SGX-ST. At each general meeting, shareholders will be briefed by the company on the poll voting procedures at general meetings. Detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced during the general meetings and subsequent announcement made through SGXNet.

#### Provision 11.2

##### Separate resolutions at general meetings

The company will have separate resolutions at general meetings on each distinct issue.

#### Provision 11.3

##### Attendance of Directors and auditors at general meetings

The Directors, in particular, the Chairman of the Board and the respective Board committee chairmen are present at general meetings to answer shareholders' queries. The external auditors are also present at the annual general meeting to answer shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The company held one general meeting on 21 July 2022 in respect of FY2022 attended by the Board. The chairmen of the respective Board committees and the external auditors were present.

#### Provision 11.4

##### Absentia voting

The company's constitution allows the appointment of proxies for a shareholder who is absent from a general meeting to exercise his vote in absence through his proxy or proxies.

The company's constitution allows the appointment of up to 2 proxies for a member, who is a not a relevant intermediary as defined in Section 181 of the Companies Act 1967. The Companies Act allows relevant intermediaries such as the CPF agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the company as their CPF agent banks' proxies.

#### Provision 11.5

##### Minutes of general meetings

The company prepares minutes of general meetings detailing the proceedings and questions raised by shareholders and answers given by the Board and management. Minutes will be taken and published in the company's corporate website at [www.cil.com.sg](http://www.cil.com.sg).

#### Provision 11.6

##### Dividend Policy

The company has not formalised a dividend policy, however, it has consistently been paying dividends since FY2006. The Board takes into consideration the group's operating performance, cash position and planned capital expenditures in its recommendation for dividends.

For FY2023, the Board has recommended a final one-tier tax exempt dividend of 1.5 cents per share subject to shareholders' approval at the annual general meeting to be held on 27 July 2023.

## **ENGAGEMENT WITH SHAREHOLDERS**

### **Principle 12: Regular communication with shareholders**

#### **Provision 12.1**

##### **Avenues for communication between the Board and shareholders**

The Board ensures that shareholders are informed of changes in the company or its business in a timely manner through:

- (a) SGXNET announcements and news releases;
- (b) Annual Report;
- (c) Notices of annual general meetings and extraordinary general meetings.

The company's general meetings are the principal forum for dialogue with shareholders, to gather their views or inputs, and address their concerns, if any. The company will consider the use of other forums as and when applicable.

#### **Provisions 12.2 and 12.3 Investor relations policy**

The company's investor relations policy is to communicate with its shareholders and the investment community through the timely and equal dissemination of information and news via announcements to the SGX-ST via SGXNet. In accordance with the Listing Rules of the SGX-ST, information that affects the group is disclosed in a timely manner through SGXNet and the company does not practise selective disclosure.

The company strives to reach out to shareholders and investors via its online investor relations site within its corporate website at [www.cil.com.sg](http://www.cil.com.sg) where it updates shareholders and investors on the latest news and business developments of the group. Shareholders and investors are also provided with an investor relations contact at [investorrelations@cil.com.sg](mailto:investorrelations@cil.com.sg) which they can send their queries and the company will respond.

## **ENGAGEMENT WITH STAKEHOLDERS**

### **Principle 13: Balance the needs and interests of material stakeholders**

#### **Provisions 13.1 and 13.2**

##### **Engage with its material stakeholder groups**

The group's material stakeholders are its shareholders, customers, suppliers, regulators and employees. The company's focus is on the supply of its products to customers in a safe, sustainable and efficient manner.

The company engages with the stakeholders through its sustainability initiatives as set out in its Sustainability Report for FY2023 as posted on SGXNet on 10 July 2023.

#### **Provision 13.3**

##### **Corporate website to communicate and engage with stakeholders.**

The Company maintains a corporate website at [www.cil.com.sg](http://www.cil.com.sg) which shareholders and other stakeholders can access information on the group. The website provides, inter alia, corporate announcements and profiles of the group. Shareholders and stakeholders are provided with an investor relations contact at [investorrelations@cil.com.sg](mailto:investorrelations@cil.com.sg) to contact the company.

## **DEALINGS IN SECURITIES**

The company wishes to confirm that it has in place a policy prohibiting dealings in the company's securities by the company and its Directors and employees of the group:

- (a) one month before the announcement of its half year and full year unaudited financial statements ("**non-dealing period**");

- (b) on short term considerations; and
- (c) when in possession of unpublished price-sensitive or trade-sensitive information.

Two weeks before each non-dealing period, the Company Secretary will notify the Directors and CEO of the Company's share trading prohibition policy and the management of the Company will also ensure that employees of the group are duly informed of the same.

The company confirms it has complied with the best practice pursuant to Listing Rule 1207(19)(c) in not dealing in its securities during the restricted trading periods.

#### **INTERESTED PERSON TRANSACTIONS**

The group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and reviewed by AC. There were no interested person transactions exceeding S\$100,000 during the year.

#### **NO MATERIAL CONTRACTS**

There were no material contracts entered into by the company or any of its subsidiaries involving the interests of the Interim CEO, CEO, Director or substantial shareholder.

# BOARD OF DIRECTORS

## **LIM SOO PENG, JP, BBM(L), BBM, PBM**

*Emeritus Chairman, Non-Executive and Non-Independent Director*

Mr Lim Soo Peng founded the Company in response to the Singapore Government's invitation transition from an owner of a leading commodities trading house to a manufacturer of essential chemicals to support Singapore's nascent industrialisation programme in the sixties.

Mr Lim Soo Peng was appointed to the Board since its inception on 16 March 1962. He was the Chairman and Managing Director up to 13 August 2020. He was instrumental in conceiving and effecting the succession and corporate transformation strategy of the Company to a professionally managed company whereupon he relinquished his various executive roles for the rejuvenation of the Board in line with the strategy, first as Executive Chairman, then as Managing Director and as Executive Director.

16 March 1962 to 13 August 2020	- Chairman and Managing Director
14 August 2020 to 30 September 2021	- Managing Director and Executive Director
1 October 2021 to 31 December 2021	- Executive Director
W.e.f. 1 January 2022 to 28 July 2022	- Non-Executive Director
W.e.f. 28 July 2022	- Emeritus Chairman, Non-Executive and Non-Independent Director

Mr Lim is a Justice of Peace since his appointment in 1966 and a former Member of Parliament in Singapore's 1st Parliament from 8 December 1965 to 8 February 1968 and 2nd Parliament from 6 May 1968 to 16 August 1972.

For over four decades, he served on a number of Government Committees and Statutory Boards. For his public service contributions, he received the following awards:

1977	The Public Service Medal
2001	The Public Service Star
2014	The Public Service Star (Bar)

In 2015, the Singapore Chinese Chamber of Commerce & Industry conferred on him the SG50 outstanding Chinese Business Pioneers Award.

<b>Date of first appointment as a Director:</b>	<b>Present Directorship other than the Company (SGX Listed Company):</b>
16 March 1962	Nil
<b>Date of last re-election as a Director:</b>	<b>Principal Commitments:</b>
21 July 2021	Director of Subsidiaries of Chemical Industries (Far East) Limited

## YEO HOCK CHYE

*Non-Executive and Independent Chairman*

Mr Yeo Hock Chye was appointed to the Board on 1 July 2019 and subsequently appointed as Independent Chairman with effect from 14th August 2020.

He has more than 50 years of experience in the financial services industry, of which he has served in senior positions in a global bank in Singapore, and in regional banks in Thailand and Laos. He has also provided consulting for listed entities and SMEs in Singapore and Vietnam, for banks and other financial institutions including micro-finance and leasing companies in Thailand, Laos and Cambodia, and for a listed poultry company in Thailand.

Mr Yeo graduated with a Bachelor of Arts (Hons) degree, from the University of Singapore. He is a Qualified Listed Entity Director and holds an Executive Diploma in Directorship from SMU-SID.

**Date of first appointment as a Director:**

1 July 2019

**Board Committee Membership:**

- Chairman of Audit Committee
- Member of Nominating and Remuneration Committees

**Date of last re-election as a Director:**

21 July 2022

**Present Directorship other than the Company (SGX Listed Company):**

**Academic & Professional Qualifications:**

- Bachelor of Arts (Honours), University of Singapore
- Executive Diploma in Directorship – SMU-SID

Nil

**Principal Commitments:**

Nil

## LIM CHEE SAN

*Non-Executive and Independent Director*

Mr Lim Chee San was appointed to the Board on 28 September 2021.

He is currently practising law, as a partner in his law firm, mainly in the area of civil litigation and corporate advisory work. He has been an accountant, a banker and a lawyer at different times during the last 40 years. Before he started his current law practice, he was the Head of Banking Operations in a large regional bank. He also has many years of experience as an auditor in large international accounting firms. He is a barrister-at-law, a chartered certified accountant, and a chartered information technology practitioner. He was among the top candidates in his accountancy and law examinations.

**Date of first appointment as a Director:**

28 September 2021

**Board Committee Membership:**

- Chairman of Remuneration Committee
- Member of Audit and Nominating Committees

**Date of last re-election as a Director:**

21 July 2022

**Present Directorship other than the Company (SGX Listed Company):**

**Academic & Professional Qualifications:**

- Fellow of the Association of Chartered Certified Accountants
- Chartered Accountant, Singapore
- Barrister-at-Law
- Bachelor of Law (Hons)
- Chartered Information Technology Professional

- Gallant Venture Ltd
- GS Holdings Limited
- Singapore Kitchen Equipment Limited
- Blackgold Natural Resources Limited

**Principal Commitments:**

- Partner of Tanlim Partnership



## **DR TAY KIN BEE**

*Non-Executive and Independent Director*

Dr Tay Kin Bee was appointed to the Board on 28 September 2021.

