**Securities Investors Association (Singapore)**
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UEN No: S99SS0111B
GST Reg No: M90367530Y

**Issuer:** Nam Lee Pressed Metal Industries Limited

**Stock code:** G0I

**Meeting details:**
Date: 21 January 2022
Time: 9.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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**Q1**. As noted in the chairman's statement, despite the difficult operating conditions, a strong uptick in demand for container refrigeration units helped the aluminium business segment to record a 60% increase in segment revenue to $171.9 million in FY2021, with segment results more than doubling to "surg[e] past $20 million".

As noted in the corporate profile, the group remains the only worldwide third-party manufacturer of aluminium frames for container refrigeration units in the world for a major customer.

(i) **Has the board/audit committee (AC) considered if it would be more appropriate to provide shareholders with greater clarity on the aluminium segment by breaking it up into Aluminium (construction) and Aluminium (industrial)?**

In FY2021, revenue from the major customer increased by 45% to $146 million (2020: $101 million) in the aluminium segment. The major customer accounted for 74% (2020: 86%) of the group's total revenue.

(ii) **How much visibility does management have on the demand by the major customer?**

(iii) **How much of the increase can be attributed to the global shipping container shortage and the shipping crisis?**

(iv) **Does management see any structural change in the container refrigeration sector as a result of the pandemic? How sustainable is the heightened demand? Is there a significant risk that demand will normalise in the near future and that there will be an oversupply in the market? How is management managing the uncertainties in the market?**

(v) **What is the board/management actively doing to maintain and to consolidate its position as the "only worldwide third-party manufacturer of aluminium frames for container refrigeration units in the world" for the major customer?** The relationship with the major customer for refrigerated container mainframe business was started in 1993, nearly 30 years ago. **What are the threats to this long-term relationship?** For example, a customer's risk management framework may require it to introduce supply chain redundancy/resilience as a result of the pandemic.

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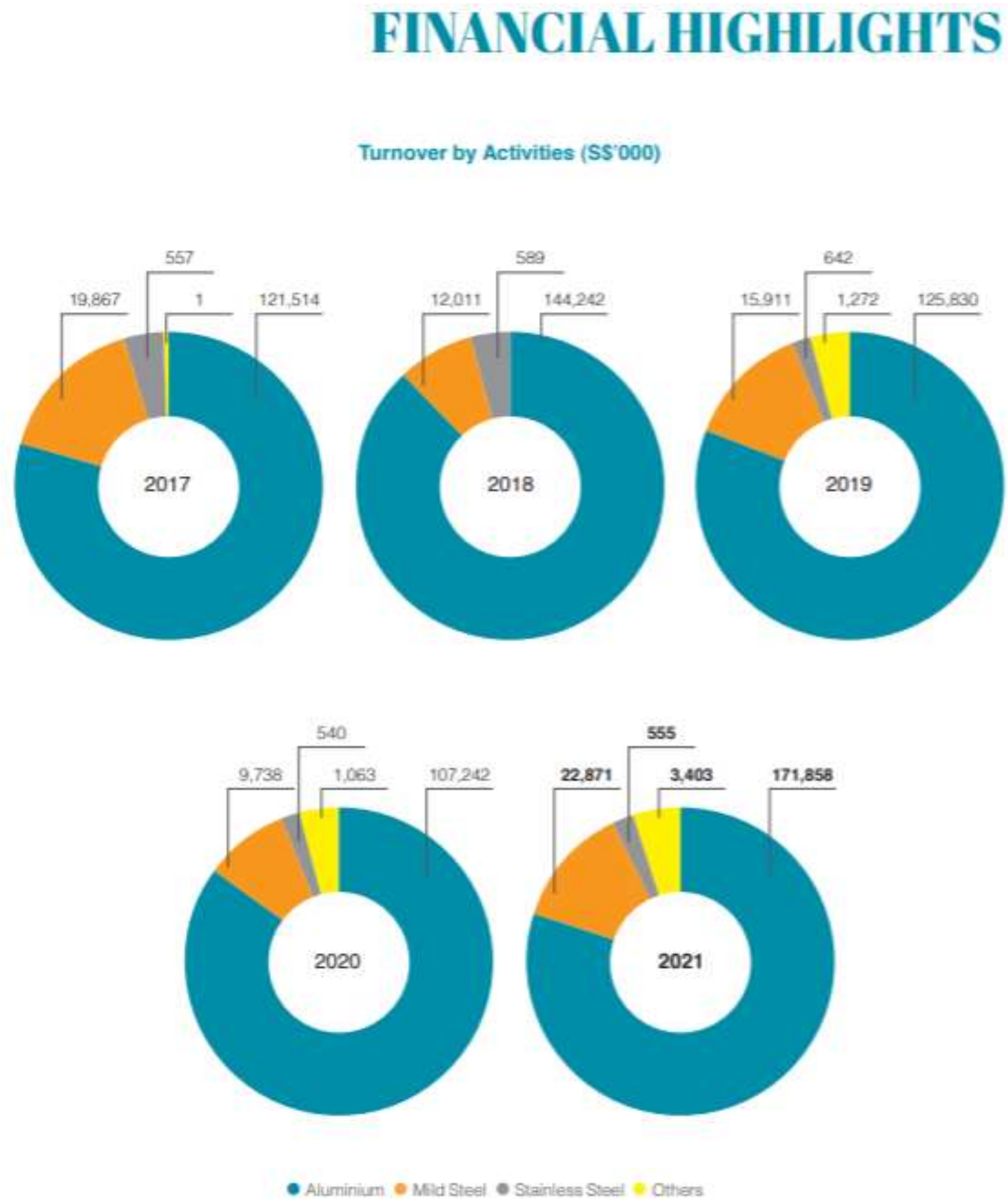
**Q2.** Can the board/management provide shareholders with greater clarity on the other segments of the group's operations? The turnover by activities is shown on page 15 and reproduced below:




