Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Nam Lee Pressed Metal Industries Limited

Stock code: G0I

Meeting details:
Date: 24 Jan 2025
Time: 9.30 a.m.
Venue: Orchid Country Club, Sapphire Suite, Social Clubhouse, No. 1 Orchid Club Road, Singapore 769162

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Q1. The group reported a 13.4% increase in revenue, from $158.9 million in FY2023 to $180.3 million in FY2024. This growth was attributed to higher revenue from reefer containers, offset by weakness in construction-related (mild steel) business.

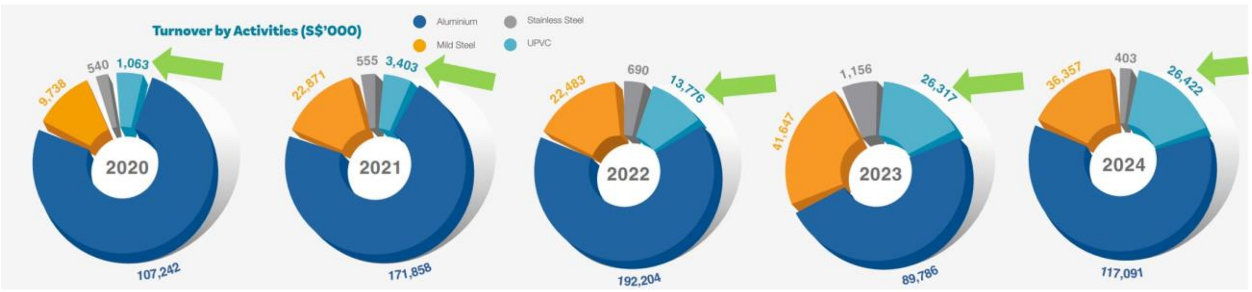
Revenue in the aluminium segment amounted to $117.1 million, of which $94 million was attributed to the group's major customer.

(i) **Could management provide insights into the recovery trajectory of the refrigerated container segment? How does the board/management define the "new normal" for this business post-pandemic?**

The last contract with the major customer was renewed in January 2020, for a period of 5 years.

(ii) **What is the status of the group's discussions regarding the renewal of the contract with its major customer? What measure is the company taking to maintain its position as the only worldwide third-party manufacturer of aluminium frames for container refrigeration units for the major customer?**

Separately, the unplasticised polyvinyl chloride (UPVC) segment has shown remarkable growth, increasing from $1.1 million in FY2020 to $26.4 million in FY2024.



(Adapted from company annual report; emphasis added)

(iii) **What is the group's unique value proposition in the UPVC segment? Could management elaborate on the current market share and the initiatives underway to sustain the impressive growth trajectory?**

Q2. As disclosed in Note 6 (Interest income/finance costs; page 90), the group incurred finance costs of $2.13 million in FY2024, with $1.38 million attributable to interest incurred on trust receipts.

As at 30 September 2024, the group had $24.9 million in trust receipts denominated in United States dollar and Singapore dollar. These receipts carried an effective interest rate of 4.79% to 7.83% per annum.

(i) **What specific operational or risk management benefit does the group derive from using trust receipts?**

(ii) **Given the innovations in fintech solutions, has the group explored leveraging digital trade ecosystems or blockchain-based solutions to reduce financing costs and improve operational transparency?**

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Q3. According to the SGX Stock Screener, the company trades at a price-to-book value of 0.5 times and has a 5-year average dividend yield of 3.32%. The price-to-earnings ratio is 6.8 times. The company has an enterprise value of $93.5 million and a market capitalisation of $83.5 million.

While the share price has recovered from its low of 24 cents in August 2024, it remains below pre-COVID levels.

Price/Book Value	0.497	Enterprise Value	93.51M
Price/Sales	0.463	Price/CF	75.188
Dividend Yield	0.72	P/E Ratio	6.82
Dividend Yield 5-yr avg	3.320	Net Debt	-
5 Years PE Ratio	-		

(Source: https://investors.sgx.com/securities/stocks?security=G0I)

Stock exchanges and regulators, including Tokyo Stock Exchange and Korea's Financial Services Commission, have started to ask companies to set up and disclose valuation boosting plans. These corporate value-boosting initiatives are needed as it is recognised that "corporate values" of listed companies have to improve and that the main driver in enhancing corporate value is the company itself. Efforts have been targeted at companies that trade below a price-to-book ratio of below 1. The plans focussed on increasing awareness and literacy of the cost of capital, capital efficiency and stock prices of listed companies.

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Specifically, Tokyo Stock Exchange has required companies with price-to-book consistently below 1x to disclose their policies and specific initiatives to improve their valuations.

(i) **Could the board, particularly the independent directors, explain the company's efforts to increase corporate value and improve capital efficiency?**

(ii) **Beyond attributing the company's low valuation to external market factors, would the board consider disclosing and implementing targeted strategies to narrow the discount gap, thereby creating value for shareholders?**

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