CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

COMPANY REGISTRATION NO. 196200046K

ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH

2021

CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

REPORT AND FINANCIAL STATEMENTS

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Managing Director
Lim Soo Peng, JP, BBM(L), BBM, PBM

Executive Director
Mr Lim Yew Khang Cecil

Non-Executive and Independent Directors
Yeo Hock Chye (Independent Chairman)
Dr Wan Soon Bee
Sng Peng Chye
Chua Chin Kiat

Non-Executive and Non-Independent Director
Lim Yew Nghee

AUDIT COMMITTEE

Yeo Hock Chye, Chairman
Dr Wan Soon Bee
Chua Chin Kiat
Lim Yew Nghee

NOMINATING COMMITTEE

Chua Chin Kiat, Chairman
Dr Wan Soon Bee
Yeo Hock Chye
Lim Yew Nghee

REMUNERATION COMMITTEE

Dr Wan Soon Bee, Chairman
Yeo Hock Chye
Sng Peng Chye
Lim Yew Nghee

COMPANY SECRETARY

Foo Soon Soo

SHARE REGISTRARS

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Fax: 68676972

SUBSIDIARY COMPANIES

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

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: Lee Boon Teck
(Appointed with effect from financial year ended
31 March 2018)

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, it is our pleasure to present to you the Group's results for the financial year ended 31 March 2021 ("FY2021").

As a result of the Covid-19 pandemic since the start of last year, FY2021 has been a challenging year for us. In our industrial chemicals business, our challenge has been a disruption in foreign labour supply caused by border and travel restrictions including the tightening of the work pass permit requirements. We have consequently seen a manpower crunch that is unlikely to be resolved any time soon. Non-Covid factors such as the coup in Myanmar, have also had a very significant impact on our business. Whilst our operations in Myanmar are currently continuing, the ongoing political unrest amidst a 2nd wave of Covid-19 will add to uncertainty in the near to medium term. Our property segment was also impacted by the Covid-19 pandemic and we have provided rental assistance to our tenants to support them through this challenging period.

Despite the host of challenges that we have faced in FY2021 which includes a significant impairment loss on our Myanmar operations, the Group's net profit after tax rose by 66% to S$5.6 million as compared to the previous financial year. The Group reported healthy cash reserves of S$41.7 million as at 31 March 2021 with net asset value per share increasing to S$1.64 and Earnings Per Share increasing to 7.33 cents.

FINANCIAL PERFORMANCE REVIEW

The Group derives its revenue from two business segments, namely industrial chemicals and properties as follows:

Industrial chemicals segment

Our Industrial chemicals segment accounts for 98.5% of our total Group revenue. Revenue increased by S$1.3 million to S$62 million in FY2021, compared to revenue of S$60.7 million in FY2020. This was mainly due to contracts from new customers secured locally. Sales from our subsidiary in Myanmar also contributed to the increase. Myanmar now contributes 8% of total group revenue. The Group's segmental gross profit rose by S$4 million due to lower cost of sales from a drop in energy charges and lower depreciation charges. However, segmental net profit before tax increased by only S$0.2 million due to an impairment loss on property, plant and equipment of S$3.8 million recognised in the books of our Myanmar subsidiary in the current financial year.

In Myanmar, our plans to access the wider market for distribution of our industrial chemicals were severely impacted by reduced mobility as a result of ongoing wide-spread protests which led to frequent curfews and movement restrictions. This has limited provision of our full range of services which in turn limited growth in our operations there. We are of the view that the situation is unlikely to improve in the near term and have consequently exercised prudence in taking a provision for a total impairment loss of S$11.2 million for FY2021.

Properties segment

Revenue from our properties business decreased by S$0.5 million from S$1.5 million in FY2020. The Company has given rental reductions of at least 6 months starting April 2020 to its tenants. There were tenants who did not continue their leases upon expiry and it also took us a longer time to secure new tenants. Despite a drop in revenue, the properties segment posted a segmental profit of S$2 million due to a fair value gain of S$1.3 million in FY 2021 compared to a fair value loss of S$1.2 million the year before.

MOVING FORWARD

Fluctuations in energy prices have had a positive impact on our performance for the past few years. The Group has benefited from lower energy rates in the past few years and this has significantly lowered our cost of production. Energy prices are however starting to recover in the current financial year. We are also unlikely to benefit from further Covid relief measures from the government comprising one-off grants under the Job Support Scheme, property tax rebates, and cash grants for rental rebates. We will consequently need to find ways to improve the efficiency of our plant operations, increase our plant capacity utilisation and promote sales of our industrial chemicals in order to improve our bottom line.

Our plant in Myanmar continues to operate and we are continuing deliveries to our key customers despite the political uncertainty, in the face of port and customs delays, disruptions in logistics due to movement controls which have raised transportation costs, and disruptions in essential services particularly in the banking system. Higher operating costs and currency exposure may however, adversely impact the profitability of our subsidiary in Myanmar. We will need to continually monitor developments which may have a material adverse impact on our operations and on the carrying values of our assets.

The lease on our administrative office and blending plant at Jalan Samulun will expire in four and a half years and is unlikely to be renewed. We are currently exploring alternative sites that will meet our space requirements taking into account our future strategies as well as our present and future business models. This re-location will likely be a major exercise, drawing on a significant amount of our resources, not least of which is financial. Our cash reserves will stand us in good stead.

Office rentals will continue to be under pressure as more offices move to work-from-home arrangements and more businesses cease operations due to the on-going pandemic. Capital values will also be dependent on the outlook of the property market and will be susceptible to changes in market sentiments in the light of economic uncertainties caused by the on-going Covid-19 pandemic.

We expect FY2022 to be even more challenging than our previous year. However, the pandemic and the problems in Myanmar will be over one day and when that day comes, we are confident that our business can again move forward. We have a healthy cash reserve that can be deployed at the right time. We will continue to remain vigilant in order to overcome challenges amid the gloomy economic outlook as well as to look for new business opportunities.

DIVIDEND

Notwithstanding a very difficult year, the Board of Directors has recommended a final dividend (one-tier tax exempt) 1.5 cents per ordinary share for this FY2021, subject to shareholders' approval at our upcoming Annual General Meeting to be held on 21 July 2021.

IN APPRECIATION

On behalf of the Board of Directors, we would like to express our heartfelt thanks and appreciation to our dedicated employees for their contribution and also to our shareholders, customers, business partners and associates, and all other stakeholders for their continuous unwavering support, confidence and trust in us. The Group will continue to optimize our development strategies and to strive to maximize shareholders' interests.

We look forward to your continued support in the years ahead.

Yours Sincerely,

YEO HOCK CHYE
Independent Non-Executive Chairman

LIM SOO PENG
Managing Director

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 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 Yeo Hock Chye	Independent Chairman
Mr Lim Soo Peng	Managing Director
Mr Lim Yew Khang Cecil	Executive Director
Dr Wan Soon Bee	Non-Executive and Independent Director
Mr Sng Peng Chye	Non-Executive and Independent Director
Mr Chua Chin Kiat	Non-Executive and Independent Director
Mr Lim Yew Nghee	Non-Executive and Non-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 recuse themselves from discussions and decisions involving the issues of conflict.

The principal functions of the Board include, inter alia,
(a) providing entrepreneurial leadership, setting strategic objectives;
(b) ensuring necessary resources are in place for the Company to meet its strategic objectives;
(c) monitoring Management's performance;
(d) establishing a framework for prudent and effective control for risk management;
(e) safeguarding shareholders' interests and the Company's assets;
(f) setting values and standards (including ethical standards) for the Company; and
(g) ensuring transparency and accountability to key stakeholder groups.

The Board recognises that, to ensure that the business is sustainable, the Company has to strike a balance between its business needs and the needs of the society and the environment in which it operates. The Board considers sustainability issues in its strategy formulation.The Company has posted its Sustainability Report for FY2020 on SGX-NET on 29 October 2020. The Company will post its sustainability report for FY2021 by end of August 2021.

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 executive, 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 Group Financial Controller and the General Manager in their capacities as Executive Officers.

The Company has in place a process of 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 organisation 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. Mr Chua Chin Kiat and Mr Sng Peng Chye who were both appointed on 13 July 2020 being first-time directors have undergone the prescribed training within the first year of their appointments.

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

For FY2021, updates on the Group's business and strategic developments were presented by the Executive Directors, 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 organized by various professional bodies and organisations are circulated to the Directors on a regular basis; some of which the Directors have attended or participated during the year.

Provision 1.3
Matters which require Board approval

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 Senior Management
- Transactions involving a conflict of interest or interested person or related party
- 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			
	Chairman of the Board	Executive Director	Non-Independent and Non-Executive Director	Independent Director	AC	NC	RC
Yeo Hock Chye[1]	*			*	Chairman	Member	Member
Lim Soo Peng		*		-	-	-	-
Lim Yew Khang Cecil		*		-	-	-	-
Lim Yew Nghee[2]		-	*	-	Member	Member	Member
Dr Wan Soon Bee		-	-	*	Member	Member	Chairman
Chua Chin Kiat[3]		-	-	*	Member	Chairman	-
Sng Peng Chye[4]		-	-	*	-	-	Member

[1] Mr Yeo Hock Chye was appointed Chairman of the Board w.e.f 14 August 2020.
[2] Mr Lim Yew Nghee was appointed member of AC, RC and NC w.e.f. 14 August 2020.
[3] Mr Chua Chin Kiat was appointed Director w.e.f. 13 July 2020. He was appointed Chairman of NC and member of AC w.e.f 14 August 2020.
[4] Mr Sng Peng Chye was appointed Director w.e.f.13 July 2020, and member of RC w.e.f. 14 August 2020.

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 attendance of the directors at meetings of the Board and Board committees during FY2021 is disclosed below:

	Board	AC	RC	NC
Number of meetings held	5	2	1	2
Name of Directors				
Yeo Hock Chye	5	2	1	2
Lim Soo Peng	4	1*	1*	1*
Lim Yew Khang Cecil	5	2*	-	1*
Lim Yew Tee Collin[1]	5	2*	-	1*
Lim Yew Nghee[2]	5	2#	-	2#
Dr Wan Soon Bee	5	2	1	2
Mr Chua Chin Kiat[3]	3	1	-	1
Mr Sng Peng Chye[4]	2	1*	-	-
Lee Kia Jong Elaine[5] (Mrs Elaine Lim)	2	1	1	1

[1] Mr Lim Yew Tee Collin resigned as Director on 3 May 2021.
[2] Mr Lim Yew Nghee was appointed member of AC, RC and NC w.e.f. 14 August 2020
[3] Mr Chua Chin Kiat was appointed Director w.e.f. 13 July 2020. He was appointed Chairman of NC and member of AC w.e.f 14 August 2020.
[4] Mr Sng Peng Chye was appointed Director w.e.f.13 July 2020, and member of RC w.e.f. 14 August 2020.
[5] Mrs Elaine Lim retired as Director, Chairperson of NC and member of AC and RC on 14 August 2020.
* attended as invitee
# attended 1 meeting as member and 1 meeting as invitee

The Board meets at least twice a year and as warranted by circumstances, as deemed appropriate by the Board members. The Board ensures that Directors with other listed board representations give sufficient time and attention to the affairs of the Group.

