



CHEMICAL INDUSTRIES (FAR EAST) LIMITED.
化学工业(远东)有限公司

Company Registration No. : 196200046K

UNAUDITED RESULTS FOR FULL YEAR ENDED 31 MARCH 2020

1(a)(i) A statement of profit or loss and other comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Profit or Loss

	THE GROUP		Increase/ (Decrease) %
	FY2020 S\$'000	FY2019 S\$'000	
Revenue	62,215	68,820	(9.6)
Cost of sales	<u>(46,589)</u>	<u>(55,966)</u>	(16.8)
Gross profit	15,626	12,854	21.6
Other income (expense)			
(Loss) Gain from fair value adjustments on investment properties	(1,200)	7,900	n.m.
Others (net)	1,354	476	184.5
Distribution expenses	(5,262)	(4,590)	14.6
Administrative expenses	(5,849)	(5,273)	10.9
Finance costs	(199)	(1)	n.m.
Profit before tax	4,470	11,366	(60.7)
Income tax expense	<u>(1,114)</u>	<u>(677)</u>	64.5
Profit for the year attributable to owners of the company	3,356	10,689	(68.6)
Other comprehensive income (net of tax):			
Exchange differences on translation of foreign operations	<u>293</u>	<u>11</u>	n.m.
Total comprehensive income for the year attributable to owners of the company	<u>3,649</u>	<u>10,700</u>	(65.9)

n.m. – not meaningful

1(a)(ii) Notes to statement of profit or loss for the Group

Profit before income tax is arrived at after crediting/(charging) the following:

	THE GROUP		Increase/ (Decrease) %
	FY2020 S\$'000	FY2019 S\$'000	
Dividend income	41	32	28.1
Interest income	337	227	48.5
Net foreign exchange gain	804	139	478.4
Gain on disposal of property, plant and equipment	8	19	(57.9)
Loss allowance	7	(64)	(89.1)
Fine on contravention of The Workplace Health and Safety Act	-	(200)	n.m.
Other miscellaneous income	157	323	(51.4)
Depreciation of property, plant and equipment	(4,739)	(6,585)	(28.0)
Depreciation of right-of-use assets	(945)	-	n.m.
Interest on finance liabilities	-	(1)	n.m.
Interest on lease liabilities	(199)	-	n.m.

n.m. – not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	THE GROUP		THE COMPANY	
	FY2020 S\$'000	FY2019 S\$'000	FY2020 S\$'000	FY2019 S\$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	31,748	32,170	28,694	28,789
Trade and other receivables	11,291	10,396	10,965	10,308
Prepaid land lease	-	42	-	-
Due from subsidiaries	-	-	9,011	5,404
Inventories	5,303	5,730	4,057	5,782
Total current assets	<u>48,342</u>	<u>48,338</u>	<u>52,727</u>	<u>50,283</u>
NON-CURRENT ASSETS				
Property, plant and equipment	28,634	23,630	18,264	21,248
Right-of-use assets	8,247	-	6,282	-
Investment properties	54,500	55,700	-	-
Prepaid land lease	-	1,870	-	-
Subsidiaries	-	-	13,179	9,084
Associates	-	-	-	-
Financial assets at fair value through profit or loss ("FVTPL")	657	831	657	831
Total non-current assets	<u>92,038</u>	<u>82,031</u>	<u>38,382</u>	<u>31,163</u>
TOTAL ASSETS	<u>140,380</u>	<u>130,369</u>	<u>91,109</u>	<u>81,446</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	6,638	5,652	5,367	5,083
Contract liabilities	480	109	480	109
Due to subsidiaries	-	-	347	460
Lease liabilities	847	-	847	-
Finance leases	-	10	-	10
Income tax payable	3,919	3,627	3,703	3,424
Total current liabilities	<u>11,884</u>	<u>9,398</u>	<u>10,744</u>	<u>9,086</u>
NON-CURRENT LIABILITIES				
Lease liabilities	5,529	-	5,529	-
Finance leases	-	9	-	9
Deferred tax liabilities	2,355	2,860	2,270	2,790
Total non-current liabilities	<u>7,884</u>	<u>2,869</u>	<u>7,799</u>	<u>2,799</u>
CAPITAL AND RESERVES				
Share capital	75,945	75,945	75,945	75,945
Translation reserve	304	11	-	-
Accumulated profit (losses)	44,363	42,146	(3,379)	(6,384)
Total equity	<u>120,612</u>	<u>118,102</u>	<u>72,566</u>	<u>69,561</u>
TOTAL LIABILITIES AND EQUITY	<u>140,380</u>	<u>130,369</u>	<u>91,109</u>	<u>81,446</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities, together with comparative figures as at the end of the immediately preceding financial year