He is currently the Executive Director of Riverside Asia Partners Pte Ltd, a US private equity asset management company in Singapore. Dr. Tay is currently serving as Chairman of the Remunerating Committee and Member of the Audit Committee in Megachem Ltd. Dr. Tay has previously served as Managing Director and Chief Executive Officer of a European owned specialty chemical distribution company based in Malaysia, and later on in Singapore. He has worked in the chemical industry for more than 20 years, with majority of the time in senior management roles. He has extensive experience and knowledge of the chemical distribution business in the Southeast Asian countries. He has also authored a number of publications in international journals on chemical distribution, enterprise risk management, and mergers & acquisitions in the chemical industry.

Dr Tay has also previously served in these organizations:

Chairman of Singapore Chemical Industry Council (SCIC)

Deputy Chairman of the Chemical Standards Committee (Singapore Standards Council)

Governing Board Member of the Workplace, Safety and Health Institute

Taskforce Chairman for Globally Harmonized System (GHS) of Classification and Labelling of Chemicals, Singapore.

### **Date of first appointment as a Director:**

28 September 2021

### **Board Committee Membership:**

- Chairman of Nominating Committee
- Member of Audit & Remuneration Committee

### **Date of last re-election as a Director:**

21 July 2022

### **Present Directorship other than the Company (SGX Listed Company):**

- Megachem Limited

### **Academic & Professional Qualifications:**

- Bachelor's Degree in Mech Eng. (1st Class Hons)
- Master's Degree in Accounting & Finance
- Doctor in Business Administration degree
- SMU-SID Executive Diploma in Directorship

### **Principal Commitments:**

- Executive Director of Riverside Asia Partners Pte Ltd
- Director of Riverside Asia Pacific Fund II Pte Ltd

## **LIM YEW NGHEE**

*Non-Executive and Non-Independent Director*

Mr Lim Yew Nghee was appointed to the Board on 27 December 2019.

He is currently Principal at Taxise Asia LLC and Asia Chief Operating Officer for WTS Global, a leading international tax network with operations in over 100 countries. In his over 20-year career, Mr Lim has advised some of the largest U.S., European and Asian multinationals and Singapore headquartered conglomerates with significant investments in Asia and globally on their strategic and complex value chain structures.

He currently serves as the Co-Chairman of the Tax & Trust Committee of the Law Society of Singapore and is a Board member of the Tax Academy of Singapore. He was previously head of Baker McKenzie's Tax, Trade and Wealth Management practice in Singapore and also Chair of Baker McKenzie's Asia Pacific Trade & Commerce and Indirect Tax Practices.

Mr Lim is recognised for his excellence in tax and trade law in various legal and tax directories such as International Tax Review, Chambers & Partners, Legal 500 and AsiaLaw Profiles. He was also awarded International Trade Lawyer of the Year (2021) by the Asian Lawyer.

**Date of first appointment as a Director:**

27 December 2019

**Date of last re-election as a Director:**

21 July 2022

**Academic & Professional Qualifications:**

- Bachelor of Law (Honours), University of Singapore
- Master of Law, International and Comparative Law, McGill University

**Board Committee Memberships:**

Member of Nominating, Audit & Remuneration Committee

**Present Directorship other than the Company (SGX Listed Company):**

Nil

**Principal Commitments:**

- Managing Director of Taxise Asia LLC

# SENIOR MANAGEMENT

## **YEO SZE CHIAT**

*Chief Executive Officer*

Mr Yeo was appointed as Chief Executive Officer in September 2022.

Mr Yeo has over 25 years of regional business and operations experience in German and Japanese MNCs with P&L responsibilities, and is a proven leader in the chemical field serving a wide range of industry segments for both front and back ends of value chains. He has been based in Hong Kong, and has held various regional leadership responsibilities in General Business Management, Product Management and Operations. Mr Yeo holds successful track records in business development in the Asia Pacific region. He has demonstrated leadership competence in leading cross-cultural teams in sales & marketing, manufacturing and operations fields.

Mr Yeo is an Engineer by training, and graduated with an Honours Degree in Mechanical and Production Engineering from the Nanyang Technological University, Singapore.

## **LOI KHENG SEONG**

*Chief Operating Officer*

Mr Loi was appointed as Chief Operating Officer in September 2022. He is responsible for the production and operations of the manufacturing facilities, promoting a sustainable EHS culture in the company, and implementation of strategic plans.

Mr Loi has over 30 years of experience in the Refinery and Petrochemical industries and held senior positions in US and European MNCs and SMEs. He has worked across various functions which include Operations, Technical, Process Design and Control, Commercial and Marketing, Logistics Planning and Project Management. Mr Loi's leadership experience and knowledge have been instrumental in the successful start ups and operations of a number of chemical companies, from green field to expansion projects.

Mr Loi obtained an MBA from Nanyang Technological University and graduated with an Honours Degree in Chemical Engineering from National University of Singapore. He is a Registered Professional Engineer (PE), Chartered Engineer (CE), Energy Efficiency Opportunity Assessor (EEOA), Singapore Certified Energy Manager (SCEM), Certified Fire Safety Manager (FSM), and sits on the Industry Advisory Committee for Singapore Institute of Technology.

## **MICHELLE YEAP MAY LIN**

*Group Financial Controller*

Ms Yeap joined the Group in October 2020. She is responsible for the Group's finance, compliance and internal control functions. She started her career in the audit and corporate restructuring division with KPMG LLP in Singapore. She went on to join a F&B company as a Group Financial Controller. Prior to joining the Group, she was a Group Financial Controller in a listed company.

Ms Yeap is a fellow member of Association of Chartered Certified Accountant, United Kingdom (FCCA), a non-practising member of Institute of Singapore Chartered Accountants (ISCA) and a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

## **YEOH BENG CHAI**

*Plant & Technical Director*

Mr Yeoh joined the Group in August 2021. He is responsible for overall plant management and operations which includes safety, production, product quality, cost & productivity. He started his career as QA/QC Engineer in Applied Engineering Pte Ltd. He went on to join food manufacturing and specialty chemical manufacturing companies as Regional/Senior Operations Manager. Prior to joining the Group, he was a Plant Manager of NSL OilChem Waste Management Pte Ltd.

Mr Yeoh has more than 20 years of plant and operations management experience, and is Green-Belt certified.

Mr Yeoh holds an MBA from The University of Nottingham, a Master Degree of Science (Mechanics and Processing of Materials) & Bachelor Degree of Engineering (Mechanical) from Nanyang Technological University.

## **ERIC YAP**

*Sales and Marketing Director*

Mr Yap joined the Group in December 2022. He is responsible for sales, marketing and business development, which include strategic projects towards sustainable growth for the company.

Mr Yap has over 20 years of experience in the chemical industry in the segments of aviation fuel, renewable diesel, petrochemicals, mining, engineering & construction, and food manufacturing. He was responsible for the Asian business of two American companies and a German MNC. Mr Yap possesses a wide range of experience which includes the set ups of Asian product management leadership team and regional offices in China and Australia. In his career, Eric has been on overseas postings in China and Indonesia.

Mr Yap is a Mechanical Engineer by training and graduated from the Nanyang Technological University, Singapore. Mr Yap was appointed as a key management personnel on 3 April 2023.

# DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 31 March 2023.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 34 to 73 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 31 March 2023, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

## 1. DIRECTORS

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

Lim Soo Peng	(Emeritus Chairman)
Yeo Hock Chye	(Chairman)
Lim Yew Nghee	
Lim Chee San	
Tay Kin Bee	

## 2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

## 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Companies Act 1967, except as follows:

Name of directors and company in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest		Shareholdings registered in the name of directors	Shareholdings in which directors are deemed to have an interest
	At beginning of year	At end of year	At beginning of year	At end of year	At 21 April 2023	At 21 April 2023
<b>Chemical Industries (Far East) Limited. (Ordinary shares)</b>						
Lim Soo Peng	-	665,000	36,507,750	36,507,750	-	37,172,750
Lim Yew Khang Cecil (Resigned on 25 May 2023)	14,000	14,000	-	-	14,000	-
Yeo Hock Chye	-	-	10,000	10,000	-	10,000

By virtue of Section 7 of the Companies Act 1967, Mr Lim Soo Peng is deemed to have an interest in all the related corporations of the company.

#### 4. SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the company or any corporation in the group were granted.

(b) *Options exercised*

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under options*

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

#### 5. AUDIT COMMITTEE

The Audit Committee of the company, consisting of non-executive and independent directors, Mr Yeo Hock Chye (Chairman), Dr Tay Kin Bee and Mr Lim Chee San, and non-executive and non-independent director, Mr Lim Yew Nghee. The Audit Committee has met three times since the last Annual General Meeting (“AGM”) and has reviewed the following, where relevant, with the Interim CEO, CEO and external and internal auditors of the company:

- a) the audit plan and results of the internal auditor’s examination and evaluation of the group’s system of internal accounting controls;
- b) the group’s financial and operating results and accounting policies;
- c) the audit plans of the external auditors;
- d) the financial statements of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditor’s report on those financial statements;
- e) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group;
- f) the co-operation and assistance given by the management to the group’s external auditors; and
- g) the re-appointment of the external auditors of the group.

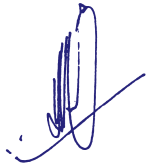
The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.

## 6. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

A handwritten signature in blue ink, appearing to be 'LIM SOO PENG', written in a cursive style.

**LIM SOO PENG**

A handwritten signature in blue ink, appearing to be 'YEO HOCK CHYE', written in a cursive style.

**YEO HOCK CHYE**

21 June 2023

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Chemical Industries (Far East) Limited. (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 34 to 73.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (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 31 March 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of 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 *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 the matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

### Valuation of investment properties

The group has investment properties stated at fair value, determined based on professional external valuers engaged by the group, which amounted to \$64.5 million and accounted for 44% of group’s total assets as at 31 March 2023.

The valuation process involves significant judgement and estimation. The valuations are dependent on the valuation methodology applied and these are underpinned by a number of assumptions which included price per square feet of market comparables used; location and remaining lease tenure. A change in the key assumptions applied may have a significant impact to the valuation.

