



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

Company Registration No.: 196200046K

RESPONSE TO QUERY FROM SGX REGCO

The Board of Directors (the “**Board**”) of Chemical Industries (Far East) Limited (the “**Company**”) refers to the queries raised by the Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) in relation to the Company’s Annual Report for FY2022 (the “**Annual Report**”), and sets out its responses to the queries.

Query 1

“With reference to page 21 of the annual report, it is stated that a retirement gratuity of S\$2,000,000 is paid to Mr. Loo Soo Peng [sic], which exceeds the \$817,000 paid to him in FY2021. Please confirm whether shareholder’s approval has been obtained for this retirement gratuity and if so, provide the breakdown of all valid votes cast at the general meeting in the format provided at rule 704(16)(a) of the Mainboard Rules”

The Company’s response

The Company did not and does not intend to seek shareholder approval for the retirement gratuity of S\$2 million (the “**Retirement Gratuity**”) that has been paid to Mr Lim Soo Peng. The remuneration committee of the Company and the Board had decided to grant at their discretion the Retirement Gratuity in recognition of Mr Lim’s past services and invaluable contributions to the Company. As disclosed in page 21 of the Annual Report, the Retirement Gratuity constitutes an interested person transaction with Mr Lim Soo Peng, who is a director and controlling shareholder of the Company. The quantum of the Retirement Gratuity falls below the applicable threshold in Rule 906 of Chapter 9 of the SGX-ST Listing Manual, which requires the Company to seek shareholder approval for the Retirement Gratuity. Accordingly, the Company is not required to seek shareholder approval under Chapter 9 of the SGX-ST Listing Manual.

Query 2

“Rule 710 of the Mainboard Rules, read with Provision 8.1(b) of the Code of Corporate Governance 2018, requires the company to disclose in its annual report the names, amounts and breakdown of remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of no wider than S\$250,000 (“Remuneration Rule”). We note however that the Company only disclosed the remuneration of one key management personnel at page 14 of the annual report even though there are four senior management members (excluding directors) identified at page 30 of the annual report. Please disclose the breakdown of remuneration of the remaining key management personnel as required by the Remuneration Rule, or otherwise explain any variation and how such variation is consistent with the principle of the Remuneration Rule. Accordingly, to also disclose of total remuneration of at least the top 5 key management personnel as required under Provision 8.1(b) of the Code”.

The Company's response

The Code of Corporate Governance (the “CG Code”) has defined key management personnel (“KMP”) to mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.

The Company has identified the following position holders as KMP with the authority and responsibility for planning and, directing and controlling the activities of the Company under their charge, namely

- (i) the Interim CEO;
- (ii) Group Financial Controller; and
- (iii) Plant & Technical Director

The position of Plant & Technical Director was vacant during FY2022. Mr Yeoh Beng Chai was Deputy Plant & Technical Director during FY2022. He assumed the position of Plant & Technical Director and become a KMP effective from 1 July 2022.

As the remuneration of the Interim CEO for FY2022 was disclosed with the remuneration of the Directors as governed by the CG Code in page 14 of the Annual Report, that left only one KMP, namely the Group Financial Controller for FY2022.

Mr Ivan Toh and Mr Tan Pua Yong, the other two senior management personnel named in the Annual Report are not considered KMP. Mr Ivan Toh as Head of Commercial reports to the CEO and is responsible for marketing activities as set out on page 30 of the Annual Report. Mr Tan Pua Yong who is Plant and Technical Adviser, is engaged in the capacity of a consultant.

Query 3

“With reference to page 15 of the annual report, the Company stated that “there is no other employee who is an immediate family member of a substantial shareholder, director or the Interim CEO and whose remuneration exceeds \$100,000.”(emphasis added). To disclose who are the employee(s) who is an immediate family member. In accordance with Provision 8.2 of the Code of Corporate Governance 2018, please disclose the names and remuneration of employees who are immediate family of a substantial shareholder, director or the Interim CEO of the company and whose remuneration exceeds S\$100,000. If none, please provide a negative statement”

The Company's response

Saved as disclosed below, there is no other employee who is an immediate family member of a substantial shareholder, director or the Interim CEO whose remuneration exceeds S\$100,000.

Remuneration Bands and Name of Family Member of Directors or Interim CEO	Relationship to substantial shareholder, Directors or the Interim CEO
S\$100,001 to S\$200,000 Lin Yinjun Benjamin	Grandson of Mr Lim Soo Peng and son of Mr Lim Yew Khang Cecil

Mr Benjamin Lin ceased employment effective from 6 September 2021 and his salary and allowances for his employment for FY2022 were less than S\$100,000. He was however also paid cash in lieu of unutilised earned leave up to the date of cessation (in accordance with the past practice of the Company) upon the cessation of his employment, which resulted in his total remuneration exceeding S\$100,000. The inadvertent failure to take into account the cash payment in lieu of unutilised earned leave, resulted in the omission to disclose his remuneration in the Annual Report.

Apart from Mr Benjamin Lin, Mr Eric Lim Yew Tou, who is the son of Mr Lim Soo Peng, was an employee of the Company. Mr Eric Lim ceased employment effective from 31 December 2021 and his remuneration for FY2022 did not exceed S\$100,000. There is no other employee who is an immediate family member of a substantial shareholder, director or the Interim CEO.

The Company has also posted a corrigendum to the Annual Report on SGXNET on 16 July 2022 to correct the omission in disclosure.

By Order of the Board

Foo Soon Soo
Company Secretary

16 July 2022