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 at least 7 days in advance of each meeting and it includes financial reports, disclosure documents, explanatory information, key developments and other matters requiring the Board's decision. 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 from management additional information.

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 the 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

At the end of FY2021 on 31 March 2021, the Board comprises eight directors, of whom four are Independent Directors. At the date of this annual report, the Board comprises seven Directors, of whom four 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 four Independent Directors have declared themselves to be independent. Having reviewed the declarations of independence by the Independent Directors, the NC is of the view the Independent Directors, namely Dr Wan Soon Bee , Mr Yeo Hock Chye, Mr Sng Peng Chye and Mr Chua Chin Kiat 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. Each of the Independent Directors abstained from the deliberations of the NC on his independence.

Dr Wan Soon Bee has served for more than nine years on the Board. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form such as the number of years which they have served on the Board. The NC has undertaken a rigorous assessment of the independence of Dr Wan and is satisfied that there is no relationship or other factors such as business dealings, financial dependence or relationship with the Group or the Group's management, etc. which would impair his independent judgement. Based on its assessment, the NC has concluded that Dr Wan continues to maintain independence. The Board concurs with the NC. Dr Wan did not participate in the rigorous review process and had abstained from the Board's deliberation of his independence. Dr Wan who is due to retire at the forthcoming annual general meeting ("AGM") of the Company has indicated that he does not wish to seek re-election.

Provisions 2.2 and 2.3
Composition of Independent Directors and Non-Executive Directors on the Board

In accordance with the Listing Rules of SGX-ST, the Independent Directors of the Company make up one-third of the Board.

Provision 2.2 is not applicable as the Chairman of the Board is an Independent Director. The Independent Directors comprise one-third 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 seven members. The five Non-Executive Directors (four of whom are independent) comprise the majority of the Board.

Provision 2.4
Board size and diversity

The Board members as a group provide an appropriate mix of experience, expertise and attributes that facilitate balanced, objective and effective decision making.

The Board is supportive of the policy of Board diversity, including gender diversity, and together with the NC will set the relevant objectives to promote diversity to ensure an appropriate balance of perspectives, skills and experience to support the long-term success of the Company. The Board has had diversity that includes female representation on its Board until the resignation of its female Board member in 2020. The Board, when reviewing new appointments, will consider each candidate's merits and suitability as well as how it can contribute to the objective of diversity.

The Board concluded that its size and diversity are appropriate taking into consideration the scope and nature of operations of the Group.

The profiles of the directors are disclosed in page 21 to 25 of this Annual Report.

Provision 2.5
Role of Non-Executive Directors

In FY2021, 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 MANAGING DIRECTOR

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 Lim Soo Peng is the Managing Director (equivalent to CEO) of the Company. The roles and responsibilities of Chairman and Managing Director are separate and distinct. Mr Yeo and Mr Lim are not related.

As Chairman of the Board, Mr Yeo's responsibilities include leading the Board to ensure its effectiveness, setting the Board agenda in consultation with the Board members, control of the quality and timeliness of data and information to the Board and promoting high standards of governance and adherence to the Code, Listing Rules and other regulatory requirements.

As Managing Director, Mr Lim Soo Peng manages and develops the businesses of the Group and implements the Board's decision. He undertakes the executive responsibilities for the Group's performance.

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 Managing Director are separate and distinct. The Independent Directors meet amongst themselves without the presence of the Executive 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.

Mr Chua Chin Kiat	(NC Chairman and Independent Director)
Dr Wan Soon Bee	(Independent Director)
Mr Yeo Hock Chye	(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 succession plans, in particular for the Chairman and the Managing Director, 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 (excluding any new Directors appointed during the year) 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, Mr Sng Peng Chye and Dr Wan Soon Bee will retire at the forthcoming AGM by rotation and be eligible for re-election. Dr Wan and Mr Sng have informed the Board that they will not seek re-election. Mr Lim Soo Peng has consented to stand for re-election.

With the retirement of Dr Wan and Mr Sng, the Board will comprise five Directors of whom three are Non-Executive Directors (with two being Independent Directors). The Independent Directors will comprise more than one-third of the Board in compliance with the Listing Rules of SGX-ST. The Non-Executive Directors will comprise the majority of the Board in compliance with Provision 2.3 of the Code.

Taking into account Mr Lim Soo Peng's attendance and participation at Board meetings, the NC is satisfied that Mr Lim has committed his time to effectively discharge his responsibilities and duties as a director. The NC has recommended his re-election. The Board has accepted the NC's recommendations. Mr Lim has abstained from the Board's deliberation and decision on his re-election.

In accordance with the Listing Rules of SGX-ST, the information as set out in Appendix 7.4.1 of the Listing Manual in respect of Mr Lim Soo Peng standing for re-election at the forthcoming AGM are provided on page 91 of this Annual Report.

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 FY2021, 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 SGX-ST and respective Independent Directors' self-declaration. 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/her 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 individual circumstances and capacity of each Director are different. The NC respects each Director as a professional and leaves it to his/her personal assessment on the demands of competing directorships and obligations and whether he/she 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 made recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively. The Chairman should, 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, control and risk management, and engagement with stakeholders. The Company Secretary compiles the Directors' evaluations into a consolidated report and presents it to the NC and the Board.

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 FY2021, having reviewed the performance of the Board and Board committees, the NC is of the view that the performance of the Board and its committees have been effective. No external facilitator was used in the evaluation process.

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 or she is a chairperson or 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 FY2021, the NC has reviewed each individual director's performance and is of the view that each individual Director has contributed effectively and has demonstrated commitment to his role. All NC members have abstained from the review process in connection with the assessment of their individual performance.

The Company does not use any external professional facilitator for the assessments of the Board, Board committees and individual Directors, but will consider the use of such facilitator as and when appropriate.

REMUNERATION MATTERS

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

Provisions 6.1 & 6.2
Remuneration Committee

The Remuneration Committee ("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.

Dr Wan Soon Bee	(RC Chairman and Independent Director)
Mr Yeo Hock Chye	(Independent Director)
Mr Sng Peng Chye	(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 Managing Director 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.

The employment of each Executive Director and key management personnel can be terminated by either party by giving notice of resignation or termination. The termination provisions relating to their employment 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 expense of such services shall be borne by the Company. 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. For FY2021, the Company has engaged a human resource consultant to review the competitiveness of the remuneration packages for the Executive Directors and key management personnel and to make recommendations thereon.

LEVEL AND MIX OF REMUNERATION

Principle 7: Level and mix of Remuneration

Provision 7.1
Remuneration of Executive Directors and key management personnel

A significant and appropriate proportion of Executive Directors' and 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 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 Executive Directors and key management personnel, in exceptional circumstances, and considers it unnecessary in the current context.

There are no contractual provisions in the employment contracts of Executive Directors and 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 contract 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 Directors, Managing Director 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 FY2021

Directors

	Salary	Bonus	Provident Fund	Directors' Fee[(1)]	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
S$750,001 to S$1,000,000					
Lim Soo Peng	684	57	8	68	817
S$250,001 to S$500,000					
Lim Yew Khang Cecil	360	75	9	50	494
Lim Yew Tee Collin	180	53	18	50	301
S$250,000 and below					
Dr Wan Soon Bee	-	-	-	55	55
Lee Kia Jong Elaine (Mrs Elaine Lim)[2]	-	-	-	21	21
Yeo Hock Chye	-	-	-	86	86
Lim Yew Nghee	-	-	-	50	50
Chua Chin Kiat	-	-	-	39	39
Sng Peng Chye	-	-	-	36	36
Total	**1,224**	**185**	**35**	**455**	**1899**

(1) All Directors receive Directors' fees for attending to Board matters. The Chairman of the Board receives double the fee paid to other Directors and Board committees' chairmen receive a small additional fee. Directors' fees are subject to shareholders approval at the Annual General Meeting.

(2) Mrs Elaine Lim retired as Director on 14 August 2020.

Top 5 management personnel (who are not Directors or the MD) for FY2021

	Salary	Bonus	Provident Fund	Total
S$250,000 and below				
Executive 1	96%	0%	4%	100%
Executive 2	75%	16%	9%	100%
Executive 3	75%	16%	9%	100%
Executive 4	82%	10%	8%	100%
Executive 5	78%	16%	6%	100%

The remuneration of the top 5 key management personnel (who are not directors or the MD) is shown on a "no name" basis so as to avoid a situation where the information might be exploited by competitors.

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 aggregate of the total remuneration paid to the top five key management personnel (who are not directors) is S$928,000.

In the interest of retaining expertise and talent, the Company does not name its key management personnel. The Board is of the view that the information on the level and mix of remuneration in percentage terms of the top 5 key management personnel, and their total remuneration provides a balance between the interests of the Company and information to shareholders and is consistent with the intent of Principle 8 of the Code.

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

Saved as disclosed below, there is no other employee who is an immediate family member of a substantial shareholder, director or the Managing Director ("MD") and whose remuneration exceeds S$100,000.

Remuneration Bands and Name of Family Member of Directors or MD	**Relationship to substantial shareholder, Directors or the MD**
<u>**S$100,001 to S$200,000**</u> Lin Yinjun Benjamin	Grandson of Mr Lim Soo Peng and son of Mr Lim Yew Khang Cecil

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 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 Controls System

The Board is responsible for the governance of risk, including 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 AC is tasked with the responsibility to ensure that the Management maintains a sound system of risk management and internal controls. 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 the 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 the 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 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.

For FY2021, the Board has reviewed with the AC the following significant risk factors relevant to the Group's operations:

- Interest rate risk
- Equity price risk
- Credit risk
- Liquidity risk
- Capital risk

The above risks and the management of these risks are set out on pages 58 to 64 of this annual report.

Provision 9.2
Assurances to the Board

For FY2021, the Board has received letters of assurance from the Managing Director 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 ("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 Managing Director and the Group Financial Controller, 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 FY2021. 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.

AUDIT COMMITTEE

Principle 10: Audit Committee

Provisions 10.1 and 10.2
AC membership and responsibilities

Audit Committee

The Audit Committee ("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 and Independent Director)
Dr Wan Soon Bee	(Independent Director)
Mr Chua Chin Kiat	(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. The other AC members, Dr Wan Soon Bee, Mr Chua Chin Kiat 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 profiles of the Directors in page 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 MD and the Group Financial Controller on the financial records and financial statements and the assurances from the MD and the management personnel responsible, 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 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 FY2021 was S$121,500, of which the audit fee amounted to S$74,500 and non-audit fees amounted to S$47,000 or 63% 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 Managing Director or AC Chairman to raise concerns about possible improprieties in matters of financial reporting or other 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.

All whistler-blower complaints will be investigated independently by the AC and the findings will be reported to the Board.