	31 Mar 2020 S\$'000	31 Mar 2019 S\$'000
Amount repayable within one year		
Secured	847	10
Unsecured	-	-
	847	10
Amount repayable after one year		
Secured	5,529	9
Unsecured	-	-
	5,529	9
Total	6,376	19

Lease liabilities are secured by right-of-use assets.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	THE GROUP	
	FY2020 S\$'000	FY2019 S\$'000
Operating activities:		
Profit before tax	4,470	11,366
Adjustments for:		
Write down of inventory to net realisable value	8	45
Loss allowance	7	64
Depreciation of property, plant and equipment	4,739	6,585
Depreciation of right-of-use assets	945	-
Loss (Gain) from fair value adjustments on investment properties	1,200	(7,900)
Loss on fair value adjustments on financial assets at fair value through profit and loss	183	90
Foreign exchange differences	(289)	(104)
Dividend income	(41)	(32)
Gain on disposal of property, plant and equipment	(8)	(19)
Interest expense	199	1
Interest income	(337)	(227)
Operating cash flows before movements in working capital	11,076	9,869
Trade and other receivables	(715)	200
Inventories	420	3,658
Trade and other payables	897	1,952
Contract liabilities	371	109
Cash generated from operations	12,049	15,788
Dividends paid	(1,139)	(1,139)
Income tax paid	(1,328)	(1,271)
Interest paid	(1)	(1)
Interest received	337	227
Dividends received	41	32
Net cash from operating activities	9,959	13,636
Investing activities		
Proceeds on disposal of property, plant and equipment	339	19
Purchase of property, plant and equipment	(9,690)	(2,815)
Additions to financial assets at FVTPL	(9)	(15)
Payment for land lease	-	(1,917)
Net cash used in investing activities	(9,360)	(4,728)
Financing activities		
Repayment of obligations under finance leases	-	(11)
Repayment of lease liabilities	(1,021)	-
Net cash used in investing activities	(1,021)	(11)
Net (decrease) increase in cash and cash equivalents	(422)	8,897
Cash and cash equivalents at the beginning of the year	32,170	23,273
Cash and cash equivalents at end of the year	31,748	32,170

1(d)(i) Statement of Changes in Equity (for the issuer and group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Translation reserve	Total reserves	Accumulated profits	Attributable to equity holders of the company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP					
Balance at 1 April 2018	75,945	-	-	32,596	108,541
<u>Total comprehensive income for the year</u>					
Profit for the year	-	-	-	10,689	10,689
Other comprehensive income	-	11	11	-	11
Total	-	11	11	10,689	10,700
Dividends paid, representing transactions with owners, recognised directly in equity	-	-	-	(1,139)	(1,139)
Balance as at 31 March 2019	75,945	11	11	42,146	118,102
<u>Total comprehensive income for the year</u>					
Profit for the year	-	-	-	3,356	3,356
Other comprehensive income	-	293	293	-	293
Total	-	293	293	3,356	3,649
Dividends paid, representing transactions with owners, recognised directly in equity	-	-	-	(1,139)	(1,139)
Balance as at 31 March 2020	75,945	304	304	44,363	120,612

COMPANY	Share capital S\$'000	Investment revaluation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 April 2018	75,945	-	(6,785)	69,160
Profit for the year, representing total comprehensive income for the year	-	-	1,540	1,540
Dividend paid, representing transactions with owners, recognised directly in equity	-	-	(1,139)	(1,139)
Balance as at 31 March 2019	75,945	-	(6,384)	69,561
Profit for the year representing total comprehensive income for the year	-	-	4,144	4,144
Dividend paid, representing transactions with owners, recognized directly in equity	-	-	(1,139)	(1,139)
Balance as at 31 March 2020	75,945	-	(3,379)	72,566

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There has been no change in the Company's issued share capital since the end of the previous period reported on.

