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Meeting details:

Date: 27 July 2023

Time: 10.30 a.m.

Venue: 3 Jalan Samulun, Singapore 629127

Q1. As mentioned in the statement by the non-executive chairman, the group appointed a new chief executive officer and chief operating officer during the second half of the financial year that ended on 31 March 2023. Additionally, key positions across all business units have been filled by management personnel, completing the group's transition from a family-run outfit into a professionally managed organisation.

In September 2022, Mr Yeo Sze Chiat and Mr Loi Kheng Seong were appointed as chief executive officer (CEO) and chief operating officer (COO), respectively. The biographies of the two key management personnel can be found on page 26 of the annual report.

- (i) **Would the newly appointed CEO be providing shareholders with an update on the growth strategies, challenges, and opportunities for the group? What are the key priorities for the next 18 months? Could the company also post the presentation on SGXNet for the benefit of all shareholders?**
- (ii) **Could the CEO also share his experiences and insights gained during the past ten months on the job?** This is particularly important considering that the group experienced an operating loss in its chemical manufacturing business due to high energy costs that caught management by surprise. **What challenges, if any, did the CEO encounter when transitioning from a large global multinational company to a smaller group, especially in terms of technical and operational expertise, culture, systems and processes, entrepreneurial mindset, governance and controls, etc?**
- (iii) **Would the board consider having a chairman's message, a CEO review and an operational and financial update in future annual reports?**

Q2. The non-executive chairman has expressed concerns, noting that there are no indications of abatement to the unrelenting increase in electricity prices in the near future. While the group is currently facing significant challenges in its path to profitability, it has initiated various initiatives aimed at reducing energy consumption and exploring alternative revenue streams to mitigate the impact on profitability.

- (i) **Can the board/management clarify the trend of electricity prices in the past 18-24 months?**
- (ii) **How impactful is the introduction of the Temporary Price Cap mechanism by the Energy Market Authority?**
- (iii) **How much pricing ability does the group have to pass on unavoidable costs increases to its customers?**

The chairman has also stated that “... spiralling energy costs ... was entirely beyond our control.... did not expect that the historical skyrocketing rise in prices would be so severe as to more than double previous years’ average prices....”

The group appeared to have entered into an agreement with its power generation company (“genco”) as the chairman cautioned that the group’s energy cost “will remain high for FY 2024 due to an existing contract with our genco”.

- (iv) **Would the board/audit committee (AC) help shareholders better understand if they had identified energy/electricity price as a key risk of the group considering its significance as a key input to the group’s manufacturing processes?**
- (v) **If so, could the board/audit committee provide insights into the group's risk management policies, including any hedging strategies implemented to manage electricity prices? In addition, could the board/audit committee explain how the group entered into the current contract with the Genco and whether it aligned with the group's risk management framework?**
- (vi) **With the benefit of hindsight, did the group enter into a fixed-priced contract with the Genco at or near the peak of energy prices? Please provide details on the key terms of the contract and indicate if the board had approved these terms, including the pricing mechanism and duration.**
- (vii) **Can management quantify the impact on the group resulting from the contract with the Genco?**
- (viii) **Moving forward, what guidance will the board provide to management regarding contracts with Genco?**

Separately, the group maintained its profitability primarily due to a fair value gain of \$6.4 million from its properties. It has been disclosed that the group is actively exploring alternative uses for the properties located at Upper Circular Road and Carpenter Street, aiming to enhance rental yields.

The properties have a carrying value of \$64.5 million after a revaluation gain of \$6.4 million during the year. The 99-year leases for Lot 99677C (19 Carpenter Street) and Lots 99776K, 99771W, and 99766C (17 Upper Circular Road) will expire in 2050, while Lots 99675X and 99674N (19 Carpenter Street) are freehold in nature.

- (ix) **What potential alternative uses are allowed under the current zoning guidelines? What is the management team's experience and track record in real estate development? Is there a concern that this could distract management from the core business, considering the complexity that might arise from the mix of 99-year and freehold leases?**
- (x) **Has the board considered the possibility of selling the properties and returning the capital to shareholders?**

Q3. At the upcoming annual general meeting scheduled for 27 July 2023, Mr. Lim Soo Peng will be retiring as per Article 95(2) of the company's constitution, and he will be seeking re-election.

The biography of Mr Lim Soo Peng can be found on page 22 of the annual report.

Should Mr Lim Soo Peng, be re-elected as a director of the company, he will remain as emeritus chairman and non-executive and non-independent director. Additional information on the director can be found on page 79 of the annual report (and in the notice of annual general meeting).

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

(Source: company annual report)

- (i) **Could the nominating committee (NC) provide insights into the basis for recommending the re-election of Mr Lim Soo Peng?**
- (ii) **Would the NC provide more information regarding the responsibilities and role of the emeritus chairman?** In FY2023, Mr Lim Soo Peng attended four out of six board meetings (as mentioned on page 8). **What were the extenuating circumstances, if any, that led Mr Lim Soo Peng to miss the two board meetings?**

- (iii) **Can the director help shareholders better understand how he will be able to afford sufficient time, energy and attention to the matters of the group?**

Separately, resolution 2 at the AGM is to seek shareholders' approval of the directors' fees of \$622,500 (2022: \$518,622).

- (iv) **What are the reasons for the increase in directors' fees?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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