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 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 for the Group in FY2021 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 FY2021, 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 FY2021. 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 FY2021.

Please refer to the Independent Auditor's Report on pages 30 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.

Due to the COVID-19 situation, the AGM in the previous year 2020, was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Shareholders could not attend the meeting in person and alternative arrangements were made for them to attend virtually via live audio-visual webcast or live audio only stream. Shareholders were allowed to vote by submitting proxy forms appointing the Chairman of the meeting as their proxy. Shareholders were requested to submit their questions ahead of the meeting. Questions raised by the shareholders were addressed ahead of the meeting and published on the Company's corporate website and on SGXNET. In view of the continuing COVID-19 situation and regulations on safe distancing, the Company will conduct the forthcoming annual general meeting in a similar manner.

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 14 August 2020 in respect of FY2020 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, Chapter 50. 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.

However, due to the COVID-19 situation, and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company will hold the forthcoming AGM by electronic means and shareholders will be allowed to vote by submitting proxy forms appointing the Chairman of the meeting as their proxy.

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.sg.

Provision 11.6
Dividend Policy

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

For FY2021, the Board has recommended a first and final one-tier dividend of 1.5 cents per share subject to shareholders approval at the annual general meeting on 21 July 2021.

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 and explanatory memoranda for 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.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.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 FY2020 posted on SGXNET on 29 October 2020. The Company will post its sustainability report for FY2021 by end of August 2021.

Provision 13.3
Corporate website to communicate and engage with stakeholders.

The Company maintains a corporate website at www.cil.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.sg to contact the Company.

DEALINGS IN SECURITIES

The Company has in place a policy prohibiting dealings in the Company's securities by the Company, its directors and officers of the Company for the period of one month before the announcement of the Company's half year and full year financial statements and ending on the date of the announcement. The Directors and officers of the Company are also prohibited from dealing in the Company's securities on short-term considerations. In addition, the Company, its directors and officers are expected to observe the insider trading laws at all times even when dealing in the Company's securities within permitted trading periods.

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

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 Managing Director, Director or substantial shareholder.

BOARD OF DIRECTORS

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

Managing Director

Mr. Lim Soo Peng was appointed to the Board since its inception on 16 March 1962. He was the Chairman and Managing Director until 14 August 2020 where he stepped down as the Chairman of the Board. He founded the Company in response to the Singapore Government's invitation to 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.

He 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.

Date of first appointment as a Director:

16 March 1962

Date of last re-election as a Director:

28 June 2019

Present Directorship other than the Company (SGX Listed Company)

Nil

Present Principal Commitments including Directorship other than the Company and its subsidiaries (Non SGX-Listed Company):

- S.P. Lim & Company Pte Ltd
- Eastern Rubber Company (Malaya) Pte Ltd
- S.P. Lim Trust Limited
- S.P. Lim Holdings Pte Ltd

LIM YEW KHANG CECIL

Executive Director

Mr. Lim Yew Khang Cecil was appointed to the Board on 15 September 2016 and was last re-elected on 14 August 2020. He assists the Managing Director in strategic planning, commercial and business development of the Group and is responsible for the Group's operations in Myanmar.

He joined the Group in 1980 and held various positions involving various aspects including investment, finance, commercial, operations and serving as an Executive Director on the Board of Directors from 1992 to 2006. Prior to joining the Group, he worked in the financial investment arena.

Mr. Cecil Lim graduated with a Bachelor of Arts (Honours) degree in Social Science from the University of Singapore and obtained a Master of Science in Business Studies from the London Business School.

Date of first appointment as a Director:

15 September 2016

Date of last re-election as a Director:

14 August 2020

Academic & Professional Qualifications:

- Bachelor of Arts (Honours) in Social Science, University of Singapore
- Master of Science in Business Studies, London Business School

Present Directorship other than the Company (SGX Listed Company)

Nil

Present Principal Commitments including Directorship other than the Company and its subsidiaries (Non SGX-Listed Company):

- Auston Institute of Management Pte Ltd

YEO HOCK CHYE

Independent Chairman

Mr. Yeo Hock Chye was appointed to the Board on 1 July 2019 and subsequently appointed as Independent Chairman with effect from 14 August 2020. He is also concurrently the Chairman of the Audit Committee as well as a member of the Nominating and Remuneration Committees.

He manages a consultancy practice providing financial and business advisory, project management and consulting services on Enterprise Risk Management and Corporate Governance for small and medium sized businesses in Singapore and the Indo-China region.

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

Date of last re-election as a Director:

14 August 2020

Academic & Professional Qualifications:

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

Board Committee Membership

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

Present Directorship other than the Company (SGX Listed Company)

Nil

Present Principal Commitments including Directorship other than the Company and its subsidiaries (Non SGX-Listed Company):

Nil

DR WAN SOON BEE

Non-Executive Independent Director

Dr Wan Soon Bee was appointed to the Board on 3 July 2000.

Dr Wan was a former Minister of State and was a Member of Parliament from 1980 to 2001. He served as Deputy Secretary-General of the National Trades Union Congress (NTUC) from 1981 to 1987 and Chairman of Comfort Group Ltd from 1986 to 1998. From 1981 to 1995, he was on the Board of Directors of Singapore Airlines and was the Executive Chairman of OCWS Logistics Pte Ltd, a subsidiary of Neptune Orient Lines Limited from 1995 to 2000.

Date of first appointment as a Director:

3 July 2000

Date of last re-election as a Director:

29 June 2018

Academic & Professional Qualifications:

- Dottore Ingegnere Degree in Electronics Engineering, University of Pisa

Board Committee Membership

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

Present Directorship other than the Company (SGX Listed Company)

Nil

Present Principal Commitments including Directorship other than the Company and its subsidiaries (Non SGX-Listed Company):

Nil

SNG PENG CHYE

Non-Executive Independent Director

Mr Sng Peng Chye was appointed to the Board on 13 July 2020.

Mr Sng is currently the Senior Advisor (Corporate Banking) of CIMB Bank Singapore. He had a long and distinguished career in the banking industry. From 2001 till his retirement in 2018, he was the Head of Corporate Banking and was active in several working committees in Malayan Banking Berhad, Singapore.

Date of first appointment as a Director:

13 July 2000

Date of last re-election as a Director:

14 August 2020

Academic & Professional Qualifications:

- Bachelor of Arts, University of Singapore
- Bachelor of Social Science (2^{nd} Upper Honours) in Economics, National University of Singapore

Board Committee Membership

- Member of Remuneration Committee

Present Directorship other than the Company (SGX Listed Company)

Nil

Present Principal Commitments including Directorship other than the Company and its subsidiaries (Non SGX-Listed Company):

Nil

CHUA CHIN KIAT

Non-Executive Independent Director

Mr Chua Chin Kiat was appointed to the Board on 13 July 2020 and subsequently appointed as Chairman of the Nominating Committee and member of Audit Committee with effect from 14th August 2020.

Mr Chua served in the public service for 36 years. He retired from the public service as Director of Prisons (now known as the Commissioner of Prisons) in 2007, holding the rank of Deputy Commissioner of Police. When Mr Chua took over the helm as Director of Prisons, the Service started many new and bold initiatives which transformed the organisation into an exemplary prison system with the vision of returning prisoners to society as responsible citizens. The tagline "Captains of Lives" was coined to describe the new role played by Prison Officers. He was the initiator of the Yellow Ribbon Project which still helps ex-offenders reintegrate back to society today. The Singapore Prison story became the subject of 2 case studies, one by INSEAD and the other by Civil Service College. He was the author of 2 books on prison reform, namely, The Making of Captains of Lives and Leading Reform.

He served as the Chief Executive Officer of Aetos Security Management Pte Ltd (a wholly owned Temasek company) from 2007 to 2011. From 2008 to 2013, he chaired the Board of Centre for Enabled Living (CEL), an agency set up by the Singapore Government to serve the social care needs of the disabled and elderly. He was also on the board of Agency for Integrated Care (AIC) from 2009 to 2018.

Mr Chua was a recipient of the Public Administration Medal (Gold) in 2005 for his contributions as the Director of Prisons. His name again appeared in the 2013 National Day Honours list, being awarded the Public Service Medal (PBM) for his contributions to the disabled and aged care sectors.

Date of first appointment as a Director:

13 July 2020

Date of last re-election as a Director:

14 August 2020

Board Committee Membership

- Chairman of Nominating Committee
- Member of Audit Committee

Present Directorship other than the Company (SGX Listed Company)

Nil

Present Principal Commitments including Directorship other than the Company and its subsidiaries (Non SGX-Listed Company):

Nil

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:

14 August 2020

Academic & Professional Qualifications:

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

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

Nil

Present Principal Commitments including Directorship other than the Company and its subsidiaries (Non SGX-Listed Company):

- Singapore Tax Academy
- Taxise Asia LLC
- Taxise Asia Consulting Pte Ltd
- Private Exchange Group Pte Ltd
- Otters Online Pte Ltd
- ELMR Holdings Pte. Ltd.

SENIOR MANAGEMENT

LIN YINJUN BENJAMIN
General Manager

Mr Lin Yinjun Benjamin was appointed as General Manager on 16 April 2019 and is responsible for daily operations, marketing and procurement functions of the Company. He joined the Group in September 2012 as Personal Assistant to Managing Director and has been involved in all aspects of our business operations assisting the Managing Director.

Mr Lin graduated with a Bachelor of Arts (Honours) degree in Marketing Management with Coventry University and obtained an Executive Diploma in Directorship awarded jointly by Singapore Management University and the Singapore Institute of Directors.

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 of AGV Group Limited, listed on the SGX-ST.

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

IVAN TOH
Head of Commercial

Mr. Ivan Toh joined the Group in October 2017 as Head of Commercial and is responsible for developing and expanding the market for our own production products, as well as distribution chemicals.

He has been in the chemical distribution lines for 11 years and was previously from a major American chemical distribution company with responsibilities for developing its regional distribution business.

Mr. Toh graduated with a Diploma in Business Studies from Ngee Ann Polytechnic.

WONG MOON SENG
Technical Adviser to Chairman

Mr. Wong Moon Seng serves as the Group's Technical Adviser since March 2002. He joined the Group in 1965 as Deputy Plant Manager and was involved in the evolution of the Group's manufacturing technology from the first-generation mercury cells to the present Bipolar membrane Electrolyzer technology.

Mr. Wong graduated with a Bachelor of Science degree in Chemical Engineering from the National Taiwan University.

TEO EK PHENG
Logistics Manager

Mr. Teo joined the Group in 1965 and has held various positions in the Group during his tenure with the Group. He was promoted to Logistics Manager in March 2009 with overall responsibilities for the Group's distribution business. He is also a Director of Chem Transport Pte Ltd, a subsidiary company.

YEO KENG LIANG
Sales & Marketing Manager

Mr. Yeo was appointed as the Sales & Marketing Manager in March 2009. He joined the Group in 1985 as Marketing Executive. Prior to joining the Group, he worked with a consumer goods distributor and the Consumer Association of Singapore.