### Our audit performed and responses thereon

We considered the objectivity, independence, qualification and competency of the external valuer engaged by the group.



We considered the appropriateness of the valuation techniques used by the external valuer for the respective investment properties, taking into account the profile and type of the investment properties. We discussed with the external valuer on the results of the work, and compared the key assumptions used in their valuations by reference to publicly available information where applicable and considered whether these assumptions are consistent with the current market environment.

We also considered the adequacy of the disclosures in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates.

We found that the external valuer had an appropriate level of qualification and experience. The valuation methodology adopted was in line with generally accepted market practices. The key assumptions used were within reasonable range, taking into account available industry data for comparable markets and properties. We also found the related disclosures in the financial statements to be adequate.

Disclosures on key assumptions and valuation techniques of investment properties are found in Notes 3(a) and 10 to the financial statements.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the 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, which we obtained prior to the date of this auditor's report.

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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

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

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

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

- a) 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- e) 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.
- f) 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Khor Tee Heng.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

21 June 2023

# STATEMENTS OF FINANCIAL POSITION

31 March 2023

	Note	Group		Company	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	29,442	44,977	19,720	39,769
Trade and other receivables	7	18,814	18,501	18,423	17,852
Due from subsidiaries	13	-	-	11,801	4,733
Inventories	8	8,501	9,968	8,072	9,759
<b>Total current assets</b>		<b>56,757</b>	<b>73,446</b>	<b>58,016</b>	<b>72,113</b>
<b>Non-current assets</b>					
Property, plant and equipment	9	20,933	20,095	20,130	19,020
Investment properties	10	64,500	58,100	-	-
Subsidiaries	11	-	-	6,383	6,383
Associate	12	-	-	-	-
Trade and other receivables	7	2,845	-	2,845	-
Financial assets at fair value through profit or loss ("FVTPL")	14	953	1,009	953	1,009
<b>Total non-current assets</b>		<b>89,231</b>	<b>79,204</b>	<b>30,311</b>	<b>26,412</b>
<b>Total assets</b>		<b>145,988</b>	<b>152,650</b>	<b>88,327</b>	<b>98,525</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables	15	7,695	13,681	6,569	12,898
Contract liabilities	16	912	208	80	208
Lease liabilities	17	995	892	995	892
Income tax payable		153	1,771	-	1,641
<b>Total current liabilities</b>		<b>9,755</b>	<b>16,552</b>	<b>7,644</b>	<b>15,639</b>

See accompanying notes to financial statements.

## STATEMENTS OF FINANCIAL POSITION (cont'd)

31 March 2023

	Note	Group		Company	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>					
Lease liabilities	17	2,596	3,801	2,596	3,801
Deferred tax liabilities	18	2,169	1,906	2,062	1,799
Total non-current liabilities		4,765	5,707	4,658	5,600
<b>Capital and reserves</b>					
Share capital	19	75,945	75,945	75,945	75,945
Translation reserve	20	20	(9)	-	-
Accumulated profits		55,503	54,455	80	1,341
Total equity		131,468	130,391	76,025	77,286
<b>Total liabilities and equity</b>		<b>145,988</b>	<b>152,650</b>	<b>88,327</b>	<b>98,525</b>

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Note	Group	
		2023	2022
		\$'000	\$'000
<b>Revenue</b>	21	100,034	85,000
<b>Cost of sales</b>		(93,105)	(62,927)
<b>Gross profit</b>		6,929	22,073
Other income			
Fair value gains on investment properties	10	6,400	2,300
Others (net)	22	2,821	2,009
Distribution expenses		(6,218)	(6,138)
Administrative expenses		(5,799)	(14,279)
Finance costs		(67)	(154)
<b>Profit before tax</b>		4,066	5,811
Income tax (expense) credit	23	(512)	989
<b>Profit for the year attributable to owners of the company</b>	24	3,554	6,800
<b>Other comprehensive income (loss), net of tax</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		29	(7)
<b>Total comprehensive income for the year attributable to owners of the company</b>		3,583	6,793
<b>Earnings per share</b>			
Basic and diluted	26	4.68 cents	8.95 cents

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2023

	Note	Share capital \$'000	Translation reserves \$'000	Accumulated profits \$'000	Total \$'000
<u>Group</u>					
Balance at 1 April 2021		75,945	(2)	48,794	124,737
<u>Total comprehensive income for the year</u>					
Profit for the year		-	-	6,800	6,800
Other comprehensive loss		-	(7)	-	(7)
Total		-	(7)	6,800	6,793
Dividends paid, representing transactions with owners, recognised directly in equity	25	-	-	(1,139)	(1,139)
Balance as at 31 March 2022		75,945	(9)	54,455	130,391
<u>Total comprehensive income for the year</u>					
Profit for the year		-	-	3,554	3,554
Other comprehensive income		-	29	-	29
Total		-	29	3,554	3,583
Dividends paid, representing transactions with owners, recognised directly in equity	25	-	-	(2,506)	(2,506)
Balance as at 31 March 2023		75,945	20	55,503	131,468

See accompanying notes to financial statements.

## STATEMENTS OF CHANGES IN EQUITY (cont'd)

Year ended 31 March 2023

	Note	Share capital \$'000	Accumulated (losses) profits \$'000	Total \$'000
<u>Company</u>				
Balance at 1 April 2021		75,945	(3,230)	72,715
Profit for the year, representing total comprehensive income for the year		-	5,710	5,710
Dividends paid, representing transactions with owners, recognised directly in equity	25	-	(1,139)	(1,139)
Balance as at 31 March 2022		75,945	1,341	77,286
Profit for the year, representing total comprehensive income for the year		-	1,245	1,245
Dividends paid, representing transactions with owners, recognised directly in equity	25	-	(2,506)	(2,506)
Balance as at 31 March 2023		75,945	80	76,025

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Group	
	2023	2022
	\$'000	\$'000
<b>Operating activities</b>		
Profit before tax	4,066	5,811
Adjustments for:		
Write down of inventories to net realisable value	141	20
Loss allowance on trade receivables	258	-
Depreciation of property, plant and equipment	4,781	5,099
Fair value gains on investment properties	(6,400)	(2,300)
Fair value loss (gain) on financial assets at FVTPL	56	(115)
Impairment loss on property, plant and equipment	-	6,159
Gain on disposal of property, plant and equipment	(4)	-
Dividend income	(37)	(41)
Interest expense	67	154
Interest income	(384)	(116)
Foreign exchange differences	238	(60)
Operating cash flows before movements in working capital	2,782	14,611
Trade and other receivables	(3,515)	(5,472)
Inventories	1,326	(5,492)
Trade and other payables	(5,979)	5,621
Contract liabilities	704	(542)
Cash (used in) generated from operations	(4,682)	8,726
Dividends paid	(2,506)	(1,139)
Income tax paid	(1,867)	(1,679)
Interest received	384	116
Dividends received	37	41
Net cash (used in) generated from operating activities	(8,634)	6,065

See accompanying notes to financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

## (cont'd)

Year ended 31 March 2023

	Group	
	2023	2022
	\$'000	\$'000
<b>Investing activities</b>		
Proceeds on disposal of property, plant and equipment	25	-
Purchase of property, plant and equipment	(5,755)	(1,850)
Additions to financial assets at FVTPL	-	(21)
Net cash used in investing activities	(5,730)	(1,871)
<b>Financing activity</b>		
Repayment of lease liabilities, representing net cash used in financing activity	(1,054)	(990)
Net (decrease) increase in cash and cash equivalents	(15,418)	3,204
Cash and cash equivalents at beginning of year	44,977	41,744
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(117)	29
<b>Cash and cash equivalents at end of year</b>	<b>29,442</b>	<b>44,977</b>

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 March 2023

## 1 GENERAL

The company (Registration No. 196200046K) is incorporated in Singapore with its principal place of business and registered office at 3, Jalan Samulun, Singapore 629127. The company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the company are investment holding and the manufacture and sale of chemicals.

The principal activities of the subsidiaries and the associate are disclosed in Notes 11 and 12 to the financial statements respectively.

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended 31 March 2023 were authorised for issue by the Board of Directors on 21 June 2023.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International ("**SFRS(I)s**")).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**ADOPTION OF NEW AND REVISED STANDARDS** - On 1 April 2022, the group and the company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the group's and the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

**BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company and its subsidiaries. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

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

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments*, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

In the company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Specifically, these relate to the group's investments in quoted equity shares. Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend earned on the financial asset and is included in the 'Other income (expense)' line item (Note 22). Fair value is determined by reference to quoted market prices at the reporting date.

#### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchase of originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial. Interest

income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the 'Other income – interest income' line item.

#### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost and financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the 'Other income (expense)' line item.

#### Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of ECL for trade and other receivables is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

The group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near

term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### *Definition of default*

The group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lenders(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

#### *Write-off policy*

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### *Measurement and recognition of ECL*

For financial assets, ECL is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

#### *Derecognition of financial assets*

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## Financial liabilities and equity instruments

### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group are recognised at the proceeds received, net of direct issue costs.

### Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, except for short-term balances, when the effect of discounting is immaterial.

### Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company and the group have legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

## LEASES

### The group as lessee

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses the incremental borrowing rate specific to the lessee.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the group and the lease does not benefit from a guarantee from the group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;



- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use, the costs are included in the related right-of-use, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described below.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### The group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties.

Leases for which the group is a lessor are classified as finance or operating lease. Whenever the terms



of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term.

**INVENTORIES** - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**PROPERTY, PLANT AND EQUIPMENT** - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than assets under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land	-	2.2% to 20%
Leasehold buildings	-	3.3% to 10%
Plant and machinery and laboratory equipment	-	5% to 33.3%
Steel cylinders	-	6.66%
Office equipment, furniture and fittings	-	10% to 33.3%
Motor vehicles	-	25%

Construction-in-progress is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the period of the lease term and the useful life of the underlying asset, whichever is shorter.

