

**CHEMICAL INDUSTRIES (FAR EAST)
LIMITED**
(Incorporated in the Republic of Singapore)
Registration No. 196200046K

RESPONSE TO SGX QUERIES

The board of directors (the “**Board**”) of Chemical Industries (Far East) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that that the Singapore Exchange Regulation (“**SGX RegCo**”) has raised various queries in respect of certain concerns that have been expressed by shareholders of the Company in relation to, *inter alia*, the Company’s spending on its Emeritus Chairman (as defined below) and the following announcements released by the Company via SGXNet:

- (i) announcement dated 12 October 2023 regarding the cessation of the Company’s chief operating officer (“**COO**”);
- (ii) announcement dated 27 October 2023 regarding the cessation of the Company’s chief executive officer (“**CEO**”);
- (iii) announcement dated 4 December 2023 regarding the cessation of the Company’s sales and marketing director; and
- (iv) announcement dated 11 January 2024 regarding the resignation of an independent director of the Company,

(the cessations of the above officers of the Company, the “**Cessations**”).

The Board sets out below the Company’s response to the queries raised by SGX RegCo.

Query 1

“Following the Cessations, please disclose the composition of the Company’s board of directors and board committees as well as the key management personnel of the Company. Please also disclose the identity of the individuals are/will be covering the duties and responsibilities of the CEO and COO who have resigned and their relevant experience and expertise that will allow them to effectively execute their roles.”

Company’s Response

Following the resignation of Dr. Tay Kin Bee as a director from the Board and accordingly, as chairman of the nominating committee (“**NC**”), which will take effect on 29 February 2024, the Board has appointed Mr. Lim Chee San as chairman of the NC in place of Dr. Tay Kin Bee with effect from 1 March 2024. The announcement in relation to this appointment was released on 15 February 2024.

With effect from 1 March 2024, the composition of the Board and board committees will be as follows:

Board

Mr. Yeo Hock Chye	Non-executive and independent chairman of the Board (the “ Chairman of the Board ”)
Mr. Lim Soo Peng	Emeritus chairman, non-executive and non-independent director (the “ Emeritus Chairman ”)
Mr. Lim Yew Nghee	Non-executive and non-independent deputy chairman
Mr. Lim Chee San	Non-executive and independent director

Nominating Committee

Mr. Lim Chee San	Chairman
Mr. Yeo Hock Chye	Member
Mr. Lim Yew Nghee	Member

Audit & Risk Committee

Mr. Yeo Hock Chye	Chairman
Mr. Lim Chee San	Member
Mr. Lim Yew Nghee	Member

Remuneration Committee (“RC”)

Mr. Lim Chee San	Chairman
Mr. Yeo Hock Chye	Member
Mr. Lim Yew Nghee	Member

The Board is currently in the process of seeking a suitable candidate to fill the CEO vacancy, and does not intend to fill the COO vacancy. The new CEO would be tasked to assess the COO functions and integrate them with other functions within the Group for efficiency in operations and optimization of manpower resources.

In the meantime, the CEO and COO will continue to perform their roles and duties until their cessations on 31 March 2024 and 11 April 2024 respectively. During the interim period pending the engagement of the new CEO, the Board will continue to be in constant communication with and exercising oversight over the CEO, COO and managerial staff of the various functions of the Group and in close supervision over the Group’s operations. The Chairman of the Board will continue to hold regular sessions with the management.

The Company is currently in its budgeting and workplan cycles for the financial year ending 31 March (“FY”) 2025, which is being led by the existing CEO and COO, and which should be completed by the third week of March 2024. In the event a new CEO is not appointed by the end of March, the Company plans to appoint an interim CEO. The choice of the interim CEO will depend on the needs of the Company and its FY 2025 budget and workplan priorities and potential candidates include the Company’s existing key management personnel, who are experienced professionals in the chemicals industry, or if necessary, an external candidate. The Board will release an announcement on the Company’s interim executive leadership as well as the progress of filling the CEO vacancy in the event that a new CEO is not appointed by 31 March 2024.

Query 2

“Please also disclose the plans and timelines and the steps taken by the Company thus far to fill these vacancies in order to ensure continued compliance with Listing Rule 103(1) which requires issuers to have minimum standards of quality, operations, management experience and expertise.”

Company’s Response

The NC has put as its top priority the engagement of a new CEO. The Company is currently conducting the following process to find the new CEO:

- (i) the Company has hired an international professional executive search firm shortly after the CEO tendered his resignation, to assist in identifying potential candidates to replace the CEO;
- (ii) the professional executive search firm, after a period of search, had submitted a list of CEO candidates to the Company at the end of December 2023; and
- (iii) since the beginning of 2024, the chairman of the NC interviewed the candidates proposed by the professional executive search firm and shortlisted candidates to be interviewed by the full NC. The full NC has, as at 7 February 2024, completed its interviews with these shortlisted candidates.