Mr. Yeo graduated with a Diploma in Commerce from Ngee Ann Technical College.

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 2021.

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 83 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 2021, 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:

Yeo Hock Chye	(Chairman)
Lim Soo Peng	(Managing Director)
Lim Yew Khang Cecil	
Dr Wan Soon Bee	
Lim Yew Nghee	
Sng Peng Chye	(Appointed on July 13, 2020)
Chua Chin Kiat	(Appointed on July 13, 2020)

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 Singapore Companies Act, Chapter 50, except as follows:

	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
Name of directors and company in which interests are held	At beginning of year	At end of year	At beginning of year	At end of year	At 21 April 2021	At 21 April 2021
Chemical Industries (Far East) Limited. (Ordinary Shares)						
Lim Soo Peng	3,114,250	-	32,743,500	35,857,750	-	36,507,750
Lim Yew Khang Cecil	14,000	14,000	-	-	14,000	-
Lim Yew Tee Collin	10,479	10,479	-	-	10,479	-
Yeo Hock Chye	-	-	10,000	10,000	-	10,000

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, 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 option to take up unissued shares of the company or any corporation in the Group was 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 non-executive and independent directors, is chaired by Mr Yeo Hock Chye, an independent director and comprises Dr Wan Soon Bee, Mr Lim Yew Nghee and Mr Chua Chin Kiat. The Audit Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors 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

LIM SOO PENG

LIM YEW KHANG CECIL

21 June 2021

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 2021, 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 82.

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, Chapter 50 (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 2021 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 Matter

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 $55.8 million and accounted for 38% of Group's total assets as at 31 March 2021.

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 externally published benchmarks where available 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 was professional with 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 Note 3(c) and 10 to the financial statements.

Valuation of property, plant and equipment and cost of investment in subsidiary

The carrying amount of the property, plant and equipment ("PPE") of the Group is $29.5 million as at 31 March 2021. Included within the PPE are leasehold land and plant and equipment used for production and sale of chemicals in Myanmar of $10.3 million. In February 2021, political unrest occurred in Myanmar which resulted in movement restrictions in the country. Accordingly, there is an indication of impairment in the carrying amount of certain plant and equipment. In addition, there is also indication of impairment on the cost of investment in subsidiary of the company, Chemical Industries (Myanmar) Limited.

The Group carried out an impairment assessment of the plant and equipment by estimating the recoverable amounts using current available information and situation. The discounted cashflow valuation methodology was used in estimating the recoverable amount using projected cashflows based on sales to existing customers, present valued using a discount rate and a terminal growth rate. The recoverable amount prepared by management may change significantly and unexpectedly over a relatively short period of time in view of the evolving developments in Myanmar. The valuation is sensitive to key assumptions applied including impact from any diplomatic and/or economic responses, and potential sanctions against the country. A change in the key assumptions will have an impact on the recoverable amount and the amount of impairment. Arising from the above assessment, the Group recorded an impairment loss of $3.8 million on the carrying amount of property, plant and equipment as disclosed in Note 9 to the financial statements.

The Company recorded an impairment of $3.7 million on the cost of investment in subsidiary as disclosed in Note 11 to the financial statements.

Our audit performed and responses thereon

Our audit procedures included understanding management's process in assessing the impairment. We involved our valuation specialists to understand the valuation methodology used and the underlying assumptions and tested the key inputs used such as discount rate and terminal growth rate. We held discussions with management to understand and challenged the basis of the forecast and how they have considered the impact of uncertainties arising from the political unrest. Although the methodology is in line with generally accepted market practices and the key assumptions applied are consistent with currently observable market data and environment, we noted that the recoverable amount estimate is highly sensitive on the continued developments in Myanmar. The key assumptions and sensitivity analysis are disclosed in Notes 9 and 11 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 period 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 Lee Boon Teck.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

21 June 2021

STATEMENTS OF FINANCIAL POSITION
31 March 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	41,744	31,748	37,969	28,694
Trade and other receivables	7	13,007	11,291	12,514	10,965
Due from subsidiaries	13	-	-	5,916	9,011
Inventories	8	4,496	5,303	3,496	4,057
Total current assets		59,247	48,342	59,895	52,727
Non-current assets					
Property, plant and equipment	9	29,494	36,881	21,608	24,546
Investment properties	10	55,800	54,500	-	-
Subsidiaries	11	-	-	9,479	13,179
Associate	12	-	-	-	-
Financial assets at fair value through profit or loss ("FVTPL")	14	873	657	873	657
Total non-current assets		86,167	92,038	31,960	38,382
Total assets		145,414	140,380	91,855	91,109
Current liabilities					
Trade and other payables	15	8,053	6,638	6,863	5,367
Contract liabilities	16	750	480	750	480
Due to subsidiaries		-	-	-	347
Lease liabilities	17	986	847	986	847
Income tax payable		4,345	3,919	4,175	3,703
Total current liabilities		14,134	11,884	12,774	10,744

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION (cont'd)

31 March 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Non-current liabilities					
Lease liabilities	17	4,543	5,529	4,543	5,529
Deferred tax liabilities	18	2,000	2,355	1,823	2,270
Total non-current liabilities		6,543	7,884	6,366	7,799
Capital and reserves					
Share capital	19	75,945	75,945	75,945	75,945
Translation reserve	20	(2)	304	-	-
Accumulated profits (losses)		48,794	44,363	(3,230)	(3,379)
Total equity		124,737	120,612	72,715	72,566
Total liabilities and equity		145,414	140,380	91,855	91,109

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Note	Group	
		2021	2020
		$'000	$'000
Revenue	21	63,002	62,215
Cost of sales		(43,690)	(46,589)
Gross profit		19,312	15,626
Other income (expense)			
Gain (Loss) from fair value adjustments on investment properties	10	1,300	(1,200)
Others (net)	22	2,158	1,354
Distribution expenses		(6,872)	(5,262)
Administrative expenses		(8,878)	(5,849)
Finance costs		(176)	(199)
Profit before tax		6,844	4,470
Income tax expense	23	(1,274)	(1,114)
Profit for the year attributable to owners of the company	24	5,570	3,356
Basic and diluted earnings per share (cents)	26	7.33	4.42

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

Year ended 31 March 2021

	Group	
	2021	2020
	$'000	$'000
Profit for the year	5,570	3,356
Other comprehensive (loss) income (net of tax)		
Exchange differences on translation of foreign operations	(306)	293
Total comprehensive (loss) income for the year	(306)	293
Total comprehensive income for the year attributable to owners of the company	5,264	3,649

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended 31 March 2021

	Note	Share capital	Translation reserves	Accumulated profits	Attributable to equity holders of the company
		$'000	$'000	$'000	$'000
Group					
Balance at 1 April 2019		75,945	11	42,146	118,102
Total comprehensive income for the year					
Profit for the year		-	-	3,356	3,356
Other comprehensive income		-	293	-	293
Total		-	293	3,356	3,649
Dividends paid, representing transactions with owners, recognised directly in equity	25	-	-	(1,139)	(1,139)
Balance as at 31 March 2020		75,945	304	44,363	120,612
Total comprehensive income (loss) for the year					
Profit for the year		-	-	5,570	5,570
Other comprehensive loss		-	(306)	-	(306)
Total		-	(306)	5,570	5,264
Dividends paid, representing transactions with owners, recognised directly in equity	25	-	-	(1,139)	(1,139)
Balance as at 31 March 2021		75,945	(2)	48,794	124,737

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

Year ended 31 March 2021

	Note	Share capital $'000	Accumulated losses $'000	Total $'000
Company				
Balance at 1 April 2019		75,945	(6,384)	69,561
Profit for the year, representing total comprehensive income for the year		-	4,144	4,144
Dividends paid, representing transactions with owners, recognised directly in equity	25	-	(1,139)	(1,139)
Balance as at 31 March 2020		75,945	(3,379)	72,566
Profit for the year, representing total comprehensive income for the year		-	1,288	1,288
Dividends paid, representing transactions with owners, recognised directly in equity	25	-	(1,139)	(1,139)
Balance as at 31 March 2021		75,945	(3,230)	72,715

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2021

	Group	
	2021	2020
	$'000	$'000
Operating activities		
Profit before tax	6,844	4,470
Adjustments for:		
Write-down of inventories to net realisable value	-	8
(Reversal of) Provision for loss allowance	(189)	7
Depreciation of property, plant and equipment	5,461	5,679
(Gain) Loss from fair value adjustments on investment properties	(1,300)	1,200
(Gain) Loss on fair value adjustments on financial assets at FVTPL	(216)	183
Impairment loss on property, plant and equipment	3,826	-
Foreign exchange differences	399	(284)
Dividend income	(22)	(41)
Loss (Gain) on disposal of property, plant and equipment	53	(8)
Interest expense	176	199
Interest income	(202)	(337)
Operating cash flows before movements in working capital	14,830	11,076
Trade and other receivables	(1,736)	(715)
Inventories	890	420
Trade and other payables	1,495	897
Contract liabilities	270	371
Cash generated from operations	15,749	12,049
Dividends paid	(1,139)	(1,139)
Income tax paid	(1,203)	(1,328)
Interest paid	(1)	(1)
Interest received	202	337
Dividends received	22	41
Net cash from operating activities	13,630	9,959

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

Year ended 31 March 2021

	Group	
	2021	2020
	$'000	$'000
Investing activities		
Proceeds on disposal of property, plant and equipment	162	339
Purchase of property, plant and equipment	(2,773)	(9,690)
Additions to financial assets at FVTPL	-	(9)
Net cash used in investing activities	(2,611)	(9,360)
Financing activity		
Repayment of lease liabilities	(1,023)	(1,021)
Net cash used in financing activity	(1,023)	(1,021)
Net increase (decrease) in cash and cash equivalents	9,996	(422)
Cash and cash equivalents at beginning of year	31,748	32,170
Cash and cash equivalents at end of year	41,744	31,748

See accompanying notes to financial statements.

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 associates are disclosed in Notes 11 and 12 to the financial statements respectively.

COVID-19 pandemic and the aftermath

The COVID-19 pandemic and the aftermath of the pandemic globally had impacted the Group's business operations during the reporting year due to measures taken by the governments to contain the spread of COVID-19. The management has assessed the impact of the COVID-19 outbreak and has noted that operations are still continuing and there have been no significant supply chain disruptions or significant dampening of demand for its products.

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 2021 were authorised for issue by the Board of Directors on 21 June 2021.

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 Singapore Companies Act 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 2020, 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the company's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair value of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets and liabilities related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal Groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

FINANCIAL INSTRUMENT - 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, except for trade receivables that do not have a significant financing component which have measured at transaction price. 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 subsequently measured 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.

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 or 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 income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, 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.

For purchase or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "interest income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as FVTPL. In addition, debt instruments that meet either the amortised cost criteria or FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

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 to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income (expense)" line item (Note 22). Fair value is determined in the manner described in Note 4(c)(vii).

