



**CFM HOLDINGS LIMITED**

(Incorporated in Singapore under Registration No. 200003708R)

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**BOARD'S RESPONSE TO MR. CHIA SENG HEE'S REASONS FOR HIS RESIGNATION**

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**1. INTRODUCTION**

The board of directors (the "**Board**") of CFM Holdings Limited (the "**Company**"), excluding Mr. Chia Seng Hee ("**Mr. Chia**"), which comprises Mr. Ip Kwok Wing and Mdm. Lim Fong Li Janet, refers to the announcement of Mr. Chia's resignation from the Board dated 6 February 2025.

The Board wishes to respond to the detailed reasons provided by Mr. Chia in respect of his resignation.

**2. BOARD'S RESPONSE**

**(a) Mr. Chia states that he is resigning further to "disagreements with the Executive Directors".**

Whilst it is not disputed that there are disagreements, it should be noted that Mr. Chia's resignation comes just four (4) days before an extraordinary general meeting (the "**EGM**") in respect of, amongst others, his removal.

The EGM to consider, and if the Company's shareholders ("**Shareholders**") thought fit, remove Mr. Chia, had been requisitioned two months ago on 10 December 2024 by the Company's Executive Directors and controlling Shareholders, Mr. Ip Kwok Wing and Mdm. Lim Fong Li Janet pursuant to Section 176(1) of Singapore's Companies Act 1967.

Mr. Chia was given the opportunity to resign on multiple occasions, even prior to the requisition but chose not to do so, resulting in the Company's incurrence of significant expense to obtain advice and convene the EGM.

Please refer to the Company's circular to Shareholders in respect of the EGM dated 10 January 2025 (the "**Circular**"), and particularly, the following sections thereof:

- (i) **Rationale for the Proposed Removal of Mr. Chia** – see sections 3.4 and 3.5: "... *the existing composition of the Board and the Board Committees is presently not in compliance with the relevant requirements under the Companies Act, Catalist Rules and the Code of Corporate Governance. Following the resignation of Mr. Stephen Poh Yong Meng and the retirement of Mr. Teo Kian Huat, the members of the Nominating Committee, Mdm. Lim Fong Li Janet and Mr. Chia Seng Hee, had interviewed a number of candidates to assume the vacant positions of Independent Directors on the Board. However, the Nominating Committee has been unable to reach an agreement on the choice of candidates to put forth to the Board for election. As there are only two (2) members in the Nominating Committee, and each member holds opposing views on the suitable candidates, the Nominating Committee has not been able to come to an agreement as to the selection of the new Independent Directors, and the Company has not been able to appoint new Directors to its Board to, amongst others, comply with the requirements under the Companies Act, Catalist Rules and the Code of Corporate Governance*".
- (ii) **Representations by Mr. Chia** – see section 5.2: "... *Mdm Lim asked me to resign on 20 November 2024 ...*".

(iii) **Company and Requisitioning Shareholders' Response to Mr. Chia's Representations** – see section 5.3: “... the Requisitioning Shareholders had previously communicated to the Sponsor that the requisition is not grounded in mere disagreement. The Company further understands that the Sponsor is indeed in touch with the SGX-ST to keep them updated on the situation; ... the Requisitioning Shareholders wish to state that they had only voted in favour of Mr. Chia Seng Hee's reappointment at the recent annual general meeting because they felt compelled to do so, with the Company's best interests in mind, in light of the resignation and retirement of Mr. Stephen Poh Yong Meng and Mr. Teo Kian Huat respectively. Indeed, of the 136,380,650 votes cast in favour of Mr. Chia Seng Hee's reappointment, 135,920,450 votes belong to the Requisitioning Shareholders (i.e. 99.66% with just 0.34% belonging to other shareholders). Regrettably, they now find themselves with no choice but to requisition his removal.”

(b) Mr. Chia claims that, “Remuneration Committee (“RC”) issues - the Executive Directors (“EDs”) had proposed remuneration for themselves and the COO that was collectively more than the profit before tax for the year. This point was also raised by SIAS. However, there was no material impact on the group or its financial reporting.”

The Company is not aware of any such issues. Indeed:

(i) Mr. Chia does not mention this in his representations in the Circular. He even states at section 5.2 which contains the same “ ... Mdm Lim asked me to resign on 20 November 2024, **just because I could not agree on the appointment of the three candidates** ...”.

(ii) Mr. Chia had not only approved the remuneration but the response to the Securities Investors Association (Singapore), which sets out the full details of their remuneration. The response was announced by the Company on 23 October 2024, and states: “The two Executive Directors, Mr. Ip Kwok Wing and Mdm. Lim Fong Li Janet, have service agreements that set out their remuneration, including profit sharing and bonuses. The same was for the Chief Operating Officer, Mr Kenneth Ip, whose bonus and profit sharing are set out in his employment contract. The RC, in consideration of the Group's operating results achieved in the last two (2) financial years ended 30 June 2023 (“FY2023”) and 2024 which were attributed primarily due the leadership of the management team, has recommended a special bonus for FY2023 and FY2024. **For the avoidance of doubt, the RC has confirmed that the bonuses and payments for both FY2023 and FY2024 were only made in FY2024 due to stringent evaluation on the Group's cash flows status to ensure the Group's post-pandemic growth remains stable.** The RC is cognizant of the need of and has adopted a remuneration framework that strikes a balance in motivating these top management personnel and aligning with the long term interests of all shareholders and sustainable for the company. The Company motivates the Executive Directors and key management personnel through tagging their profit sharing to their key performance indexes on the Group's performance.”

(c) Mr. Chia claims that, “Nominating Committee (“NC”) issues - the Executive Directors wanted to appoint three independent directors (“IDs”) who were introduced by the COO. I disagreed and was served a requisition to be removed. As the only ID left in the NC and board, I felt it was not in the best interests of the Company for the following reasons: 1) the three were not the best of the shortlisted nine candidates; and 2) with the three appointed and myself removed, there would be no continuity of IDs on the board. Although I later compromised by accepting only one of these three, on condition that one other experienced candidate was appointed, it was rejected by the EDs. On 13 Jan 2025, the SGX-ST also raised queries to the Company on the Sponsor's assessment of the three proposed candidates.”

This has been specifically addressed in the Circular, and particularly, the following sections thereof:

- (i) **Company and Requisitioning Shareholders' Response to Mr. Chia's Representations** – see section 5.3: "... the Directors (save for Mr. Chia Seng Hee) share in their views in support of the Proposed New Independent Directors, and strongly disagree with Mr. Chia Seng Hee that these three (3) chosen candidates are inexperienced and not the best of the nine (9) candidates ..."
- (ii) **The Proposed New Independent Directors** – see section 4, which sets out the curriculum vitae of the proposed new independent directors, as well as the Board's comments on their appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process).

### 3. FURTHER ANNOUNCEMENT(S)

Notwithstanding the circumstances of Mr. Chia's departure, the Company wishes him all the best for his future endeavours.

With Mr. Chia's departure, the Board and requisitioning Shareholders are currently discussing and taking advice on next steps, including the potential cancellation of the EGM with a view to saving the Company some costs.

The Company will update Shareholders on the outcome of the same in due course.

In the meantime, Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

### BY ORDER OF THE BOARD

Lim Fong Li Janet  
Executive Director and Chief Executive Officer  
6 February 2025

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

*The contact person for the Sponsor is Ms. Lin Huiying, Head of Continuing Sponsorship, at 7 Temasek Boulevard, #04-02 Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.*