



CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

化学工业(远东)有限公司

Company Registration No.: 196200046K

RESPONSES TO QUESTIONS RAISED BY SHAREHOLDERS IN RESPECT OF THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

The Board of Directors of Chemical Industries (Far East) Limited (the "Company" and together with its subsidiaries, the "Group") would like to respond to the following questions raised by shareholders in respect of its Annual Report for the financial year ended 31 March 2026 (the "Annual Report").

Questions raised by shareholders

1. Has progress been made in resolving the onerous contract?
Has the client accepted the proposed pricing formula for pass-through cost?

Company response:

Yes, the matter has been successfully resolved with the client following several rounds of challenging negotiations. We agreed on a revised formula that allows for the recovery of certain direct and variable costs.

2. Have chemical industries started distributing ultrapure wet chemicals?

Company response:

Not yet as qualifications of ultrapure wet chemicals for the Semicon industry take a minimum of 2 years, starting from customer's acceptance of the commercial offer. One of our customers has recently conducted a quality audit at our supplier's plant.

3. What are the plans for the two commercial properties, taking into account URA's lifting restrictions on new hotels in the Upper Circular Street Area?

Company response:

On 5 June 2026, the Government announced that the existing restrictions on new hotel, backpackers' hostel and serviced apartment developments in the Upper Circular Road area would be relaxed. Under URA's revised approach, new applications for such uses may be considered from 5 June 2026 to 31 May 2028, subject to the relevant planning and regulatory approvals. This provides building owners in the precinct with greater flexibility in the potential use of their properties. Separately, the broader Singapore CBD office market outlook remains generally positive, supported by limited new supply and continued demand from technology, financial services, and professional-services occupiers. The Group will continue to focus on attracting suitable boutique businesses and technology occupiers to its property in this heritage precinct.

4. What are the respective land areas of the leasehold part and the freehold part of the Carpenter Street property?

Company response:

Land Area of leasehold part is 168.1sqm and freehold part is 358.3sqm

5. What are the prospects of the business in Myanmar? Revenue improved to \$2.6 million in FY26 from FY25's \$1.4 million. Was it loss-making?

Company response:

The cholera outbreak in 2025 created opportunities for CIML to recapture business from imported products, enabling the company to return to profitability. Following the January 2026 elections, the overall political landscape appears to be gradually stabilizing, with a noticeable decline in violent conflicts. The Yangon region, which represents CIML's primary operating market, has remained secure throughout this period. As a result, we remain cautiously optimistic about CIML's medium- to long-term prospects.

6. Why were facilities set up at Samulun in the first place? If the operations currently undertaken at Samulun are transferred to Jurong Island, what pitfalls might arise?

Company response:

Samulun has served as CIL's headquarters, housing the Group's management and administrative functions. It was also established as a logistics hub, with chemical storage tanks, warehouses, and blending facilities for water treatment chemicals. Chem Transport's fleet of lorries, prime movers, and ISO tanks is also based at the Samulun site. The blending facilities have been successfully transferred to Sakra since March 2026. The Group is also planning new chemical storage tanks at Sakra and will engage third-party warehousing providers for raw materials and finished goods that were previously stored at Samulun. With careful logistical planning and phased implementation, the Group does not foresee material pitfalls arising from the transfer of these operations.

7. Rental income decreased to \$1.63 million in FY26 from FY's \$1.88 million. Was lower rent or occupancy, or both, the cause?

Company response:

The decrease in rental income from \$1.88 million in FY25 to \$1.63 million in FY26 was primarily due to tenant turnover/default and vacancy periods rather than lower rental rates. In FY 2026, three property agencies were engaged to market the vacant units, but enquiry levels and viewings remained limited. Feedback from the market indicated that the asking rents were positioned at the higher end of the range for comparable boutique commercial properties. Prospective tenants in this segment have become increasingly price-sensitive and selective, making it more challenging to attract and secure suitable replacement tenants. As a result, longer vacancy periods were experienced before new tenants could be secured. New leases have since been secured for all the vacant units.

8. Page 59 of the annual report shows that leasehold land was added to \$2 million. Can we have the details? The same page shows that PPE amounting to \$4.1 million was added, yet the cash flow statement on page 41 shows a lower sum of \$2 million.

Company response:

The approximately S\$2.0 million addition to leasehold land relates to the recognition of a right-of-use asset arising from the extension of the lease for the Group's Jalan Samulun premises from 16 December 2025 to 15 December 2028.

The total property, plant and equipment additions of approximately S\$4.1 million disclosed in Note 9 include this right-of-use asset. As the right-of-use asset was recognised principally through a corresponding lease liability rather than an immediate cash payment, it is not included in the S\$2.1 million purchase of property, plant and equipment presented under investing activities in the consolidated statement of cash flows. Cash repayments of the lease liability are instead presented separately under financing activities.

9. Page 58 states that accrued revenue arises from the sale of tanks and pipelines. Can we know more about the arrangement?

Company response:

The accrued revenue relates to tanks and pipelines constructed and sold to support the operations of a key pipeline customer. Control of the tanks and pipelines was transferred to the customer upon completion, and the related revenue was recognised at that point.

Under the agreed commercial arrangement, the consideration is billed to the customer over a period of five years rather than being collected in full upon completion. The deferred consideration was initially recognised as accrued revenue at its present value and is subsequently transferred to trade receivables as the respective billings are issued. Billings under the arrangement will continue into FY2027 and are expected to be completed by the end of FY2027.

10. Does any single chemical account for a material amount of the company's revenue in FY 2026?

Company response:

Yes. Caustic soda, also known as sodium hydroxide, was the largest contributor to the Group's industrial chemicals revenue in FY2026. However, the Group's revenue remains diversified across a range of chemical products and related activities.

11. Apart from electricity, is there any specific item that makes up a huge portion of the line item "Cost of inventories recognized as an expense" in FY 2026?

Company response:

Electricity is not included in the line item "Cost of inventories recognised as an expense." This line item mainly comprises the cost of physical raw materials consumed in production and trading inventories purchased for resale.

Imported solar salt is one of the Group's key raw materials and represents a significant component of this cost, together with the cost of other raw materials and trading products purchased in the ordinary course of business.