The NC has been seeking to identify a suitable candidate with the requisite experience and expertise to assume the CEO role in a manner as expeditious as possible, while ensuring that the Company does not make an appointment in haste.

As explained in the Company’s response to Query 1 above, the Company does not intend to appoint a new COO. The new CEO would be tasked to assess the functions of the COO and integrate them with other functions within the Group for efficiency in operations and optimization of manpower resources.

The Company has embarked on a process to appoint a senior manager from the existing sales team to lead the sales and marketing department after the departure of the existing sales and marketing director. The senior manager will be appointed prior to the departure of the Company’s existing sales and marketing director. The choice of whether to hire a new sales and marketing director will be left to the new CEO. The existing management has recommended this approach given the current needs of the business and the process is being supervised by the Board.

Despite the recent changes in the management team, the Company affirms that it continues to have the requisite minimum standards of quality, operations, management experience and expertise, as required in Rule 103(1) of the SGX-ST Listing Manual (the **“Listing Manual”**).

Query 3

“Please also elaborate the Company’s business continuity plan in view of the significant number of terminations and cessations in the recent year and the strategy of the Board for its business going forward.”

Company's Response

As mentioned earlier, the Company is in the process of filling the CEO vacancy.

The Company will continue to pursue its long-term growth strategies and the current CEO will continue to work with an experienced senior management team particularly in Operations and Finance to execute its business planning and budgeting cycle in March this year. The Company is also working on measures to retain key talent beyond the CEO position. This includes identifying other senior executives who can step up and assume additional responsibilities as necessary, thereby ensuring continuity and stability in the Company's leadership transition process.

The Company has an existing business strategy, and the management team will continue its business planning and budgeting cycle in March this year. As explained in the Company's response to Query 1 above, during the interim period pending the engagement of the new CEO, the Board will continue to be in constant communication with and exercising oversight over the CEO, COO and managerial staff of the various functions of the Group and in close supervision over the Group's operations. The Chairman of the Board will also continue to hold regular sessions with the management. In the event that a new CEO is not appointed by 31 March 2024, the Board will release an announcement on the Company's interim executive leadership.

The Company's strategy remains unchanged despite recent departures, with a continued focus on long-term growth to enhance shareholder value.

Query 4

“Principle 4 and 5 and their underlying provisions under the Code of Corporate Governance requires the NC to assess the contributions of each director on the Board and whether the director has adequately carried out his/her fiduciary duties as a director of the Company. Please provide us with the basis of the NC's assessment and views that the Chairman Emeritus has adequately carried out his duties as a director of the Company and its assessment of his suitability to effectively carry out his duties.

Please explain the role of Emeritus Chairman, Lim Soo Peng including the specific duties and responsibilities of an Emeritus Chairman, and how this differs from a Non-Executive Chairman.”

Company's Response

The roles and functions of the Emeritus Chairman and Chairman of the Board are distinct from each other.

Mr. Yeo Hock Chye is a non-executive and independent director and is the chairman of the Board for the purposes of the Listing Manual and the Code of Corporate Governance 2018. As Chairman of the Board, Mr. Yeo manages the Board and its meetings and represents the Board to other parties. In particular, he sets the Board meeting agendas in collaboration with the CEO, COO and other directors, in particular, the chairmen of the various board committees, and conducts the meetings in a manner that focuses the Board's efforts on important issues in a disciplined manner.

Mr. Lim is the founder of the Company and its first executive chairman. Mr. Lim then acted as managing director and as executive director up to 31 December 2021. Mr. Lim was the driving force in conceiving and effecting the succession and corporate transformational strategy of the Company to a professionally managed company. He relinquished his executive appointment on 1 January 2022

and became a non-executive and non-independent director of the Company as a step towards the corporate transformation of the Company.

Mr. Lim was appointed to the post of Emeritus Chairman on 28 July 2022, befitting his stature as founder and business leader, and in light of his contributions to the Company and the Group over six decades. Mr. Lim's name is synonymous with the success of the Group, and he is widely known in the chemical industry and has good relationships with our financial service stakeholders and business partners.

As Emeritus Chairman, Mr. Lim's role is to mentor and guide the Board with his extensive and deep experience and knowledge of the Group and the chemical industry. Mr. Lim was very much involved in the selection process for the recruitment of the Company's CEO and COO in September 2022. As Emeritus Chairman, Mr. Lim has played and continues to play an important role as advisor and mentor to the Board. In addition, Mr. Lim has contributed to the Group by leveraging on his connections with business contacts to help the Company establish business relationships with potential partners which may be able to assist the Group in its overseas ventures.