The number of issued and fully paid up ordinary shares as at 31 March 2019 and 31 March 2020 was 75,945,399.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	THE COMPANY	
	31 Mar 2020	31 Mar 2019
Total number of issued shares excluding treasury shares	75,945,399	75,945,399

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 March 2019.

5 Changes in the accounting policies and methods of computation, including any required by an accounting standard

The Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("SFRS(I) INT") that are effective for annual periods beginning on or after 1 April 2019 as follows:

SFRS(I) 16 Leases

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group adopted the simplified transition approach and the comparative amounts for the year prior to first adoption were not restated.

All right-of-use assets are measured at the amount equal to the lease liabilities (adjusted for any prepaid or accrued lease payments) at the date of initial application. Under SFRS(I) 16, qualifying lease payments were no longer taken to other operating expenses but capitalised to the statement of financial position as right-of-use assets and depreciated over the term of the lease. Cash paid for the interest portion of lease liability is presented as part of financing activities, in accordance with the Group's and the Company's accounting policy.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year

	THE GROUP	
	31 Mar 2020	31 Mar 2019
(i) Based on weighted average number of ordinary shares in issue	4.42 cts	14.07 cts
(ii) On a fully diluted basis	4.42 cts	14.07 cts

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the current financial period reported on and immediately preceding financial year

	THE GROUP		THE COMPANY	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Net asset value per ordinary share based on issued share capital of the Company	159 cts	156 cts	96 cts	92 cts

8 A review of the performance of the Group

Group Statement of Profit or Loss

a) Revenue

The Group derives its revenue from 2 operating segments, namely industrial chemicals and properties. For the year under review, sale of industrial chemicals accounted for 97.6% (FY2019: 97.9%) of total revenue.

Total revenue for FY2020 was S\$62.2 million, a decrease of 9.6% from S\$68.8 million in FY2019. As disclosed in segment information (Page 13, para 15), the decrease in FY2020 revenue as compared to FY2019 was due to lower reported sales for the Group's core chlor-alkali products in the industrial chemical segment.

b) Gross profit

Despite the lower revenue, gross profit of the Group increased to S\$15.6 million in FY2020 as compared to S\$12.9 million in FY2019. The increase of S\$2.7 million in gross profit was mainly attributed to lower cost of sales arising from lower depreciation as certain plant and equipment were fully depreciated in the 1st half of FY2020.

Overall, the Group achieved a better margin of 25.1% in FY2020 as compared to 18.7% in FY2019.

c) Other income

The Group recorded a fair value loss of S\$1.2 million (FY2019: Fair value gain of S\$7.9 million) on its investment properties as market sentiments weakened due to the COVID-19 situation. The effects of the lower valuation of the investment properties was partially offset mainly by the gain in exchange difference of S\$804,000 (FY2019: S\$139,000) as United States Dollar strengthened against Singapore Dollar in FY2020 and an increase in interest income from its placement of fixed deposits with financial institutions.

d) Distribution expenses

Distribution expenses increased to S\$5.3 million in FY2020 from S\$4.6 million in FY2019 resulting mainly from higher freight cost for its export activities.

e) Administrative expenses

Administrative expenses increased to S\$5.8 million in FY2020 as compared to S\$5.2 million in FY2019. The increase was mainly attributed to higher travelling and staff costs in relation to the operations of the chemical process plant in Myanmar.

f) Finance costs

Finance costs rose significantly to S\$199,000 as a result of adoption of SFRS(I) 16 *Leases*. On adoption of SFRS(I) 16, the Group recognised a right-of-use asset and a lease liability for its operating lease for all leases, with exemption for short-term leases and leases of low value assets. Consequently, interest expense of S\$199,000 on the lease liabilities was recognised in FY2020.

g) Income tax expense

Income tax expense was higher at S\$1.1 million in FY2020 as compared to S\$677,000 in FY2019 arising from effects of adjusting tax items despite the decrease in profitability.