Fully depreciated assets still in use are retained in the financial statements.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**INVESTMENT PROPERTIES** - Investment properties, which are properties held to earn rentals and/or for capital appreciation are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS** - At the end of each reporting period, the group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated

to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**ASSOCIATES** - An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with SFRS(I) 1-36 as a single asset by comparing its recoverable amount with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale.

When a group entity transacts with an associate of the group, profits and losses resulting from the transactions with the associate are recognised in the group's consolidated financial statements only to the extent of interests in the associate that are not related to the group.

**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 the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the

present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount can be measured reliably.

**GOVERNMENT GRANTS** - Government grants are not recognised until there is reasonable assurance that the group can comply with the conditions attaching to them and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

**REVENUE RECOGNITION** – Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Revenue from the sale of goods is recognised at the point in time when the group has transferred to the customer control of the asset, generally on delivery of the goods.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**CONTRACT LIABILITIES** - A contract liability is recognised when the group has not yet performed under the contract but has made advanced billing to the customer. Contract liabilities are recognised as revenue as the group performs under the contract.

**BORROWING COSTS** - All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**EMPLOYEE LEAVE ENTITLEMENT** - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss.

**FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All exchange differences are recognised in profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

**CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS** - Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and at bank and fixed deposits that are subject to an insignificant risk of changes in value.

### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Critical judgements in applying the group's accounting policies*

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimation uncertainties which are dealt with below.

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### a) Fair value of investment properties

The group's investment properties are stated at fair value, based on valuations performed by an independent valuer. The fair values at the end of the reporting period may differ from the prices at which the investment properties could be sold for in future, since actual transaction prices are negotiated between willing buyers and sellers.

The carrying amount of investment properties and information about the valuation techniques and inputs used in determining fair value are disclosed in Note 10.

##### b) Impairment of property, plant and equipment and cost of investment in subsidiary

The group reviews the carrying amount of its property, plant and equipment and cost of investment in subsidiary to determine whether there are any indications that these assets have suffered an impairment loss. If indicators of impairment exist, the recoverable amount of the assets are estimated to determine the extent of the impairment loss, if any.

For the year ended 31 March 2022, the impairment loss on property, plant and equipment and cost of investment in subsidiary amounted to \$6,159,000 and \$3,096,000 respectively. No impairment loss was recognised for the year ended 31 March 2023.

The carrying amounts of property, plant and equipment of the group and company are disclosed in Note 9. The carrying amount of investment in subsidiaries is disclosed in Note 11.

##### c) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as disclosed in Note 2. Management estimates useful lives by reference to expected usage, repair and maintenance, and technical or commercial obsolescence. Changes to these factors could impact the useful lives and related depreciation charges.

The carrying amount of property, plant and equipment is disclosed in Note 9.

##### d) Allowance for inventories

In determining the allowance for inventories, management compares the net realisable value against the cost of the inventories. This involves estimating future demand and selling prices of the inventories. Changes to these estimates may result in the recognition of additional allowances for inventories.

The carrying amount of inventories is disclosed in Note 8.

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

##### (a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
At amortised cost	50,587	62,523	52,493	61,472
At fair value through profit or loss ("FVTPL")	953	1,009	953	1,009
<b>Financial liabilities</b>				
At amortised cost	8,607	13,889	6,649	13,106
Lease liabilities	3,591	4,693	3,591	4,693

##### (b) Financial risk management policies and objectives

The group's activities expose it to a variety of financial risks. There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

##### (i) Foreign exchange risk management

The group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of significant monetary assets and liabilities denominated in currencies other than the functional currency of the respective group entities are as follows:

	Assets		Liabilities	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
United States dollar	7,218	11,253	1,230	1,806
Myanmar Kyat	3,497	793	857	37
<b>Company</b>				
United States dollar	7,188	11,253	1,210	1,806

##### Foreign currency sensitivity

The sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel is 10%, which represents management's assessment of the possible change in foreign exchange rates.

If the United States dollar were to strengthen/weaken by 10% against the Singapore dollar, the group's and the company's profit before tax will increase/decrease by \$599,000 and \$598,000 respectively (2022 : \$945,000 and \$945,000 respectively).

If the Myanmar Kyat were to strengthen/weaken by 10% against the Singapore dollar, the group's profit before tax will increase/decrease by \$264,000 respectively (2022 : \$76,000).

(ii) Interest rate risk management

Management is of the view that the group and company are not exposed to significant interest rate risk.

(iii) Equity price risk management

The group and company are exposed to equity price risk arising from financial assets at FVTPL. Financial assets at FVTPL are held for strategic rather than trading purposes. Further details can be found in Note 14 to the financial statements.

*Equity price sensitivity*

If the quoted market prices had been 10% higher/lower as at 31 March 2023 while all other variables were held constant, the group's and the company's profit or loss would increase/decrease by approximately \$95,000 respectively (2022 : \$101,000).

(iv) Credit risk management

The group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off



The tables below detail the credit quality of the group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
<u>Group - 2023</u>						
Trade receivables	7	(i)	Lifetime ECL	16,140	(793)	15,347
Other receivables	7	Performing	12-month ECL	2,953	-	2,953
Accrued revenue	7	(i)	Lifetime ECL	2,845	-	2,845
					<u>(793)</u>	
<u>Group - 2022</u>						
Trade receivables	7	(i)	Lifetime ECL	16,721	(565)	16,156
Other receivables	7	Performing	12-month ECL	1,390	-	1,390
					<u>(565)</u>	
<u>Company - 2023</u>						
Trade receivables	7	(i)	Lifetime ECL	16,105	(793)	15,312
Other receivables	7	Performing	12-month ECL	2,815	-	2,815
Accrued revenue	7	(i)	Lifetime ECL	2,845	-	2,845
Due from subsidiaries	13	Performing	12-month ECL	11,801	-	11,801
		In default	Lifetime ECL	4,236	(4,236)	-
					<u>(5,029)</u>	
<u>Company - 2022</u>						
Trade receivables	7	(i)	Lifetime ECL	16,554	(565)	15,989
Other receivables	7	Performing	12-month ECL	981	-	981
Due from subsidiaries	13	Performing	12-month ECL	4,733	-	4,733
		In default	Lifetime ECL	4,236	(4,236)	-
					<u>(4,801)</u>	

- (i) For trade receivables and accrued revenue, the group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The group performs ongoing credit evaluation of its customers and generally does not require collateral on trade receivables.

There exists concentration of credit risk with respect to trade receivables. Trade receivables are generated primarily from 5 (2022 : 5) customers from the industrial chemicals segment in Singapore. The amounts receivable from these customers represented approximately 36% (2022 : 41%) of the total trade receivables of the group and 36% (2022 : 42%) of the total trade receivables of the company. Management believes that the financial standing of these customers which are multinational corporations substantially mitigates the group's exposure to credit risk.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.



Further details of credit risks on trade and other receivables are disclosed in Note 7.

(v) Liquidity risk management

The group maintains sufficient cash and bank balances and internally generated cash flows to finance its activities.

Apart from fixed deposits, accrued revenue and lease liabilities for which details are disclosed in Notes 6, 7 and 17 respectively, the group's and company's financial assets and liabilities with fixed maturity are non-interest bearing and due on demand or within one year.

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. Management is of the view that the carrying amount of accrued revenue and lease liabilities approximates the fair value, as the interest rates used to determine present value approximate prevailing market rates.

Apart from the financial assets at fair value through profit or loss, for which details are disclosed in Note 14, the group and the company have no financial assets and financial liabilities that are measured at fair value on a recurring basis.

(c) *Capital management policies and objectives*

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from prior year.

The capital structure of the group consists of share capital, reserves and accumulated profits.

## 5 RELATED PARTY TRANSACTIONS

Some of the transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand.

Other than as disclosed elsewhere in the financial statements, the following related party transactions took place between the group and related parties during the year on terms agreed by the parties concerned:

*Compensation of directors and key management personnel*

The remuneration of directors and key management personnel during the year was as follows:

	Group	
	2023	2022
	\$'000	\$'000
Short-term benefits	1,446	1,838
Post-employment benefits	45	27
Retirement gratuity provision	-	2,000
	<u>1,491</u>	<u>3,865</u>

The remuneration of directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

The retirement gratuity provision for the year ended 31 March 2022 was paid to the former Managing Director following his cessation as Managing Director.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank	12,598	15,901	7,163	12,933
Fixed deposits	16,830	29,065	12,546	26,825
Cash on hand	14	11	11	11
	29,442	44,977	19,720	39,769

Fixed deposits bear average interest rates of 3.5% to 4.5% (2022 : 0.4% to 0.8%) per annum and have varying maturity dates of 181 to 366 days (2022 : 90 to 180 days).

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables – third parties	16,140	16,721	16,105	16,554
Less: Loss allowance	(793)	(565)	(793)	(565)
	15,347	16,156	15,312	15,989
Other receivables – third parties:				
Sundry debtors	2,796	996	2,764	937
Rental deposits	2	5	-	-
Prepayments	514	955	296	882
Other deposits	155	389	51	44
	3,467	2,345	3,111	1,863
Accrued revenue – third parties	2,845	-	2,845	-
	21,659	18,501	21,268	17,852
Classified as:				
Current	18,814	18,501	18,423	17,852
Non-current	2,845	-	2,845	-
	21,659	18,501	21,268	17,852

**Trade receivables**

The average credit period on trade receivables is 30 days (2022 : 30 days). No interest is charged on overdue trade receivables.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime ECL. The ECL on trade receivables is estimated using a provision matrix by reference to past default experience. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables from contracts with customers based on the group's provision matrix. As the group's historical credit loss experience does not show significantly

different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the group's different customer bases.