(Source: company annual report)

(i) **Mild steel: What is the group's competitive advantage in the mild steel segment? Does management have an estimate of its market share in Singapore? Revenue in the past 5 years has fluctuated significantly.** The segment last reported a segment profit of $130,000 in FY2017 and the cumulative losses from FY2017 to FY2021 amount to $(9.9) million. **Can management elaborate further on its business model and describe in greater details management's plans to turnaround the segment?**

(ii) **Stainless steel:** Similarly, stainless steel has been an insignificant contributor of revenue and profit to the group. **How viable is the stainless steel business in the long run?**

(iii) **Automation: How much automation has the group introduced in its production facility in Malaysia?**

(iv) **R&D: How does the group carry out new product innovation?**

(v) **4 Gul Way: Has the group completed its shift to 4 Gul Way? What cost savings and/or productivity improvements can be expected?**

**Q3.** There has been a successful transfer of leadership to the next generation of executives with the following changes:

- Mr Yong Koon Chin retired as the executive chairman and appointed as an advisor of the group with effect from 5 October 2020
- Mr Yong Kin Sen retired as a managing director and member of the nominating committee (NC) and was appointed as an advisor of the group with effect from 16 December 2019
- Mr Yong Poon Miew retired as an executive director and a member of the NC and was appointed as an advisor of the group with effect from 1 August 2020

The board currently comprises 6 directors, made up of three executive directors and three independent directors. Profiles of the directors can be found on pages 8 to 13 of the annual report.

(i) **Can the board elaborate further on the near-term plans to meet Provisions 2.2 and 2.3 of the Code of Corporate Governance 2018?** Provisions 2.2 and 2.3 of the Code provide that the independent directors are to make up a majority of the board when the chairman is not independent and the non-executive directors are to make up a majority of the board respectively.

(ii) **Has the NC reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**

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(iii) In addition, the three former executive directors remain as advisors to the group. The remuneration of the three advisors can be seen on page 26 of the annual report (reproduced below; together with their remuneration from AR2020).

Nam Lee Pressed Metal Industries Limited
Annual Report 2020

| Remuneration Bands | Salary % | Profit Sharing % | Bonus % | Directors' Fees % | Others % | Total Compensation % |
|---|---|---|---|---|---|---|
| Executive Directors | | | | | | |
| **S$500,000 - S$749,999** | | | | | | |
| Mr Yong Kin Sen[1] | 67 | 33 | – | – | – | 100 |
| **S$250,000 - S$499,000** | | | | | | |
| Mr Yong Koon Chin[2] | 74 | 26 | – | – | – | 100 |
| Mr Yong Poon Miew[3] | 74 | 26 | – | – | – | 100 |

Nam Lee Pressed Metal Industries Limited
Annual Report 2021

| Remuneration Bands | Salary % | Profit Sharing % | Bonus % | Directors' Fees % | Others % | Total Compensation % |
|---|---|---|---|---|---|---|
| Advisors | | | | | | |
| **S$1,000,000 - S$1,099,999** | | | | | | |
| Mr Yong Kin Sen | 33 | 64 | – | – | 3 | 100 |
| **S$500,000 - S$599,999** | | | | | | |
| Mr Yong Koon Chin | 41 | 56 | – | – | 3 | 100 |
| Mr Yong Poon Miew | 41 | 56 | – | – | 3 | 100 |

The three advisors received between $2.0 million to ~$2.3 million in total in FY2021, with the profit-sharing component ranging from 56% to 64%. This is substantially higher than the remuneration received by them in FY2020 (which amounted to $1.0 million to $1.75 million in total) even though they have retired as executive directors.

(iv) **Can the board help shareholders understand the roles of responsibilities of the advisors? Do the advisors still have executive/P&L responsibilities?**

(v) **What are the deliverables by the advisors? Are the advisors "working" full-time? Do the advisors report to the executive directors?**

(vi) **Are the service contracts for the advisors for a period of three years (and non-renewable) from the respective date of transition from executive director to advisor?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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

**Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website**

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)