



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

(Incorporated in the Republic of Singapore)
Registration No. 196200046K

RESPONSES TO QUESTIONS FROM SHAREHOLDERS IN RESPECT OF THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

The Board of Directors of Chemical Industries (Far East) Limited (the "Company" and together with its subsidiaries, the "Group") refer to questions raised by shareholders no later than 10:30 a.m. on 6 August 2020 in respect of its Annual Report for the financial year ended 31 March 2020 ("Annual Report").

The substantial and relevant questions raised by the shareholders and our corresponding responses are set out below: -

Industrial Chemicals

Q1) What is the ranking of each product by revenue and sales volume: Chlorine, Sodium Hydroxide, Hydrogen Chloride and Sodium Hypochlorite.

Ranking by revenue

- a) Sodium Hydroxide
- b) Sodium Hypochlorite
- c) Chlorine
- d) Hydrochloric Acid

Ranking by volume

- a) Sodium Hydroxide
- b) Sodium Hypochlorite
- c) Hydrochloric Acid
- d) Chlorine

Q2) What is the current plant utilization rate in Jurong Island after the exit of Teijin, which consumed chlorine? What is the percentage of the total plant output at Jurong Island?

Do we supply chlorine and sodium hydroxide to Yangon?

The information is commercially sensitive in nature.

Q3) Which is more significant: Export or domestic market?

Revenue derived from domestic market in Singapore is more significant than export.

Q4) Does the Myanmar chemical process plant have a long-term sodium hypochlorite contract with high plant utilisation to support a favorable return on investment?

With the commencement of commercial operations in March 2020, we are in the midst of securing long-term contracts.

Q5) Was the S\$728,000 revenue for the Yangon chemical plant accrued in the month of March 2020? Was payment in US\$ or the local currency Kyat, which is falling against the US\$.

Revenue of S\$728,000 as disclosed on Page 80 of Segment Information related to revenue derived from Myanmar for the year ended 31 March 2020. The revenue was in US Dollars.

Q6) The annual report states that the expenditure on non-current assets in Myanmar was S\$11.7 million which exceeds the sum of US\$6.5 million (equivalent to S\$9 million earlier announced on 27 June 2019). Has there been a cost overrun or the result of construction of a bigger plant?

The Group's non-current assets of S\$11.7 million in Myanmar included right-of-use assets of S\$2 million that related to the land lease. In our announcement dated 27 June 2019, the total capital expenditure of US\$6.5 earmarked for Myanmar excluded the expenditure of land lease.

Q7) What is the duration of lease for the land used for the factory site in Myanmar?

Duration of land lease for Myanmar is 46 years.

Q8) Does the Myanmar government plan to have its own chlor-alkali factory soon?

We are not in a position to answer on the behalf of the Myanmar government.

Q9) What is the tax rate on the profit of the subsidiary in Myanmar?

As the subsidiary is incorporated under the Myanmar Special Economic Zone Law, it enjoyed a tax exemption for the first five years and a 50% tax relief for the second five years. Otherwise, based on the prevailing corporate tax, a 25% tax rate applies.

Properties

Q10) The total lettable are of investment properties at Carpenter Street and Upper Circular Road is 35,408 sq. ft. What is the area rented out to other parties and what is the area occupied by the Company's town office in 17 Upper Circular Road? Are there pressures to lower rent?

The area rented out to other parties is 25,263 sq. ft. and the area occupied by the Company's town office is 4,876 sq. ft.

Based on current market situation, it is estimated that there would be pressures to lower rent upon lease renewal.

General

Q11) What types of wastes will be treated by Chem Integrated Management Pte. Ltd. ("CIMPL")?

Due to the sensitivity of the information, the Group will not be releasing information on the type of wastes that it will be treated by CIMPL

Q12) Is the observation that the Group operations were unaffected by COVID-19 outbreak as at 31 March 2020 still valid?

As at current dated, the observation on the impact of COVID-19 outbreak is still valid.

BY ORDER OF THE BOARD

FOO SOON SOO
Company Secretary

13 August 2020