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 as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income (expense)" line item; and

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, 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. No impairment loss is recognised for investments in equity instruments. The amount of ECL 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the Industrial Chemicals and Property Operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, 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.

Despite the aforegoing, 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 the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, 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; or

b) a breach of contract, such as a default or past due event; or

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; 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, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. 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

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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 for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income (expense)" line item in profit or loss (Note 22) for financial liabilities.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

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, including any non-cash assets transferred or liabilities assumed, 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 has a 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.

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.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other properties assets, commences when the assets are available for their intended use.

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%

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.

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

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 PROPERTY - Investment property, which is property held to earn rentals and/or for capital appreciation is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property 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 EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment 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, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS (I) 5 *Non-current Assets Held for Sale and Discontinued Operations*.

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 (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) 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 the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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.

The Group applies SFRS(I) 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment to the investee. Furthermore, in applying SFRS(I) 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by SFRS(I) 1-28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with SFRS(I) 1-28).

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 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.

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.

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 cases 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 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.

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 in Note 2.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Cost of sales' in the statement of profit or loss.

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 leases. 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 on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of SFRS(I) 9, recognising an allowance for ECL on the lease receivable.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivables.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue at point in time when it transfers control of a product or service to a customer.

Sale of goods

Revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery).

Interest income

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

Dividend income

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

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other 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 the tax expected to be payable or recoverable 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, and is accounted for using the liability method. 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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. Management 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, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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.

The Group has applied the option to reset the cumulative foreign currency translation differences for all foreign operations to zero at the date of transition to SFRS(I) on 1 April 2017. As a result, the cumulative foreign currency translation loss was reclassified from foreign currency translation reserve to accumulated profits as at 1 April 2017. After the date of transition, any gain or loss on disposal of any foreign operation will exclude translation differences that arose before the date of transition.

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 less bank overdrafts and 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

The following are the critical judgement, apart from those involving estimates (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

<u>Provision for current tax</u>

As described in Note 2, 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. The Group reviews the tax provision regularly and at the end of each reporting period, taking into consideration any changes in capital allowance based on the latest tax computation submitted and agreed to by the tax authority.

Income tax payable for the Group and company amounted to $4,345,000 and $4,175,000 respectively (2020 : $3,919,000 and $3,703,000 respectively).

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) Impairment in 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 2021, the impairment loss on property, plant and equipment and cost of investment in subsidiary amounted to \$3,826,000 and \$3,700,000 (2020 : \$Nil and \$Nil) respectively.

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

b) 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 of property, plant and equipment by reference to expected usage of the plant and equipment, expected repair and maintenance, and technical or commercial obsolescence arising from changes of improvements in the market. Changes in these factors could impact the useful lives and related depreciation charges.

The carrying amount of property, plant and equipment of the Group and company is disclosed in Note 9 to the financial statements.

c) Fair value of investment properties

The Group estimates the fair value of investment properties based on valuation performed by an independent professional valuer. The estimated market values may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates such as overall market conditions require an assessment of factors not within management's control. As a result, actual results of operations and realisation of net assets may differ from the estimates set forth in these financial statements, and the difference may be significant. Information about the valuation techniques and inputs used in determining the fair value of investment properties are disclosed in Note 10 to the financial statements.

In view of the current situation arising from the pandemic, market sentiments are expected to change post the valuation performed as at 31 March 2021.

The carrying amount of investment properties is disclosed in Note 10 to the financial statements.

d) Allowance for inventories

The policy for allowance for inventories for the Group is based on management's judgement and evaluation of the saleability and the aging analysis of the individual inventory items. A considerable amount of judgement is required in assessing the ultimate realisation of these inventories, including the current market prices and movement trends.

The carrying amounts of the Group's and the company's inventories are disclosed in Note 8 to the financial statements.

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	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Financial Assets				
Financial assets at amortised cost	53,525	49,589	55,271	39,346
Financial assets at FVTPL	873	657	873	657
Financial Liabilities				
Financial liabilities at amortised cost	8,475	7,118	7,352	6,194
Lease liabilities	5,529	6,376	5,529	6,376

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar arrangements*

The Group and the company do not have any financial instruments which are subject to offsetting enforceable master netting arrangements or similar netting arrangements.

(c) *Financial risk management policies and objectives*

The risks associated with the Group's financial instruments include foreign exchange risk, interest rate risk, equity price risk, credit risk and liquidity risk.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. 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, mainly arising from United States dollar.

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

	Liabilities		Assets		Net exposure	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Group and Company						
United States dollars	1,170	1,363	9,874	12,207	8,704	10,844

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in United States dollar against the functional currency of each Group entity. The sensitivity analysis includes the effect of outstanding United States dollar denominated monetary items and forward foreign exchange contracts adjusted at the period end for a 10% change in foreign currency rates.

If United States dollar strengthens by 10% against the functional currency of each Group entity, profit before tax will increase by approximately:

	2021	2020
	$'000	$'000
Group and Company		
Profit before tax	870	1,084

The opposite applies if the United States dollar weakens by 10% against the functional currency of each Group entity.

(ii) Interest rate risk management

The Group and company are not exposed to significant interest rate risks.

The Group's and company's interest rate risks relate primarily to its fixed deposits. The Group and company currently do not use any derivative contracts to hedge its exposure to interest rate risk.

(iii) Equity price risk management

The Group and company are exposed to equity risks arising from equity investments classified as financial assets at FVTPL. Financial assets at FVTPL are held for strategic rather than trading purposes. The Group does not actively trade financial assets at FVTPL.

Further details can be found in Note 14 to the financial statements.

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

For the year ended 31 March 2021, in respect of financial assets at FVTPL, if the quoted market prices had been 10% higher/lower while all other variables were held constant, the Group's and the company's profit or loss would increase/decrease by approximately $87,300 (2020 : $66,000).

The Group's and company's sensitivity to equity prices have not changed significantly from the prior year.

(iv) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL/Lifetime ECL in the case of trade receivables without significant financing component
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, 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	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Group						
31 March 2021						
Trade receivables	7	(a)	Lifetime ECL (simplified approach)	11,131	(106)	11,025
	7	In default	Lifetime ECL	459	(459)	-
Other receivables	7	Performing	12-month ECL	758	-	758
					(565)	
Company						
31 March 2021						
Trade receivables	7	(a)	Lifetime ECL (simplified approach)	10,844	(106)	10,738
	7	In default	Lifetime ECL (simplified approach)	459	(459)	-
Other receivables	7	Performing	12-month ECL	650	-	650
Due from subsidiaries	13	Performing	12-month ECL	5,916	-	5,916
	13	In default	Lifetime ECL	3,711	(3,711)	-
					(4,276)	

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Group						
31 March 2020						
Trade receivables	7	(a)	Lifetime ECL (simplified approach)	10,390	(110)	10,280
	7	In default	Lifetime ECL	644	(644)	-
Other receivables	7	Performing	12-month ECL	561	-	561
					(754)	
Company						
31 March 2020						
Trade receivables	7	(a)	Lifetime ECL (simplified approach)	10,307	(110)	10,197
	7	In default	Lifetime ECL (simplified approach)	592	(592)	-
Other receivables	7	Performing	12-month ECL	455	-	455
Due from subsidiaries	13	Performing	12-month ECL	9,011	-	9,011
					(702)	

(a) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL 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. Note 7 includes further details on the loss allowance.

The carrying amount of the Group's financial assets at FVTPL as disclosed in Note 14 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

(v) Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables, amount due from subsidiaries and cash and cash equivalents. This represents the Group's maximum exposure to credit risk. 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 (2020 : 5) customers from the industrial chemicals segment. The amounts receivable from these customers represented approximately 36 % (2020 : 38%) of the total trade receivables of the Group and the company. Management believes that the financial standing of these customers which are major multinational corporations substantially mitigates the Group's exposure to credit risk.

At the reporting date, there are no significant concentrations of credit risk for financial assets designated at FVTPL. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such assets.

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(vi) Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance their activities. The Group finances its operations by a combination of equity and bank borrowings. In addition, the Group manages liquidity risk by (a) use of liquid assets and; (b) available borrowing facilities to meet the liquidity needs.

Liquidity risk analysis

Non-derivative financial liabilities

The Group's and company's financial liabilities are non-interest bearing and are due on demand or within one year, except for lease liabilities as disclosed in Note 17 to the financial statements.

Non-derivative financial assets

The Group's and company's financial assets are non-interest bearing and are due on demand or within one year, except for fixed deposits which are interest bearing as disclosed in Note 6 to the financial statements.

(vii) Fair value of financial assets and financial liabilities

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets/ financial liabilities	Fair value as at ($'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	2021	2020		
	Assets	Assets		
Group and company				
Financial assets at fair value through FVTPL	873	657	Level 1	Quoted prices in an active market.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The carrying amounts of cash and cash equivalents, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the period.

(d) *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 capital structure of the Group consists of share capital, reserves and accumulated profits.

Management reviews the capital structure on an annual basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital.

The Group's overall strategy remains unchanged from 2020.

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	
	2021	2020
	$'000	$'000
Short-term benefits	2,963	3,325
Post-employment benefits	120	108
	3,083	3,433

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

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at bank	10,713	9,203	9,176	8,369
Fixed deposits	31,013	22,529	28,782	20,314
Cash on hand	18	16	11	11
	41,744	31,748	37,969	28,694

Cash and bank balances comprise cash held by the Group and short-term bank deposits with a maturity of three months or less.

Fixed deposits bear average interest rate of 0.30% to 0.85% (2020 : 0.93% to 1.73%) per annum and have varying maturity dates of 30 to 90 days (2020 : 30 to 90 days).

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade receivables due from:				
Sale of goods	11,395	10,982	11,303	10,899
Rental income	195	52	-	-
Less:				
Loss allowance	(565)	(754)	(565)	(702)
	11,025	10,280	10,738	10,197
Other receivables				
Grant receivable[(a)]	116	413	90	340
Sundry debtors	176	92	92	91
Rental deposits	5	5	-	-
Prepayments	1,110	450	1,038	313
Other deposits	61	51	42	24
Amount due from a director[(b)]	514	-	514	-
	13,007	11,291	12,514	10,965

[(a)] Grant receivable relates mainly to Jobs Support Scheme announced by the government.

[(b)] Amount due from a director arose from an obligation by the director to repay his variable bonus to the company in the event performance targets are not met. This amount has since been received by the company subsequent to the financial year end.

The average credit period on sales of goods is 30 days (2020 : 30 days). No interest is charged on the trade receivables.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime ECL. The ECL on trade receivables are 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, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

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.