As a result of the foregoing, Group net profit after tax for FY2020 came in at S\$3.4 million as compared to S\$10.7 million in the previous corresponding period.

Group Statement of Financial Position

Group's net cash position decreased to S\$31.7 million in FY2020 as compared to S\$32.2 million in FY2019. As presented in the Group's Cashflow statement on para 1(c), the decrease in cash position was primarily due to increase in net cash used in investing activities. Purchase of plant and equipment increased by S\$6.9 million to S\$9.7 million in FY2020 arising mainly from the development of chemical process plant in Myanmar.

Group's trade and other receivables increased to S\$11.3 million in FY2020 as compared to S\$10.4 million in FY2019 primarily due to the recognition of grant receivable in relation to the Job Support Scheme and Foreign Worker Levy rebate announced by the Government of Singapore in view of the current COVID-19 situation.

On adoption of SFRS(I) 16, prepaid land lease (Current and non-current) of S\$1.9 million as at 31 March 2019 was reclassified to right of use assets. Operating leases commitment that was recognised as off-balance sheet and disclosed as commitment in FY2019 was recognised in FY2020 after effects of discounting as right-of-use assets in FY2020. Consequently, the Group recognised right-of-use assets of S\$8.2 million in FY2020.

Inventories were lower at S\$5.3 million in FY2020 as compared to S\$5.7 million in FY2019 in line with lower revenue in FY2020.

In the year under review, Group's depreciation of its property plant and equipment was lower at S\$4.7 million in FY2020 as certain plant and equipment was fully depreciated in 1st half of FY2020. Capital expenditure on purchase of plant and equipment increased to S\$8.9 million (FY2019: S\$2.8 million) mainly attributed to the development of chemical process plant in Myanmar.

Construction of the chemical process plant was completed in December 2019 with the plant commercially operational in March 2020. The increase in expenditure in purchase of plant and equipment in FY2020 gave rise to higher property, plant and equipment carrying value of S\$28.6 million in FY2020 as compared to S\$23.6 million in FY2019.

Financial assets at fair value through profit or loss related to the Group's quoted investment was valued at S\$657,000 in FY2020 lower as compared to S\$831,000 in FY2019 due to lower market sentiments arising from COVID-19 situation.

Trade and other payables increased by S\$986,000 in FY2020 primarily due to timing differences in payments. In addition, deferred grant income of S\$413,000 was recognised in FY2020 resulting from the Job Support Scheme and Foreign Worker Levy rebate announced by the Singapore Government.

Contract liabilities rose to S\$480,000 in FY2020 as the Group collected more advance payment from customers whereby deliveries of goods had not been made in the current period.

With the adoption of SFRS(I) 16 *Leases* in FY2020, additional lease liabilities arising from right-of-use assets had been recognised. Lease liabilities (current and non-current) came in at S\$6.4 million after the repayment in FY2020.

Group's tax liabilities that comprised of income tax payable and deferred tax liabilities was lower at S\$6.3 million compared to S\$6.5 million in FY2019 due to payment of tax liabilities in the current year.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

As announced by the Ministry of Trade and Industry, the impact of COVID-19 on Singapore economy has been broad and significant, affecting different sectors of the economy to varying degrees. The Group, who primarily operate in Singapore would likewise be affected.

Despite the challenges ahead, the Group continues its effort to explore for suitable business opportunities to increase its income source. In our recent announcement dated 16 June 2020, the Group incorporated a wholly-owned subsidiary, Chem Integrated Management Pte. Ltd. with its principal activities being treatment and disposal of waste (including remediation activities) and manufacture of water treatment, waste treatment and oilfield chemicals.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	1.5 cents per ordinary share
Tax Rate	One-tier tax exempt

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Name of Dividend	Final (Paid on 18 July 2019)
Dividend Type	Cash
Dividend Rate	1.5 cents per ordinary share
Tax Rate	One-tier tax exempt

(c) Date payable

To be advised at a later date.

(d) Book closure date

To be advised at a later date.