<b>Group</b>							
Trade receivables and accrued revenue - days past due							
	Not past due	< 30 days	31 - 60 days	61 - 90 days	91 - 120 days	Specific provision	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>							
Estimated total gross carrying amount at default	15,253	2,460	238	253	352	429	18,985
Lifetime ECL	(8)	(8)	(3)	(20)	(325)	(429)	(793)
							<u>18,192</u>
<b>2022</b>							
Estimated total gross carrying amount at default	13,297	2,321	489	75	80	459	16,721
Lifetime ECL	(12)	(9)	(7)	(7)	(71)	(459)	(565)
							<u>16,156</u>

<b>Company</b>							
Trade receivables and accrued revenue - days past due							
	Not past due	< 30 days	31 - 60 days	61 - 90 days	91 - 120 days	Specific provision	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>							
Estimated total gross carrying amount at default	15,218	2,460	238	253	352	429	18,950
Lifetime ECL	(8)	(8)	(3)	(20)	(325)	(429)	(793)
							<u>18,157</u>
<b>2022</b>							
Estimated total gross carrying amount at default	13,130	2,321	489	75	80	459	16,554
Lifetime ECL	(12)	(9)	(7)	(7)	(71)	(459)	(565)
							<u>15,989</u>

The group does not expect to incur significant loss allowances on trade receivables due from rental income due to the availability of rental deposits placed by tenants.

The movements in credit loss allowance are as follows:

<b>Group and Company</b>	Individually assessed	Lifetime ECL - credit-impaired	Total
	\$'000	\$'000	\$'000
Balance at 1 April 2021 and 31 March 2022	459	106	565
Amounts written off	(30)	-	(30)
Change in loss allowance	-	258	258
Balance as at 31 March 2023	<u>429</u>	<u>364</u>	<u>793</u>

### Other receivables

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

### Accrued revenue

Accrued revenue arises from the sale of tanks and pipelines under arrangements whereby consideration is deferred. The consideration receivable is measured at its present value on initial recognition and subsequently carried at amortised cost.

Management estimates the loss allowance at an amount equal to lifetime ECL, taking into account the historical default experience and the financial position of the counterparties. None of the amounts due from customers at the end of the reporting period is past due. There is no significant ECL recognised on accrued revenue.

## 8 INVENTORIES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Finished goods	3,058	4,818	3,011	4,815
Raw materials and consumables	5,418	1,483	5,036	1,277
Work-in-progress	25	3,667	25	3,667
	8,501	9,968	8,072	9,759

During the year ended 31 March 2023, the group incurred expenses of \$141,000 (2022 : \$20,000) from the write down of inventories to net realisable value. The net realisable value takes into account expected selling prices based on the arrangements with customers.

9 PROPERTY, PLANT AND EQUIPMENT

Group	Construction- in-progress	Leasehold land	Leasehold buildings	Plant and machinery	Steel cylinders	Laboratory and factory equipment	Office		Total
							equipment, furniture and fittings	Motor vehicles	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost:</b>									
At 1 April 2021	64	9,085	35,150	117,397	6,231	660	1,705	2,765	173,057
Additions	542	28	-	643	395	4	194	44	1,850
Exchange differences	-	9	14	27	-	-	1	1	52
Write-offs	-	-	-	-	-	-	(2)	-	(2)
Transfers	(4)	-	23	(23)	-	-	4	-	-
At 31 March 2022	602	9,122	35,187	118,044	6,626	664	1,902	2,810	174,957
Additions	1,295	-	-	2,385	1,706	-	271	186	5,843
Adjustments	-	(203)	-	-	-	-	-	-	(203)
Disposals / Write-offs	-	-	-	(7,738)	-	(64)	(74)	(121)	(7,997)
At 31 March 2023	1,897	8,919	35,187	112,691	8,332	600	2,099	2,875	172,600
<b>Accumulated depreciation:</b>									
At 1 April 2021	-	1,885	27,476	91,565	4,281	497	1,442	1,645	128,791
Depreciation	-	925	1,369	2,076	183	31	185	330	5,099
Exchange differences	-	-	1	5	-	-	-	-	6
Write-offs	-	-	-	-	-	-	(2)	-	(2)
At 31 March 2022	-	2,810	28,846	93,646	4,464	528	1,625	1,975	133,894
Depreciation	-	1,042	1,312	1,722	261	27	92	325	4,781
Disposals / Write-offs	-	-	-	(7,723)	-	(64)	(68)	(121)	(7,976)
At 31 March 2023	-	3,852	30,158	87,645	4,725	491	1,649	2,179	130,699

	Construction- in-progress	Leasehold land	Leasehold buildings	Plant and machinery	Steel cylinders	Laboratory and factory equipment	Office equipment, furniture and fittings	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group (cont'd)									
Impairment:									
At 1 April 2021	7	664	1,008	12,988	-	15	30	60	14,772
Impairment loss	32	1,129	1,702	3,156	-	-	44	96	6,159
Exchange differences	-	10	12	14	-	-	-	1	37
At 31 March 2022 and 31 March 2023	39	1,803	2,722	16,158	-	15	74	157	20,968
Carrying amount:									
At 31 March 2023	1,858	3,264	2,307	8,888	3,607	94	376	539	20,933
At 31 March 2022	563	4,509	3,619	8,240	2,162	121	203	678	20,095

Company	Construction- in-progress	Leasehold land	Leasehold buildings	Plant and machinery	Steel cylinders	Laboratory and factory equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
<b>Cost:</b>									
At 1 April 2021	46	7,180	32,322	109,940	6,231	632	944	308	157,603
Additions	521	28	-	643	395	4	74	-	1,665
Write-offs	-	-	-	-	-	-	(2)	-	(2)
Transfers	(4)	-	-	-	-	-	4	-	-
At 31 March 2022	563	7,208	32,322	110,583	6,626	636	1,020	308	159,266
Additions	1,295	-	-	2,364	1,706	-	264	66	5,695
Adjustments	-	(203)	-	-	-	-	-	-	(203)
Disposals/Write-offs	-	-	-	(7,719)	-	(64)	(74)	(121)	(7,978)
At 31 March 2023	1,858	7,005	32,322	105,228	8,332	572	1,210	253	156,780
<b>Accumulated depreciation:</b>									
At 1 April 2021	-	1,796	27,378	89,901	4,282	488	851	299	124,995
Depreciation	-	903	1,325	1,765	182	27	44	7	4,253
Write-offs	-	-	-	-	-	-	(2)	-	(2)
At 31 March 2022	-	2,699	28,703	91,666	4,464	515	893	306	129,246
Depreciation	-	1,042	1,312	1,643	261	27	60	15	4,360
Disposals/Write-offs	-	-	-	(7,703)	-	(64)	(68)	(121)	(7,956)
At 31 March 2023	-	3,741	30,015	85,606	4,725	478	885	200	125,650
<b>Impairment:</b>									
Impairment loss balance at 1 April 2021 and 31 March 2022 and 2023	-	-	-	11,000	-	-	-	-	11,000
<b>Carrying amount:</b>									
At 31 March 2023	1,858	3,264	2,307	8,622	3,607	94	325	53	20,130
At 31 March 2022	563	4,509	3,619	7,917	2,162	121	127	2	19,020

### Impairment of property, plant and equipment in Myanmar

Included in property, plant and equipment are leasehold land and plant and equipment that are used for production and sale of chemicals in Myanmar.

As at 31 March 2022, the group considered indicators of impairment on these assets and estimated their recoverable amount based on discounted cashflow valuation methodology. This led to the recognition of impairment losses amounting to \$6.2 million, presented within "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

Key inputs to the discounted cashflow valuation were the discount rate and the terminal growth rate, which was projected based on past experience and current market conditions. Changes to each of these key inputs (while maintaining other variables constant) would have had the following impact on the impairment loss recognised for the year ended 31 March 2022:

	Input	Change	Impact on impairment loss
Discount rate	20%	5% decrease	\$0.5 million decrease
Terminal growth rate	2%	5% increase	\$0.3 million decrease

The property, plant and equipment in Myanmar were fully impaired as at 31 March 2022 and 31 March 2023. This reflects management's view that the recoverability of the assets is highly uncertain considering the group's exposure to political and business risks in Myanmar.

### Particulars of leasehold buildings held by the group and the company

These comprise factory and office buildings situated at 3 Jalan Samulun, Singapore 629127 and 91 Sakra Avenue, Jurong Island, Singapore 627882. The lease expires in December 2025 and June 2027 respectively. During the financial year, the lessor of the office building at 3 Jalan Samulun, Singapore 629127 has given-in-principle agreement to extend the lease for another 6 years, expiring in 2031.

### Information relating to significant right-of-use assets included within property, plant and equipment

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Carrying amount of right-of-use assets (Leasehold land)	3,264	4,509	3,264	4,509
Depreciation of right-of-use assets (Leasehold land)	1,042	925	1,042	903

## 10 INVESTMENT PROPERTIES

	Total
	\$'000
<u>Group</u>	
Balance at 1 April 2021	55,800
Fair value gains included in profit or loss	2,300
Balance at 31 March 2022	58,100
Fair value gains included in profit or loss	6,400
Balance at 31 March 2023	64,500

The fair values of the group's investment properties have been determined on the basis of valuations carried out at the year - end date by an independent valuer with a recognised and relevant professional qualification and experience in the location and category of the properties being valued, and not related to the group. The fair values were determined based on transacted prices for similar properties, adjusted



for comparability. Such adjustments relate to differences in location and remaining lease tenure of the comparable properties, amongst other factors. As these adjustments constitute significant unobservable inputs, the fair value measurement of the investment properties is categorised into Level 3 of the fair value hierarchy. There were no transfers between the respective levels during the year.

In estimating the fair value of the properties, the highest and best use of these properties is their current use. There has been no change to the valuation technique during the year.

The property rental income from the group's investment properties which are leased out under operating leases amounted to \$1,301,000 (2022 : \$940,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to \$233,000 (2022 : \$251,000).

The group considers the transacted price per square foot used by the independent valuers, ranging from \$1,198 to \$4,951 (2022 : \$1,439 to \$3,209), as sensitive to the fair value measurements of the investment properties. The higher (lower) the transacted price per square foot, the higher (lower) the fair value.