In May 2023 the NC conducted an evaluation of Mr. Lim's performance as a director and was satisfied that Mr. Lim has discharged his duties as a director in attending Board meetings and participating in Board deliberations and decision making.

Query 5

“To provide details on the contributions of the Emeritus Chairman in FY2023 for the Remuneration Committee's recommendation and the Board's approval for the \$150,000 director fees paid to him.”

Company's Response

Mr. Lim was paid a director's fee of S\$150,000 for FY2023 comprising a fee of S\$75,000 which was the basic director's fee paid to all the non-executive directors and an additional fee of S\$75,000 for his role and contributions as Emeritus Chairman by way of his mentorship and guidance to the Board.

The RC has recommended such director's fees to Mr. Lim as being commensurate with his responsibilities as a non-executive director and Emeritus Chairman. The directors' fees of all the directors for FY2023 (including that of Mr. Lim) had been approved by the shareholders carrying 99.06% of the total votes cast at the Company's annual general meeting on 27 July 2023.

Query 6

“Please address and clarify if the allegations in the BT article on Lim Soo Peng's “post-retirement perks”, which include, *inter alia*, “the usage of commercially viable space as his personal office, salaries of his personal support staff and personal medical expenses incurred by the Company” are true. To also confirm if these amounts, if applicable, have been included in the \$150,000 amount disclosed as remuneration received by him in FY2022 and if not, please disclose the associated costs. If applicable, please also elaborate on the roles of Lim Soo Peng's personal staff and how they provide support to him in his duties as the Emeritus Chairman of the Company.”

Company's Response

We would like to clarify that Mr. Lim was paid a director's fee of S\$75,000 for FY 2022. As clarified in the Company's response to Query 5 above, the S\$150,000 amount is in respect of FY 2023 and comprises director's fees to Mr. Lim for his role as Emeritus Chairman and non-executive director.

The Group's premises at 17 Upper Circular Road (the "**Premises**") are leased out, save that one floor of the premises is being utilised as the administrative office of the Group. The administrative office includes an office room for Mr. Lim to perform his role as Emeritus Chairman and non-executive director. In addition, there is a meeting room that is used generally to conduct Board and board committee meetings and meetings of other management and staff. Mr. Lim utilizes the office room within the Premises solely for official Company matters and does not use the Premises as his 'personal office'.

Mr. Lim does not have any dedicated personal administrative staff. The Company has an office manager, who provides ad hoc assistance to Mr. Lim as and when required. The primary role of the office manager is, however, to assist the CEO in managing the Group's properties segment business in both commercial and operational aspects. In addition, a subsidiary of the Company has an employee who works as a driver and chauffeurs Mr. Lim in his personal car. The driver supports Mr. Lim in the discharge of his duties as Emeritus Chairman, such as attending to official Company functions, business meetings and going to and fro from the Premises.

The Company does not pay for medical or other personal expenses incurred by Mr. Lim in his personal capacity. Mr. Lim was covered under the Group's hospital and surgical insurance policy up until 31 March 2023, and is no longer covered by such insurance policy.

Query 7

"Please elaborate on the reasons and rationale for the appointment of Lim Yew Nghee as Non-Executive and Non-Independent Deputy Chairman of the Company and his duties and roles in this position."

Company's Response

The NC, with Mr. Lim Yew Nghee ("**YN Lim**") recusing himself, deliberated and resolved to recommend to the Board, the appointment of YN Lim as deputy chairman. The NC considered that it would be appropriate that YN Lim be appointed as deputy chairman with the portfolio to assist the Board and the Chairman of the Board to set up investment goals and strategies, and to review investment opportunities to bring forth to the Board. YN Lim's appointment with an investment portfolio facilitates the Board in its oversight of investments in the Company, allowing the Board to supervise and monitor the professional executive management and ensure their focus on running the operations of the Group.

Query 8

"Please also disclose if the Company is in compliance with Rule 1207(10)(D) of Listing Manual which provides that Annual Report of an issuer must contain at least the following – Names, amounts and breakdown of remuneration paid to each individual director and the chief executive officer by the issuer and its subsidiaries. Such breakdown must include (in percentage terms) base or fixed salary, variable or performance-related income or bonuses, benefits in kind, stock options

granted, share-based incentives and awards, and other long-term incentives. Please clarify if such breakdown by the Company in its Annual Reports have included all benefits provided to the former and current Directors of the Company, including any personal perks and benefits in kind.”

Company’s Response

The Company has disclosed on page 14 of its 2023 Annual Report, the names, amounts and breakdown of remuneration paid to each individual director and the CEO for FY2023. The Company confirms it is in compliance with Rule 1207(10)(D) of the Listing Manual.

By Order of the Board
Foo Soon Soo (Ms)
Secretary
18 February 2024