12 If no dividend has been declared (recommended), a statement to that effect

Not applicable

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Confirmation by the Board pursuant to Rule 720(1) of the listing manual

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company in the format set out in Appendix 7.7 under Rule 720(1).

15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the preceding year

<u>Segment revenue and results</u>	<u>Revenue</u>		<u>Profit</u>	
	<u>FY2020</u> <u>S\$'000</u>	<u>FY2019</u> <u>S\$'000</u>	<u>FY2020</u> <u>S\$'000</u>	<u>FY2019</u> <u>S\$'000</u>
Industrial Chemicals	60,724	67,390	4,459	2,288
Properties	1,491	1,430	(168)	8,820
Total	<u>62,215</u>	<u>68,820</u>	<u>4,291</u>	<u>11,108</u>
Interest income			337	227
Dividend income			41	32
Finance costs			(199)	(1)
Profit before income tax			<u>4,470</u>	<u>11,366</u>
Income tax expense			<u>(1,114)</u>	<u>(677)</u>
Consolidated revenue and profit for the year	<u>62,215</u>	<u>68,820</u>	<u>3,356</u>	<u>10,689</u>

<u>Segment assets</u>	FY2020	FY2019
	S\$'000	S\$'000
Industrial Chemicals	85,510	71,249
Properties	54,213	58,289
Total segment assets	139,723	129,538
Unallocated assets	657	831
Consolidated assets	140,380	130,369

<u>Other segment information</u>	Capital expenditure		Depreciation	
	FY2020	FY2019	FY2020	FY2019
	S\$'000	S\$'000	S\$'000	S\$'000
Industrial Chemicals	9,648	2,765	5,609	6,523
Properties	42	50	75	62
Total	9,690	2,815	5,684	6,585

Information about Major customers

41% (FY2019: 44%) of the Group's industrial chemicals revenue is generated from the top 4 (FY2019: 4) customers.

87% (FY2019: 84%) of the Group's properties revenue is generated from the top 6 (FY2019: 6) customers.

Geographical information

The Group operates in two principal geographical areas – Singapore (Country of domicile) and Myanmar.

	Revenue		Non-current assets	
	FY2020	FY2019	FY2020	FY2019
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	61,487	68,820	80,305	78,423
Myanmar	728	-	11,733	3,608
Total	62,215	68,820	92,038	82,031

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

As disclosed in para 8, page 9 to 11 above.

17 A breakdown of sales as follows: -

	THE GROUP		% increase (decrease)
	FY2020 S\$'000	FY2019 S\$'000	
(a) Sales reported for first half year	30,883	35,493	(13.0)
(b) Profit after tax reported for first half year	1,541	1,696	(9.1)
(c) Sales reported for second half year	31,332	33,327	(6.0)
(d) Profit after tax reported for second half year	1,815	8,993	(79.8)

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows: -

	The Group and Company	
	FY2020 S\$'000	FY2019 S\$'000
Ordinary	<u>1,139</u>	<u>1,139</u>

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lim Yew Khang Cecil	67	Son of Mr Lim Soo Peng, Chairman and Managing Director and substantial shareholder of the Company	Executive Director since 2016. Assists Managing Director in strategic planning and business development of the Group. Responsible for the Group operations in Myanmar	Not applicable
Lim Yew Tee Collin	53	Nephew of Mr Lim Soo Peng, Chairman and Managing Director and substantial shareholder of the Company	Executive Director since 2015. Oversee operations of the chlor-alkali manufacturing plant and technical aspects of the Group	Not applicable

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lim Yew Nghee	47	Son of Mr Lim Soo Peng, Chairman and Managing Director and substantial shareholder of the Company	Appointed as Non-Executive and Non-Independent Director on 27 December 2019.	Not applicable
Lin Yinjun Benjamin	30	Grandson of Mr Lim Soo Peng, Chairman and Managing Director and substantial shareholder of the Company Son of Mr Lim Yew Khang Cecil, Executive Director of the Company	Appointed as General Manager on 16 April 2019 Responsible for daily operations, marketing and procurement functions of the Company	Not applicable

BY ORDER OF THE BOARD

FOO SOON SOO
Company Secretary

6 July 2020