The investment properties held by the group as at 31 March 2023 and 2022 are as follows:

Locations	Description	Tenure
a) 19 Carpenter Street Singapore 059908 Lots 99677C, 99675X, and 99674N of Town Subdivision 7	5 storey commercial building with gross floor area of 23,286 square feet	Lot 99677C 99 years lease commencing from 1 January 1951  Lots 99675X and 99674N Freehold
b) 17 Upper Circular Road Singapore 058415 Lots 99776K, 99771W, and 99766C of Town Subdivision 7	5 storey commercial building with gross floor area of 23,151 square feet	99 years lease commencing from 1 January 1951

## 11 SUBSIDIARIES

	Company	
	2023	2022
	\$'000	\$'000
Unquoted equity shares – at cost	13,179	13,179
Less: impairment loss recognised	(6,796)	(6,796)
	6,383	6,383

The following table shows the movement of impairment losses that has been recognised for the respective financial year:

	Company	
	2023	2022
	\$'000	\$'000
Balance at beginning of year	6,796	3,700
Net movement for the year	-	3,096
Balance at end of year	6,796	6,796

For the year ended 31 March 2022, an impairment loss of \$3,096,000 was recorded against an investment in a subsidiary. The impairment was recorded based on the estimated recoverable amount of the

investment taking into consideration country risks including political and economic uncertainties. The key assumptions included discount rate of 20% and terminal growth rate of 2%. Based on management assessment, no further impairment losses were required for the year ended 31 March 2023.

Details of the company's subsidiaries are as follows:

Name of subsidiary, country of incorporation and place of operations	Principal activity	Proportion of ownership interest and voting power held	
		2023	2022
		%	%
Chem Transport Pte Ltd * (Singapore)	Distribution and transportation services.	100	100
Kimia Trading Pte. Ltd. * (Singapore)	General merchant, importer and exporter of chemicals.	100	100
Chemical Industries (Myanmar) Limited ** (Republic of the Union of Myanmar)	Manufacture and wholesale of sodium hypochlorite.	100	100
Juta Properties Private Limited * (Singapore)	Proprietor of commercial buildings.	100	100
<u>Held by Juta Properties Private Limited</u>			
JPI Investments Pte Ltd *** (British Virgin Islands)	Dormant.	-	100

\* Audited by Deloitte & Touche LLP, Singapore.

\*\* Audited by Myanmar Vigor & Associates Limited, Myanmar.

\*\*\* Not required to be audited. The subsidiary has been struck off.

## 12 ASSOCIATES

	Group	
	2023	2022
	\$'000	\$'000
Unquoted equity shares - at cost	-	1
Share of post-acquisition reserves	-	(1)
	-	-

In 2002, management decided to cease all financial support to the associate. Accordingly, the group's share of post-acquisition reserves was limited to the group's cost of investment of \$1,000.

Details of the group's associate is as follows:

Name of associate, country of incorporation and place of operations	Principal activity and country of operations	Proportion of ownership interest and voting power held	
		2023	2022
		%	%
Industrial Diamonds Enterprise B.V.I. Ltd. (Singapore) *		-	45

\*The associate has been struck off.

13 DUE FROM SUBSIDIARIES

	Company	
	2023	2022
	\$'000	\$'000
Due from subsidiaries	16,037	8,969
Less: loss allowance	(4,236)	(4,236)
	11,801	4,733

During the year ended 31 March 2022, the company recorded loss allowance of \$525,000 against receivables due from a subsidiary. Management has taken into account the financial position of the subsidiaries and determined that no additional loss allowance is necessary for the year ended 31 March 2023.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2023	2022
	\$'000	\$'000
Quoted equity shares	953	1,009

Investments in quoted equity shares offer the company and the group the opportunity for returns through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on the quoted closing market prices on the last market day of the financial year. The fair value measurements are categorised into Level 1 of the fair value hierarchy, and there were no transfers between the respective levels.

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade payables	3,163	6,943	2,500	6,379
Accrued expenses:				
- Staff-related costs	748	1,017	702	888
- Directors' fees	623	519	623	519
- Retirement gratuity provision <sup>(a)</sup>	-	2,000	-	2,000
- Utilities charges	2,213	1,766	2,213	1,766
- Other accruals	833	1,332	461	1,278
Sundry creditors	115	104	70	68
	7,695	13,681	6,569	12,898

<sup>(a)</sup> The retirement gratuity provision was payable to the former Managing Director following his cessation as Managing Director.

The average credit period on purchases of goods is 30 days (2022 : 30 days). No interest is charged on overdue trade payables.

16 CONTRACT LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Contract liabilities	912	208	80	208

Contract liabilities mainly represent amounts billed to customers in advance.

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

	Group and Company	
	2023	2022
	\$'000	\$'000
Sale of goods	208	750

17 LEASE LIABILITIES (The group and company as lessee)

	Group and Company	
	2023	2022
	\$'000	\$'000
Maturity analysis:		
Within one year	1,082	1,022
In the second to fifth years inclusive	2,697	3,437
After five years	-	650
	3,779	5,109
Less: Unearned interest	(188)	(416)
	3,591	4,693
Analysed as:		
Current	995	892
Non-current	2,596	3,801
	3,591	4,693

The group does not face a significant liquidity risk with regard to its lease liabilities.

**Changes in liabilities arising from financing activities**

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the group's consolidated statement of cash flows as cash flows from financing activities. The group's liabilities arising from financing activities comprise lease liabilities.

31 March 2023

	1 April 2022	Financing cash flows	Non-cash changes		31 March 2023	
			Adjustments	Additions		
	\$'000	\$'000	\$'000	\$'000	\$'000	
Lease liabilities	4,693	(1,054)	(203)	88	67	3,591

31 March 2022

	1 April 2021	Financing cash flows	Non-cash changes		31 March 2022
				Interest accruing	
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	5,529	(990)	154		4,693

18 DEFERRED TAX LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
At beginning of year	1,906	2,000	1,799	1,823
Charge (Credit) to profit or loss (Note 23)	263	(94)	263	(24)
At end of year	2,169	1,906	2,062	1,799

Deferred tax balances mainly relate to differences between tax and book depreciation of property, plant and equipment.

19 SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares		\$'000	
Issued and paid up:				
At the beginning and end of the year	75,945	75,945	75,945	75,945

Fully paid ordinary shares which have no par value, carry one vote per share and a right to dividends as and when declared by the company.

20 TRANSLATION RESERVE

Exchange differences relating to translation from the functional currencies of the group's foreign subsidiaries into Singapore dollar are recorded under currency translation reserve.

21 REVENUE

		Group	
		2023	2022
		\$'000	\$'000
Segment revenue	Timing of revenue recognition		
Industrial Chemicals:			
Sale of goods, tanks and pipelines	At a point in time	98,733	84,060
Properties:			
Rental income	Over time	1,301	940
		100,034	85,000

22 OTHER INCOME (EXPENSE) (NET)

		Group	
		2023	2022
		\$'000	\$'000
Dividend income		37	41
Interest income		384	116
Net foreign exchange (loss) gain		(288)	11
Gain on disposal of property, plant and equipment		4	-
Fair value (loss) gain on financial assets at FVTPL		(56)	115
Government grants		389	409
Storage income		1,568	711
Delivery, transport and handling income		126	194
Others		657	412
		2,821	2,009

23 INCOME TAX EXPENSE (CREDIT)

		Group	
		2023	2022
		\$'000	\$'000
Current tax expense		153	1,771
Under (Over) provision in prior years		96	(2,666)
Deferred tax expense (credit) (Note 18)		263	(94)
		512	(989)

Domestic income tax is calculated at 17% (2022 : 17%) of the estimated assessable income for the year.

The total expense for the year can be reconciled to the accounting profit as follows:

	Group	
	2023	2022
	\$'000	\$'000
Profit before income tax	4,066	5,811
Income tax expense calculated at 17% (2022 : 17%)	691	988
Non (taxable) deductible items	(258)	1,174
Effect of revenue that is exempted from taxation	-	(443)
Effect of tax concession	(25)	(29)
Under (Over) provision in prior years	96	(2,666)
Others	8	(13)
Income tax expense (credit)	512	(989)

#### 24 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2023	2022
	\$'000	\$'000
Depreciation of property, plant and equipment	4,781	5,099
Gain on disposal of property, plant and equipment	(4)	-
Directors' remuneration	-	945
Directors' fees	623	519
Retirement gratuity provision <sup>(a)</sup>	-	2,000
Employee benefits expense (including directors' remuneration)	10,897	10,168
Costs of defined contribution plans included in employee benefits expense	688	585
Audit fees paid to auditors of the company		
Current year	87	89
Underprovision in prior year	14	15
Non-audit fees paid to auditors of the company	35	31
Cost of inventories recognised as an expense	44,816	30,248
Write down of inventories to net realisable value	141	20
Credit loss allowance on trade receivables	258	-
Net foreign exchange loss (gain)	288	(11)

<sup>(a)</sup> The retirement gratuity provision is paid subsequent to year end to the former Managing Director following his cessation as Managing Director.

#### 25 DIVIDENDS PAID

During the financial year, the company paid a final one-tier tax exempt dividend in respect of the previous financial year of 1.5 cents per share and a special dividend of 1.8 cents per share to commemorate the group's 60th anniversary (2022 : 1.5 cents per share). The total dividends paid amounted to \$2,506,000 (2022 : \$1,139,000).

In respect of the financial year ended 31 March 2023, the directors propose a final dividend of 1.5 cents per share. The dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as a liability in these financial statements. The total estimated dividend to be paid is \$1,139,000.

## 26 EARNINGS PER SHARE

Earnings per share has been calculated based on the profit for the year attributable to owners of the company of \$3,554,000 (2022 : \$6,800,000) and 75,945,000 shares (2022 : 75,945,000 shares).

## 27 SEGMENT INFORMATION

Information reported to the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is organised into two operating segments - Industrial Chemicals and Properties.