	Group Trade receivables - days past due						
2021	Not past due	<30 days	31 - 60 days	61 - 90 days	91 - 120 days	Specific provision	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	0.15%	0.57%	2.39%	12.90%	3.72%	100%	
Estimated total gross carrying amount at default	5,999	2,827	1,635	186	484	459	11,590
Lifetime ECL	(9)	(16)	(39)	(24)	(18)	(459)	(565)
							11,025

	Group Trade receivables - days past due						
2020	Not past due	<30 days	31 - 60 days	61 - 90 days	91 - 120 days	Specific provision	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	0.26%	1.32%	6.25%	24.4%	35.5%	100%	
Estimated total gross carrying amount at default	7,735	2,277	224	78	76	644	11,034
Lifetime ECL	(20)	(30)	(14)	(19)	(27)	(644)	(754)
							10,280

The Group does not expect loss allowance on the trade receivables due from rental income due to the availability of rental deposits placed by tenants.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

Group	Individually assessed	Lifetime ECL - credit-impaired	Total
	$'000	$'000	$'000
Balance at 1 April 2019	568	179	747
Amounts recovered	(109)	-	(109)
Change in loss allowance	185	(69)	116
Balance as at 31 March 2020	644	110	754
Amounts recovered	(185)	-	(185)
Change in loss allowance	-	(4)	(4)
Balance as at 31 March 2021	459	106	565

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, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

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.

8 INVENTORIES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Finished goods	2,743	3,337	1,780	2,060
Raw materials and consumables	1,753	1,966	1,716	1,997
	4,496	5,303	3,496	4,057

Cost of sales includes write-downs of inventories to net realisable value of $Nil (2020 : $8,000).

9 PROPERTY, PLANT AND EQUIPMENT

	Construction-in-progress	Leasehold land	Leasehold buildings	Plant and machinery	Steel cylinders	Laboratory equipment	Office equipment, furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Cost:									
At 1 April 2019	1,899	7,180	32,278	110,877	4,882	601	1,468	3,005	162,190
Additions	293	-	2,954	5,533	455	18	198	239	9,690
Exchange differences	3	95	117	251	-	1	5	7	479
Disposals	-	-	-	(1,359)	(2)	(30)	(14)	(154)	(1,559)
Transfers	(1,598)	-	94	1,504	-	-	-	-	-
Transfer from prepaid land lease	-	1,917	-	-	-	-	-	-	1,917
At 31 March 2020	597	9,192	35,443	116,806	5,335	590	1,657	3,097	172,717
Additions	60	-	42	610	896	92	55	1,018	2,773
Exchange differences	(3)	(107)	(169)	(345)	-	(1)	(7)	(11)	(643)
Disposals	(85)	-	(21)	(241)	-	(21)	-	(1,339)	(1,707)
Transfers	(505)	-	(145)	567	-	-	-	-	(83)
At 31 March 2021	64	9,085	35,150	117,397	6,231	660	1,705	2,765	173,057

During the year ended 31 March 2021, there is a transfer of construction-in-progress to inventories amounting to $83,000.

	Construction-in-progress	Leasehold land	Leasehold buildings	Plant and machinery	Steel cylinders	Laboratory equipment	Office equipment, furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group (cont'd)									
Accumulated depreciation:									
At 1 April 2019	-	-	24,732	87,251	4,049	479	1,218	2,651	120,380
Depreciation	-	940	1,329	2,977	86	18	152	177	5,679
Exchange differences	-	-	-	2	-	-	-	-	2
Transfer from prepaid land lease	-	5	-	-	-	-	-	-	5
Eliminated on disposals	-	-	-	(1,029)	(2)	(30)	(42)	(127)	(1,230)
At 31 March 2020	-	945	26,061	89,201	4,133	467	1,328	2,701	124,836
Depreciation	-	940	1,417	2,530	148	30	114	282	5,461
Exchange differences	-	-	(2)	(12)	-	-	-	-	(14)
Eliminated on disposals	-	-	-	(154)	-	-	-	(1,338)	(1,492)
At 31 March 2021	-	1,885	27,476	91,565	4,281	497	1,442	1,645	128,791
Impairment:									
At 1 April 2019 and 31 March 2020	-	-	-	11,000	-	-	-	-	11,000
Impairment loss	7	674	1,022	2,016	-	15	31	61	3,826
Exchange differences	-	(10)	(14)	(28)	-	-	(1)	(1)	(54)
At 31 March 2021	7	664	1,008	12,988	-	15	30	60	14,772
Carrying amount:									
At 31 March 2021	57	6,536	6,666	12,844	1,950	148	233	1,060	29,494
At 31 March 2020	597	8,247	9,382	16,605	1,202	123	329	396	36,881

	Construction-in-progress	Leasehold land	Leasehold buildings	Plant and machinery	Steel cylinders	Laboratory equipment	Office equipment, furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company									
Cost:									
At 1 April 2019	301	7,180	32,278	109,597	4,882	601	890	618	156,347
Additions	227	-	44	973	455	3	39	-	1,741
Disposals	-	-	-	(1,338)	(2)	(30)	(14)	-	(1,384)
At 31 March 2020	528	7,180	32,322	109,232	5,335	574	915	618	156,704
Additions	40	-	-	527	896	58	29	-	1,550
Disposals	(17)	-	-	(241)	-	-	-	(310)	(568)
Transfers	(505)	-	-	422	-	-	-	-	(83)
At 31 March 2021	46	7,180	32,322	109,940	6,231	632	944	308	157,603
Accumulated depreciation:									
At 1 April 2019	-	-	24,732	86,388	4,049	479	734	537	116,919
Depreciation	-	898	1,321	2,844	86	18	86	40	5,293
Eliminated on disposals	-	-	-	(1,008)	(2)	(30)	(14)	-	(1,054)
At 31 March 2020	-	898	26,053	88,224	4,133	467	806	577	121,158
Depreciation	-	898	1,325	1,831	149	21	45	32	4,301
Eliminated on disposals	-	-	-	(154)	-	-	-	(310)	(464)
At 31 March 2021	-	1,796	27,378	89,901	4,282	488	851	299	124,995
Impairment:									
Impairment loss balance at 1 April 2019, 31 March 2020 and 2021	-	-	-	11,000	-	-	-	-	11,000
Carrying amount:									
At 31 March 2021	46	5,384	4,944	9,039	1,949	144	93	9	21,608
At 31 March 2020	528	6,282	6,269	10,008	1,202	107	109	41	24,546

The leasehold buildings of the Group and the company 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 July 2027 respectively. Lessor will not be extending the lease in 3 Jalan Samulun, Singapore 629127 upon expiry.

Included above are leasehold land and plant and equipment used for production and sale of chemicals in Myanmar of $10.3 million. During the year ended 31 March 2021, the Group recorded an impairment loss of $3,826,000 on the property, plant and equipment located in Myanmar in view of the political instability. An impairment assessment was undertaken using the forecasted cashflow expected from the sale of chemical in Myanmar. The recoverable amount was estimated based on discounted cashflow measurement and is classified as level 3 fair value. The key unobservable inputs used in the above estimate include discount rate, terminal growth rate and earnings before interest, tax, depreciation and amortization ("EBITDA").

The discount rate applied to the cash flow forecast is 15%. The growth rate used to extrapolate the cash flows beyond the five-year period is 2%. The EBITDA was determined based on past experience and adjusted for expected market conditions.

The sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs is as follows:

	Change in assumption, holding other inputs constant	Additional impairment charge
		$'000
Discount rate	Increase by 1%	718,000
Terminal growth rate	Reduce by 2%	676,000

The carrying amount of the property, plant and equipment includes the following right-of-use ("ROU") assets:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Leasehold land	6,536	8,247	5,384	6,282

The depreciation charge of the property, plant and equipment includes the following ROU assets:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Leasehold land	940	940	898	898

10 INVESTMENT PROPERTIES

	Total
	$'000
Group	
At fair value	
Balance at 1 April 2019	55,700
Loss from fair value adjustments included in profit or loss	(1,200)
Balance at 31 March 2020	54,500
Gain from fair value adjustments included in profit or loss	1,300
Balance at 31 March 2021	55,800

The fair values of the Group's investment properties at 31 March 2021 and 2020 are determined on the basis of valuations carried out at the respective year end dates by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the market comparison approach that reflects recent transaction prices for similar properties. 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.

Freehold and leasehold land and buildings as at 31 March 2021 and 2020 comprise:

Locations	Description	Tenure
a) 19 Carpenter Street Singapore 059908 Lots 99677C, 99675X, and 99674N of Town Subdivision 7	5 storey commercial building with lettable area of 18,101 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 lettable area of 17,307 square feet	99 years lease commencing from 1 January 1951

The property rental income from the Group's investment properties which are leased out under operating leases, amounted to $954,000 (2020 : $1,491,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $173,000 (2020 : $214,000).

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2021 and 2020 are as follows:

	Level 1	Level 2	Level 3	Fair value
	$'000	$'000	$'000	$'000
As at 31 March 2021	-	-	55,800	55,800
As at 31 March 2020	-	-	54,500	54,500

There were no transfers between the respective levels during the year.

The following table shows the significant unobservable input used in the valuation models for investment properties classified as Level 3 in the fair value hierarchy:

	Significant unobservable input	Range	Relationship of unobservable input to fair value
31 March 2021	Price per square feet of floor area	$1,224 to $3,448	The higher the price per square feet, the higher the valuation assuming all other variables are held constant.
31 March 2020	Price per square feet of floor area	$1,224 to $3,234	The higher the price per square feet, the higher the valuation assuming all other variables are held constant.

The price per square feet of floor area of the Group's investment properties is made by reference to the recent transaction prices for similar properties in the locality and adjusted based on valuer's knowledge of the factors specific to the Group's respective properties such as location, floor area and remaining lease tenure.

11 SUBSIDIARIES

	Company	
	2021	2020
	$'000	$'000
Unquoted equity shares - at cost		
At beginning of the year	13,179	13,179
Less: impairment during the year	(3,700)	-
At end of the year	9,479	13,179

The recoverable amount of the subsidiary in Chemical Industries (Myanmar) Limited has been determined based on its value in use calculations using cash flow projections based on financial budgets covering a five-year period. The key assumptions for the value in use calculations are those regarding the discount rate, terminal growth rates and earnings before interest, tax, depreciation and amortisation ("EBITDA"). The discount rate applied to the cash flow forecast is 15%. The growth rate used to extrapolate the cash flows beyond the five-year period is 2%. The EBITDA was determined based on past experience and adjusted for expected market conditions.

The main driver for the impairment for the year ended 31 March 2021 was due to a lower than expected future profitability of the subsidiary, which was attributed to political unrest in Myanmar.

Impairment loss of $3,700,000 is recorded for the investment in Chemical Industries (Myanmar) Limited as its recoverable amount was below its carrying amount. This was recognised and presented within "Administrative expenses' in the statement of profit or loss and other comprehensive income for the year ended 31 March 2021.

The sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs (while the rest remains constant) including the below:

	Change in assumption, holding other inputs constant	Additional impairment charge
		$'000
Discount rate	Increase by 1%	718,000
Terminal growth rate	Reduce by 2%	676,000

Details of all the company's subsidiaries are as follows:

Name of subsidiaries	Principal activity	Proportion of ownership interest and voting power held	
		2021	2020
		%	%
Chem Transport Pte Ltd *	General carriers	100	100
Kimia Trading Pte. Ltd. *	General merchant, importer and exporter of chemicals	100	100
Chemical Industries (Myanmar) Limited **	Manufacture and wholesale of sodium hypochlorite	100	100
Juta Properties Private Limited *	Proprietor of commercial buildings	100	100
JPI Investments Pte Ltd *** (Shares held by Juta Properties Private Limited)	Dormant	100	100

The subsidiaries are incorporated and operating in Singapore except for Chemical Industries (Myanmar) Limited incorporated in Republic of the Union of Myanmar and JPI Investments Pte Ltd incorporated in British Virgin Islands.

* Audited by Deloitte & Touche LLP, Singapore.
** Audited by Myanmar Vigour & Associates Limited, Myanmar.
*** Not required to be audited.

12 ASSOCIATES

	Group	
	2021	2020
	$'000	$'000
Unquoted equity shares - at cost	1	1
Share of post-acquisition reserves	(1)	(1)
	-	-

In 2002, management decided to cease all financial support to the associates. Accordingly, the Group's share of post-acquisition reserves was limited to the Group's cost of investment of $1,000 (2020 : $1,000).

Details of the Group's associates are as follows:

Name of associates	Principal activity and country of operation	Proportion of ownership interest and voting power held	
		2021	2020
		%	%
Industrial Diamonds Enterprise B.V.I. Ltd.	Dormant (Singapore)	45	45

13 DUE FROM SUBSIDIARIES

	Company	
	2021	2020
	$'000	$'000
Due from subsidiaries	9,627	9,011
Less: impairment during the year	(3,711)	-
	5,916	9,011

Impairment loss of $3,711,000 is recorded for the receivable due from Chemical Industries (Myanmar) Limited.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2021	2020
	$'000	$'000
Quoted equity shares at fair value through profit or loss	873	657

Investments in quoted equity securities 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.

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade payables	3,341	3,648	2,811	3,105
Deferred grant income[(a)]	328	413	261	340
Accrued expenses:				
- Staff-related costs	965	1,074	894	1,009
- Directors' fees	455	378	455	378
- Utilities charges	2,267	299	2,259	292
- Other accruals	630	690	116	107
Sundry creditors	67	136	67	136
	8,053	6,638	6,863	5,367

[(a)] Deferred grant income relates mainly to Jobs Support Scheme announced by the government.

The average credit period on purchases of goods is 30 days (2020 : 30 days). No interest is charged on the trade payables.

Trade payables comprise amounts outstanding for trade purchases.

16 CONTRACT LIABILITIES

	Group and Company	
	2021	2020
	$'000	$'000
Contract liabilities	750	480

Contract liabilities mainly represent amounts billed to customers in advance.

As of 31 March 2021 and 2020, there was no performance obligation that was unsatisfied or partially satisfied, other than performance obligation to be rendered in relation to the delivery of goods. As the Group has the right to invoice customers based on the goods to be delivered by the Group and company, the Group and company have applied the practical expedient to not disclose the related unsatisfied performance obligation.

17 LEASE LIABILITIES (The Group as lessee)

	Group	
	2021	2020
	$'000	$'000
Maturity analysis:		
Year 1	1,014	1,024
Year 2	1,014	1,014
Year 3	1,014	1,014
Year 4	1,014	1,014
Year 5	1,014	1,014
Year 6 onward	1,025	2,039
	6,095	7,119
Less: Unearned interest	(566)	(743)
	5,529	6,376
Analysed as:		
Current	986	847
Non-current	4,543	5,529
	5,529	6,376

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

The table below details changes in the Group's liability arising from financing activities, including both cash and non-cash changes. 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 from financing activities.

31 March 2021

	1 April 2020	Financing cash flows	Interest expense	31 March 2021
	$'000	$'000	$'000	$'000
Lease liabilities	6,376	(1,023)	176	5,529

31 March 2020

	31 March 2019	Adoption of SFRS(I) 16	1 April 2019	Financing cash flows	Interest expense	31 March 2020
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	-	7,199	7,199	(1,021)	198	6,376
Finance leases	19	(19)	-	-	-	-
	19	7,180	7,199	(1,021)	198	6,376

18 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group and company, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation
Group	$'000
At 1 April 2019	2,860
Credit to profit or loss (Note 23)	(505)
At 31 March 2020	2,355
Credit to profit or loss (Note 23)	(355)
At 31 March 2021	2,000
Company	
At 1 April 2019	2,790
Credit to profit or loss	(520)
At 31 March 2020	2,270
Credit to profit or loss	(447)
At 31 March 2021	1,823

19 SHARE CAPITAL

	Group and Company			
	2021	2020	2021	2020
	Number of ordinary shares			
	$'000	$'000	$'000	$'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	
		2021	2020
		$'000	$'000
Segment revenue	Timing of revenue recognition		
Industrial Chemicals			
Sales of goods	At a point in time	62,048	60,724
Properties			
Rental income	-	954	1,491
		63,002	62,215

In 2020, the Group received Job Support Scheme ("JSS") grant, property tax rebate and cash grant from the Singapore Government as part of the Government's relief measures to help businesses deal with the impact from COVID-19. Consequently, the Group recognised government grant income of $1,236,000 in the profit or loss as other income (Note 22) in relation to the JSS grant. The Group is required to fully pass on the property tax rebate and cash grant received from the Government to the tenants in the form of waiver of contractual rent and a government grant expense of $98,927 has been recorded against rental income in profit or loss for the year.

22 OTHER INCOME (EXPENSE) (NET)

	Group	
	2021	2020
	$'000	$'000
Dividend income	22	41
Interest income	202	337
Net foreign exchange (loss) gain	(699)	804
(Loss) Gain on disposal of property, plant and equipment	(53)	8
Reversal of (Provision for) loss allowance	189	(7)
Gain (Loss) on fair value adjustment on financial assets at FVTPL	216	(183)
Government grant	1,236	18
Storage charges	364	-
Delivery, transport and handling charges	197	90
Others	484	246
	2,158	1,354

23 INCOME TAX EXPENSE

	Group	
	2021	2020
	$'000	$'000
Income tax expense:		
Current	1,637	1,652
Overprovision in prior years	(8)	(33)
	1,629	1,619
Deferred tax credit (Note 18):		
Current	(355)	(505)
Total income tax expense	1,274	1,114

Domestic income tax is calculated at 17% (2020 : 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	
	2021	2020
	$'000	$'000
Profit before income tax	6,844	4,470
Income tax expense calculated at 17%	1,163	760
Effects of items that are not deductible (taxable) in determining taxable profit	577	403
Effect of revenue that is exempted from taxation	(441)	(61)
Effect of tax concession	(29)	
Overprovision in prior years	(8)	(33)
Tax rebate	-	(15)
Others	12	60
Income tax expense recognised in profit or loss	1,274	1,114

24 PROFIT FOR THE YEAR

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

	Group	
	2021	2020
	$'000	$'000
Depreciation of property, plant and equipment	5,461	5,679
Expense relating to short-term lease	-	173
Directors' remuneration	1,444	2,033
Directors' fees	455	378
Employee benefits expense (including directors' remuneration)	9,616	9,636
Costs of defined contribution plans included in employee benefits expense	655	520
Audit fees paid to auditors of the company	74	74
Non-audit fees paid to auditors of the company	47	24
Cost of inventories recognised as an expense	17,432	20,762
Net foreign exchange loss (gain)	699	(804)

25 DIVIDENDS PAID

During the financial year ended 31 March 2021, the company paid a final one-tier tax exempt dividend of 1.5 cents per share on the ordinary shares of the company totalling $1,139,000 in respect of the financial year ended 31 March 2020.

In respect of the current year, the directors propose a dividend of 1.5 cents per share. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is $1,139,000.

During the financial year ended 31 March 2020, the company paid a final one-tier tax exempt dividend of 1.5 cents per share on the ordinary shares of the company totaling $1,139,000 in respect of the financial year ended 31 March 2019.

26 EARNINGS PER SHARE

The calculation of basic and fully diluted earnings per share is based on the Group's profit attributable to equity holders of the company divided by the weighted average number of ordinary shares in issue during the year.

	Group	
	2021	2020
Profit attributable to equity holders of the company ($'000)	5,570	3,356
Weighted average number of ordinary shares used to compute basic and fully diluted earnings per share ('000)	75,945	75,945
Earnings per share (cents)	7.33	4.42

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.

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

Segment revenue and results	Revenue		Profit	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Industrial Chemicals	62,048	60,724	4,789	4,459
Properties	954	1,491	2,007	(168)
Total	63,002	62,215	6,796	4,291
Interest income			202	337
Dividend income			22	41
Finance costs			(176)	(199)
Profit before income tax			6,844	4,470
Income tax expense			(1,274)	(1,114)
Consolidated revenue and profit for the year	63,002	62,215	5,570	3,356

Revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2021 and 2020.

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 expense.

Segment assets	2021	2020
	$'000	$'000
Industrial Chemicals	85,294	85,510
Properties	59,249	54,213
Total segment assets	144,543	139,723
Unallocated assets	873	657
Consolidated assets	145,416	140,380

All assets are allocated to reportable segments other than financial assets at FVTPL (Note 15).

Other segment information	Capital expenditure		Depreciation	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Industrial Chemicals	2,773	9,648	5,420	5,604
Properties	-	42	41	75
	2,773	9,690	5,461	5,679

Information about major customers

35% (2020 : 41%) of the Group's industrial chemicals revenue is generated from top 4 (2020 : 4) customers.

76% (2020 : 87%) of the Group's properties revenue is generated from top 6 (2020 : 6) customers.

Geographical information

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

	Revenue		Non-current assets	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Singapore	58,010	61,487	79,631	80,305
Myanmar	4,992	728	6,536	11,733
	63,002	62,215	86,167	92,038

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.

The guaranteed residual values do not represent a significant risk for the Group.