The Industrial Chemicals segment is involved in the manufacture and sales of chemicals. The Properties segment is involved in the business of managing and renting of commercial properties.

### Segment revenue and results

	Revenue		Profit	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Industrial Chemicals	98,733	84,060	(3,598)	2,940
Properties	1,301	940	7,310	2,868
Total	100,034	85,000	3,712	5,808
Interest income			384	116
Dividend income			37	41
Finance costs			(67)	(154)
Profit before income tax			4,066	5,811
Income tax (expense) credit			(512)	989
Consolidated revenue and profit for the year	100,034	85,000	3,554	6,800

Revenue reported above represents revenue generated from external customers. There were no intersegment sales.

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents profit earned by each segment without allocation of interest income, dividend income, finance costs and income tax.

### Segment assets

	2023	2022
	\$'000	\$'000
Industrial Chemicals	75,599	89,618
Properties	69,436	62,023
Total segment assets	145,035	151,641
Unallocated assets	953	1,009
Consolidated assets	145,988	152,650

All assets are allocated to reportable segments other than financial assets at FVTPL (Note 14).



### Other segment information

	Industrial Chemicals		Properties	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Capital expenditure	5,839	1,850	4	-
Depreciation	4,751	5,059	30	40
Impairment loss on property, plant and equipment	-	6,159	-	-
Fair value gains on investment properties	-	-	6,400	2,300

### Information about major customers

44% (2022 : 44%) of the group's Industrial Chemicals revenue is generated from the top 5 (2022 : 5) customers.

90% (2022 : 89%) of the group's Properties revenue is generated from the top 5 (2022 : 5) customers.

### Geographical information

The group operates in two principal geographical areas - Singapore and Myanmar.

	Revenue		Non-current assets	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Singapore	97,562	80,908	89,226	79,201
Myanmar	2,472	4,092	5	3
	100,034	85,000	89,231	79,204

## 28 OPERATING LEASE ARRANGEMENTS

### The group as a lessor

Operating leases, in which the group is the lessor, relate to investment properties owned by the group with lease terms of between 2 to 4 years.

Maturity analysis of operating lease payments:

	Group	
	2023	2022
	\$'000	\$'000
Year 1	702	904
Year 2	521	297
Year 3	506	135
Year 4	372	134
Total	2,101	1,470

29 COMMITMENTS

	Group	
	2023	2022
	\$'000	\$'000
Estimated expenditure contracted for plant and equipment	1,482	2,263

30 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements relevant to the group and company were issued but not effective:

Effective for annual periods beginning on or after 1 January 2023

- SFRS(I) 17: *Insurance Contracts* (including November 2020 and December 2021 Amendments to SFRS(I) 17)
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective for annual periods beginning on or after 1 January 2024

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-Current*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I)s and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption.

# FINANCIAL PROFILE

Unit: \$'000

	2023	2022	2021	2020	2019
<b>Revenue</b>	100,034	85,000	63,002	62,215	68,820
Profit before tax	4,066	5,811	6,844	4,470	11,366
Tax credit (expense)	(512)	989	(1,274)	(1,114)	(677)
Profit for the year	3,554	6,800	5,570	3,356	10,689
Attributable to:					
Equity holders of the company	3,554	6,800	5,570	3,356	10,689
<b>ASSETS</b>					
Property, plant and equipment	20,933	20,095	29,494	36,881	23,630
Investment properties	64,500	58,100	55,800	54,500	55,700
Trade and other receivables	2,845	-	-	-	-
Prepaid land lease	-	-	-	-	1,870
Financial assets at fair value through profit or loss ("FVTPL")	953	1,009	873	657	831
Current assets	56,757	73,446	59,247	48,342	48,338
Total assets	145,988	152,650	145,414	140,380	130,369
<b>LIABILITIES</b>					
Deferred tax liabilities	2,169	1,906	2,000	2,355	2,860
Non-current liabilities	2,596	3,801	4,543	5,529	9
Current liabilities	9,755	16,552	14,134	11,884	9,398
Total liabilities	14,520	22,259	20,677	19,768	12,267
<b>CAPITAL AND RESERVES</b>					
Share Capital	75,945	75,945	75,945	75,945	75,945
Reserves	20	(9)	(2)	304	11
Accumulated profits	55,503	54,455	48,794	44,363	42,146
Total equity	131,468	130,391	124,737	120,612	118,102
Per Share:	cts	cts	cts	cts	cts
Earnings before tax	5.35	7.65	9.01	5.89	14.97
Earnings after tax	4.68	8.95	7.33	4.42	14.07
Dividend (net)	1.5	3.3	1.5	1.5	1.5
Net tangible asset per share	173	172	164	159	156

# SHAREHOLDING STATISTICS

AS AT 15 JUNE 2023

ISSUED AND FULLY PAID-UP CAPITAL	\$75,945,399
NUMBER OF SHARES ISSUED	75,945,399
CLASS OF SHARE	ORDINARY SHARES WITH EQUAL VOTING RIGHTS
NO. OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF HOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	68	6.69	2,426	0.00
100 - 1,000	224	22.02	132,580	0.18
1,001 - 10,000	468	46.02	2,090,703	2.75
10,001 - 1,000,000	252	24.78	13,609,366	17.92
1,000,001 and ABOVE	5	0.49	60,110,324	79.15
<b>TOTAL</b>	<b>1,017</b>	<b>100.00</b>	<b>75,945,399</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
RAFFLES NOMINEES (PTE) LIMITED	31,744,174	41.80
CITIBANK NOMINEES SINGAPORE PTE LTD	19,861,017	26.15
UOB KAY HIAN PTE LTD	5,973,290	7.87
DBS NOMINEES PTE LTD	1,518,175	2.00
LAU GEOK CHENG	1,013,668	1.33
CHIA KEE KOON	767,000	1.01
LIM SOO PENG	665,000*	0.88
CHENG HON SANG	477,000	0.63
UNITED OVERSEAS BANK NOMINEES PTE LTD	441,230	0.58
PHILLIP SECURITIES PTE LTD	400,208	0.53
NG KEE SENG	375,800	0.49
YEE LAT SHING	300,000	0.40
THIO DJOE ENG	268,687	0.35
LEE SOON HIAN	258,900	0.34
EST OF YEO TECK KIM, DEC'D	250,050	0.33
LIEW PAK CHAN	231,000	0.30
TEO SIOK GHEE	210,122	0.28
GOH CHOON ENG	208,021	0.27
LEE SIOK KUAN	203,200	0.27
CHUA SUI LENG	176,000	0.23
<b>TOTAL</b>	<b>65,342,542</b>	<b>86.04</b>

\* Shares are transferred from Lim Soo Peng to S. P. Lim Holdings Pte Ltd as announced on SGXNet on 22 April 2023. The shares are pending processing by CDP for crediting to S. P. Lim Holdings Pte Ltd under nominee's account.

#### PERCENTAGE OF SHARES HELD BY THE PUBLIC

Based on information available to the Company as at 15 June 2023, approximately 26.76% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

#### SUBSTANTIAL SHAREHOLDERS AS AT 15 JUNE 2023

(As recorded in the Register of Substantial Shareholders)

NAME OF SUBSTANTIAL SHAREHOLDERS	Direct Interest	%	Deemed Interest	%
S. P. Lim Holdings Pte Ltd	37,172,750 <sup>1</sup>	48.95		
S. P. Lim Trust Limited			37,172,750 <sup>1</sup>	48.95
Lim Soo Peng			37,172,750 <sup>1</sup>	48.95
The Great Eastern Life Assurance Co Ltd	13,429,304	17.68		
Lion Capital Management Ltd			13,429,304 <sup>2</sup>	17.68
Oversea-Chinese Banking Corporation Ltd			13,429,304 <sup>2</sup>	17.68
Great Eastern Holdings Ltd			13,429,304 <sup>2</sup>	17.68
Batu Kawan Berhad	4,976,000	6.55		
Tan Sri Dato' Seri Lee Oi Hian			4,976,000 <sup>3</sup>	6.55
Dato' Lee Hau Hian			4,976,000 <sup>3</sup>	6.55
Arusha Enterprise Sdn Bhd			4,976,000 <sup>3</sup>	6.55
Di-Yi Sdn Bhd			4,976,000 <sup>3</sup>	6.55
High Quest Holdings Sdn Bhd			4,976,000 <sup>3</sup>	6.55
Wan Hin Investments Sdn Berhad			4,976,000 <sup>3</sup>	6.55

<sup>1</sup> S. P. Lim Holdings Pte Ltd ("SPLH") is the investment holding entity under a family trust settled by Mr Lim Soo Peng. The trustee of the trust is S. P. Lim Trust Limited ("SPLT"), whose sole shareholder and sole director is Mr Lim Soo Peng. SPLT, in its capacity as trustee of the trust has a deemed interest in the shares held by SPLH. The sole beneficiary of the trust is Mr Lim Soo Peng who is deemed to be interested in the shares held by SPLH through nominees.

<sup>2</sup> This represents the 13,429,304 shares held by The Great Eastern Life Assurance Co Ltd.

<sup>3</sup> This represents the 4,976,000 shares held by Batu Kawan Berhad.

# CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

(the "Company")

(Incorporated in the Republic of Singapore)

Registration No. 196200046K

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at the Registered Office of the Company at 3 Jalan Samulun, Singapore 629127, on Thursday, 27 July 2023 at 10.30 a.m. for the following purposes: -

### A G E N D A

#### As Ordinary Business

1. To receive and adopt the Audited Financial Statements and Directors' Statement of the Company for the financial year ended 31 March 2023 together with the Auditors' Report thereon. **(Resolution 1)**
2. To approve Directors' fee of \$622,500 (2022: \$518,622) for the financial year ended 31 March 2023. **(Resolution 2)**
3. To declare a one-tier tax exempt final dividend of 1.5 cents per ordinary share for the financial year ended 31 March 2023 (2022: final dividend of 1.5 cents and special dividend of 1.8 cents per share). **(Resolution 3)**
4. To re-elect the following Directors who will retire pursuant to Article 95(2) of the Constitution of the Company:
  - (i) Mr Lim Soo Peng **(Resolution 4)**
  - (ii) Dr Tay Kin Bee **(Resolution 5)****(See Explanatory Note 1)**
5. To re-appoint Deloitte & Touche LLP as auditors of the Company to hold office until the next Annual General Meeting and to authorize the Directors to fix their remuneration. **(Resolution 6)**

#### AS SPECIAL BUSINESS

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

6. **Authority to allot and issue shares**
  - (a) That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company to:
    - (i) 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 (collectively, "Instruments") that might or would require shares to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,  
  
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
  - (b) (notwithstanding 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 the authority was in force, provided always 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 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

- (A) new shares arising from the conversion or exercise of convertible securities;
- (B) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
- (C) any subsequent bonus issue, consolidation or subdivision of the Company's shares;

and adjustments in accordance with (A) or (B) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

**(Resolution 7)**  
**(See Explanatory Note 2)**

7. To transact any other business.

**BY ORDER OF THE BOARD**

FOO SOON SOO  
COMPANY SECRETARY

10 JULY 2023

**EXPLANATORY NOTES:-**

1. (a) Mr Lim Soo Peng, will upon being re-elected as a Director of the Company, remain as Emeritus Chairman and Non-Executive and Non-Independent Director. Details of Mr Lim are as follows:

Date of appointment	16 March 1962
Date of last re-appointment	21 July 2021
Age	95
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Please refer to the Corporate Governance section in the Company's 2023 Annual Report
Whether appointment is executive, if so, the area of responsibility	Non-Executive
Job Title	Emeritus Chairman and Non-Executive and Non-Independent Director
Professional qualifications	None
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the Company's 2023 Annual Report
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest of 37,172,750 shares (48.95% of issued share capital)
Any relationship (including immediate family relationships) with any existing director, existing executive office, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Father of Non-Executive and Non-Independent Director, Mr Lim Yew Nghee
Conflict of interests (including any competing business)	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes
Other Principal Commitments including Directorship	Past (for the last 5 years) None Present • Director of Subsidiaries of Chemical Industries (Far East) Limited.
Mr Lim Soo Peng had responded negative to items (a) to (k) listed in Appendix 7.4.1. (Announcement of Appointment) of the Listing Manual of the SGX-ST.	



(b) Dr Tay Kin Bee will upon being re-elected as a Director of the Company, remain as Chairman of the Nominating Committee and member of the Remuneration Committee and Audit Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Details of Dr Tay Kin Bee are as follows:

Date of appointment	28 September 2021
Date of last re-appointment	21 July 2022
Age	68
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Please refer to the Corporate Governance section in the Company's 2023 Annual Report
Whether appointment is executive, if so, the area of responsibility	Non-Executive
Job Title	Independent Director, Nominating Committee Chairman and member of the Remuneration and Audit Committees
Professional qualifications	B.Sc. Mech Eng. (1st Class Hons) Master's Degree in Accounting & Finance Doctor of Business Administration degree SMU-SID Executive Diploma in Directorship
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the Company's 2023 Annual Report
Shareholding interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships) with any existing director, existing executive office, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interests (including any competing business)	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes
Other Principal Commitments including Directorship	Past (for the last 5 years) <ul style="list-style-type: none"> <li>• Director of SPCI Pte Ltd</li> <li>• Director of DCM Asia Pte Ltd</li> </ul> Present <ul style="list-style-type: none"> <li>• Non-Executive &amp; Independent Director of Megachem Limited</li> <li>• Executive Director of Riverside Asia Partners Pte Ltd</li> <li>• Director of Riverside Asia Pacific Fund II Pte Ltd</li> </ul>
Dr Tay Kin Bee had responded negative to items (a) to (k) listed in Appendix 7.4.1. (Announcement of Appointment) of the Listing Manual of the SGX-ST.	

2. Resolution 7, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company of which the total number of convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company for this purpose shall be the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed and any subsequent bonus issues, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

## NOTES:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.  
  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy/proxies must be:
  - (i) deposited at registered office of the Company's Share Registrar B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; and
  - (ii) email to main@zicoholdings.com (a clear scanned signed form in PDF) not later than 10.30 am 25 July 2023, being 48 hours before the time set for the Annual General Meeting.
5. The instrument appointing a proxy/proxies must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy/proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.
7. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her votes at the Annual General Meeting if appointed as proxies of their respective CPF and/or SRS Approved Nominees. CPF and/or SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their respective CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

### Submission of questions:

8. Members, CPF Investors and SRS Investors may submit substantial and relevant questions related to the resolutions to be tabled at the Annual General Meeting ahead of the meeting by email to main@zicoholdings.com or by post to at the registered office of the Company at 3 Jalan Samulun, Singapore 629127 by 10.30 a.m. on 18 July 2023.
9. The Company will endeavour to address all substantial and relevant questions if received by the prescribed deadline in paragraph 8 above and post the answers on SGXNet and the Company's website by 22 July 2023. For substantial and relevant questions received after the prescribed deadline, the Company will endeavour to address them together with questions raised at the Annual General Meeting. Where substantially similar questions are received, they will be consolidated and not all questions may be individually addressed.

### Minutes of Annual General Meeting

10. The minutes of the Annual General Meeting together with the responses to the substantial and relevant question(s) by the shareholders not already answered and announced, will be posted on the SGXNet and the Company's website within one month after the date of the Annual General Meeting.

#### **PERSONAL DATA PRIVACY:**

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

#### **NOTICE OF BOOKS CLOSURE**

**NOTICE IS HEREBY GIVEN** that subject to the approval of the shareholders at the Annual General Meeting to be held on 27 July 2023, a one-tier tax exempt final dividend of 1.5 cents per ordinary share in respect of the financial year ended 31 March 2023 will be paid on 18 August 2023 to shareholders whose names appear in the Register of Members of the Company on 7 August 2023 as at 5.00p.m. The Share Transfer Books and Register of Members of will closed on 7 August 2023 after 5.00 p.m. for the purpose of determining shareholders' entitlements to the dividend.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited of 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 up to 5.00 p.m. on 7 August 2023 will be registered to determine shareholders' entitlements to the dividend. Depositors whose securities accounts with The Central Depository (Pte) Limited credited with shares in the Company as at 5.00 p.m. on 7 August 2023 will be entitled to the dividend.

#### **BY ORDER OF THE BOARD**

FOO SOON SOO  
Company Secretary

10 July 2023

# CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

(Incorporated in the Republic of Singapore)  
Co. Registration No. 196200046K

## PROXY FORM ANNUAL GENERAL MEETING

### IMPORTANT

1. This Proxy Form is not valid for use by investors who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF and SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. A CPF or SRS investor may attend and cast his/her votes at the Annual General Meeting in person if appointed as proxy of his/her CPF and/or SRS Approved Nominee. CPF and SRS Investors who are unable to attend the AGM but would like to vote may inform their respective CPF and SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

### PERSONAL DATA PRIVACY

By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 July 2023.

I/We, \_\_\_\_\_  
of \_\_\_\_\_

being a member/members of Chemical Industries (Far East) Limited. (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at the Registered Office of the Company at 3 Jalan Samulun, Singapore 629127 on 27 July 2023 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the AGM in the spaces provided hereunder.

Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] or cross [X] within the box provided.

No.	Ordinary Resolutions	No. of Votes or to indicate with a tick[✓] or cross [X] <sup>1</sup>		
		For	Against	Abstain
	<b>Ordinary Business</b>			
1.	To receive and adopt the Audited Financial Statements of the Company			
2.	To approve Directors' fee			
3.	To declare final dividend for the financial year ended 31 March 2023			
4.	To re-elect Mr Lim Soo Peng as Director			
5.	To re-elect Dr Tay Kin Bee as Director			
6.	To re-appoint Deloitte & Touche LLP as Auditors of the Company			
	<b>Special Business</b>			
7.	To authorize Directors to issue and allot shares pursuant to Section 161 of the Companies Act 1967			

<sup>1</sup>All resolutions would be put to vote by poll in accordance with the listing rules of Singapore Exchange Securities Limited. Please tick [✓] or cross [X] or indicate the number of votes within the box provided. A tick or cross would represent you are exercising all your votes "For" or "Against" or "Abstain" from voting on the relevant resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Total Number of Shares Held

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

**IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM**

**NOTES:**

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 (the "Companies Act").
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy/proxies, duly completed and signed, must be submitted by:
  - (i) registered office of the Company's Share Registrar B.A.C.S. Private Limited at 77 Robinson Road #06-03 Robinson 77, Singapore 068896; or
  - (ii) email to main@zicoholdings.com (a clear scanned signed form in PDF) not later than 48 hours before the time set for the AGM.
5. The instrument appointing a proxy/proxies must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy/proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. In the case of members whose shares are entered against their names in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act 2001 of Singapore), the Company may reject the proxy form submitted if such members' names do not appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM.
7. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her votes at the AGM in person if appointed as proxies of their respective CPF and/or SRS Approved Nominees. CPF and/or SRS Investors who are unable to attend the meeting but would like to vote, may inform their respective CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
8. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy/proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.
9. 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 meeting, in accordance with its Constitution and Section 179 of the Companies Act.
10. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members (maintained by or on behalf of the Company), he/she should insert the number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his/her name in the Register of Members of the Company, he/she should insert the aggregate number of shares. If no number of shares is inserted, this proxy form will be deemed to relate to all the shares held by the member.
11. Personal data privacy: By submitting this instrument of proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

fold here

fold here

Affix  
Postage  
Stamp

**CHEMICAL INDUSTRIES (FAR EAST) LIMITED.**

c/o B.A.C.S. Private Limited

77 Robinson Road #06-03

Robinson 77

Singapore 068896