Maturity analysis of operating lease payments:

	Group	Group
	2021	2020
	$'000	$'000
Year 1	1,115	709
Year 2	926	480
Year 3	307	239
Year 4	144	19
Total	2,492	1,447

29 COMMITMENTS

	Group	Group
	2021	2020
	$'000	$'000
Estimated expenditure contracted for plant and equipment	3,500	153

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 June 2020

- Amendment to SFRS(I) 16: *Covid-19-Related Rent Concessions*

<u>Effective for annual periods beginning on or after 1 January 2021</u>

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: *Interest Rate Benchmark Reform – Phase 2*

<u>Effective for annual periods beginning on or after 1 January 2022</u>

- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

<u>Effective for annual periods beginning on or after 1 January 2023</u>

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

<u>Effective date is deferred indefinitely</u>

- 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, SFRS(I) INTs 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

	2021	2020	2019	2018	2017
Revenue	63,002	62,215	68,820	70,855	58,128
Profit before tax	6,844	4,470	11,366	9,770	10,040
Tax expense	(1,274)	(1,114)	(677)	(529)	(1,175)
Profit for the year	5,570	3,356	10,689	9,241	8,865
Attributable to:					
Equity holders of the company	5,570	3,356	10,689	9,241	8,865
ASSETS					
Property, plant and equipment	29,494	36,881	23,630	27,400	32,727
Right-of-use assets			-	-	-
Investment properties	55,800	54,500	55,700	47,800	41,400
Prepaid land lease	-	-	1,870	-	-
Available-for-sale investments	-	-	-	906	708
Financial assets at fair value through profit or loss (“FVTPL”)	873	657	831	-	-
Current assets	59,247	48,342	48,338	43,331	40,794
Total assets	145,414	140,380	130,369	119,437	115,629
LIABILITIES					
Deferred tax liabilities	2,000	2,355	2,860	3,549	4,232
Non-current liabilities	4,543	5,529	9	20	30
Current liabilities	14,134	11,884	9,398	7,247	9,895
Total liabilities	20,677	19,768	12,267	10,816	14,157
CAPITAL AND RESERVES					
Share Capital	75,945	75,945	75,945	75,945	75,945
Reserves	(2)	304	11	718	983
Accumulated profits	48,794	44,363	42,146	31,958	24,544
Total equity	124,737	120,612	118,102	108,621	101,472
Per Share:	cts	cts	cts	cts	cts
Earnings before tax	9.01	5.89	14.97	12.86	13.22
Earnings after tax	7.33	4.42	14.07	12.17	11.67
Dividend (net)	1.5	1.5	1.5	1.5	15.0
Net tangible asset per share	164	159	156	143	134

SHAREHOLDING STATISTICS
AS AT 8 JUNE 2021

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

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	67	6.31	2,337	0.00
100 - 1,000	230	21.66	136,852	0.18
1,001 - 10,000	502	47.27	2,184,592	2.88
10,001 - 1,000,000	259	24.39	14,362,480	18.91
1,000,001 and above	4	0.37	59,259,138	78.03
TOTAL	1,062	100.00	75,945,399	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
S.P. LIM HOLDINGS PTE LTD	34,607,750	45.57
DBS NOMINEES PTE LTD	17,709,330	23.32
UOB KAY HIAN PTE LTD	5,928,390	7.81
LAU GEOK CHENG	1,013,668	1.33
CHEW SENG HOCK	849,950	1.12
CHIA KEE KOON	701,000	0.92
CITIBANK NOMINEES SINGAPORE PTE LTD	428,242	0.56
UNITED OVERSEAS BANK NOMINEES PTE LTD	376,171	0.50
NG KEE SENG	375,800	0.50
PHILLIP SECURITIES PTE LTD	360,617	0.48
CHENG HON SANG	359,800	0.47
YEE LAT SHING	300,000	0.40
THIO DJOE ENG	268,687	0.35
LEE SOON HIAN	258,900	0.34
YEO TECK KIM	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	191,200	0.25
CHUA SUI LENG	176,000	0.23
TOTAL	**64,804,698**	**85.33**

PERCENTAGE OF SHARES HELD BY THE PUBLIC
Based on information available to the Company as at 8 June 2021, approximately 27.64% 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 8 JUNE 2021
(As recorded in the Register of Substantial Shareholders)

NAME OF SUBSTANTIAL SHAREHOLDERS	Direct Interest	%	Deemed Interest	%
S. P. Lim Holdings Pte Ltd	36,507,750[1]	48.07		
S. P. Lim Trust Limited			36,507,750[1]	48.07
Lim Soo Peng			36,507,750[1]	48.07
The Great Eastern Life Assurance Co Ltd	13,429,304	17.68		
Lion Capital Management Ltd			13,429,304[2]	17.68
Oversea-Chinese Banking Corporation Ltd			13,429,304[2]	17.68
Great Eastern Holdings Ltd			13,429,304[2]	17.68
Batu Kawan Berhad	4,976,000	6.55		
Tan Sri Dato' Seri Lee Oi Hian			4,976,000[3]	6.55
Dato' Lee Hau Hian			4,976,000[3]	6.55
Arusha Enterprise Sdn Bhd			4,976,000[3]	6.55
Di-Yi Sdn Bhd			4,976,000[3]	6.55
High Quest Holdings Sdn Bhd			4,976,000[3]	6.55
Wan Hin Investments Sdn Berhad			4,976,000[3]	6.55

[1]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.

[2]This represent the 13,429,304 shares held by The Great Eastern Life Assurance Co Ltd.

[3]This represent the 4,976,000 shares held by Batu Kawan Berhad.

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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 by electronic means on Wednesday, 21 July 2021 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 2021 together with the Auditors' Report thereon.
(Resolution 1)

2. To approve Directors' fee of $454,750 (2020: $377,600) for the financial year ended 31 March 2021.
(Resolution 2)

3. To declare a tax exempt one-tier final dividend of 1.5 cents per ordinary share for the financial year ended 31 March 2021 (2020: tax exempt one-tier final dividend of 1.5 cents per ordinary share).
(Resolution 3)

4. To re-elect Mr Lim Soo Peng retiring pursuant to Article 95(2) of the Constitution of the Company:
(Resolution 4)
(See Explanatory Note 1)

To note the retirement of Dr Wan Soon Bee and Mr Sng Peng Chye at the conclusion of the Annual General Meeting pursuant to Article 95(2) of the Company's Constitution. Both of them do not wish to seek re-election.

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 5)

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, Cap. 50, 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 at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, 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 that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders 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 provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST,,

(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 6)
(See Explanatory Note 2)

7. To transact any other business.

BY ORDER OF THE BOARD

FOO SOON SOO
Company Secretary

2 July 2021

EXPLANATORY NOTES:-

1. 1.Mr Lim Soo Peng will upon being re-elected as Director of the Company, remain as Managing Director. Details of Mr Lim are as follows:

Date of appointment	16 March 1962
Date of last re-appointment	28 June 2019
Age	92
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 2021 Annual Report.
Whether appointment is executive, if so, the area of responsibility	Yes, responsible for operations of the Group.
Job Title	Managing 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 2021 Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 36,507,750 shares comprising 48.07% of total issued shares.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principle subsidiaries	Father of Executive Directors, Mr Lim Yew Khang Cecil and Mr Lim Yew Nghee and Grandfather of General Manager, Mr Lin Yinjun Benjamin
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 • Subsidiaries of Chemical Industries (Far East) Limited • S.P. Lim & Company Pte Ltd • Eastern Rubber Company (Malaya) Pte Limited • S. P. Lim Trust Limited • S. P. Lim Holdings Pte Ltd
Mr Lim 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 6, 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. The Annual General Meeting ("AGM") will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast, the Company will not accept any physical attendance by shareholders. Any shareholder seeking to attend the AGM physically in person will be turned away.**

Live Webcast:

2. Shareholders (including investors holding shares through Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") may watch the AGM proceedings through the Live AGM Webcast by registering at https://globalmeeting.bigbangdesign.co/cil/ (the "**Registration Link**") by 10.30 a.m. on 18 July 2021 (the "**Registration Deadline**") to enable the Company to verify their status.

3. Following verification, authenticated shareholders will receive an email by 10.30 a.m. on 20 July 2021 containing a link to access the live audio-visual webcast of the AGM proceedings as well as a telephone number to access the live audio-only stream of the AGM proceedings.

4. Shareholders must not forward the abovementioned link or telephone number to other persons who are not shareholders of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.

   Shareholders who register by the Registration Deadline but do not receive an email response by 10.30 a.m. on 20 July 2021 may contact the Company by email to investorrelations@cil.sg

Submission of Proxy Forms to Vote:

5. Shareholders who wish to vote at the AGM may submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf.

6. The proxy form (a copy of which is also attached hereto), duly completed and signed, must be submitted by:

   (a) mail to the Company's Share Registrars, B.A.C.S. Private Limited, registered office at 8 Robinson Road #03-00, ASO Building, Singapore 048544; or

   (b) email to main@zicoholdings.com

   by no later than 10.30 a.m. on 19 July 2021, being 48 hours before the time fixed for the AGM.

7. CPF or SRS investors who wish to vote should approach their respective CPF Agent Bank or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 8 July 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

8. **Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

Submission of Questions:

9. Shareholders may submit questions relating to the items on the agenda of the AGM to investorrelations@cil.sg stating their names and identification number for verification. All questions must be submitted by 10.30 a.m. on 13 July 2021.

10. The Company will endeavour to address the substantial and relevant questions at or before the AGM. The responses to such questions from shareholders, together with the minutes of the AGM, will be posted on the SGXNet and the Company's website within one month after the date of the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and / or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxies for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and / or guidelines.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Chemical Industries (Far East) Limited (the "Company") will closed on 30 July 2021 after 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited of 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 30 July 2021 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited credited with shares in the Company at 5.00 p.m. on 30 July 2021 will be entitled to such proposed final dividends.

Payment of the proposed final dividends, if approved by shareholders at the Annual General Meeting to be held on 21 July 2021 will be paid on 13 August 2021.

BY ORDER OF THE BOARD

FOO SOON SOO
Company Secretary

2 July 2021

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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 (Chapter 50 of Singapore), including CPF and SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 5.00 p.m. 8 July 2021.) Other investors holding shares in the Company through relevant intermediaries who wish to vote should approach their relevant intermediaries as soon as possible to specify voting instructions.

PERSONAL DATA PRIVACY

2. By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 2 July 2021.

I/We, ____

of ____

being *a member/members of Chemical Industries (Far East) Limited (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our proxy/proxies, to vote for me/us on my/our behalf at the AGM of the Company to be held by electronic means on Wednesday, 21 July 2021 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 Annual General Meeting in the spaces provided hereunder.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

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

No.	Ordinary Resolutions	No. of Votes or to indicate with a tick[✓] or cross [✗][1]		
		For	Against	Abstain
	Ordinary Business			
1.	To receive and adopt the Audited Financial Statements of the Company			
2.	To approve Directors' fee			
3	To declare a final dividend for the financial year ended 31 March 2021			
4.	To re-elect Mr Lim Soo Peng as Director			
5.	To re-appoint Deloitte & Touche LLP as Auditors of the Company			
	Special Business			
6.	To authorise Directors to issue and allot shares pursuant to Section 161 of the Companies Act, Chapter 50.			

[1]All resolutions would be put to vote by poll in accordance with the listing rules of Singapore Exchange Securities Limited. Please tick [✓] or cross [✗] 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 ____________________ 2020.

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. This instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

2. The instrument appointing the Chairman of the AGM as proxy , together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be (a) submitted by mail to the registered office of the Company's Share Registrar B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544; or (b) submitted by email to main@zicoholdings.com not later than 48 hours before the time set for the meeting.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

4. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument of proxy lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

5. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

6. 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.

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Affix
Postage
Stamp

CHEMICAL INDUSTRIES (FAR EAST) LIMITED.
c/o B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544