



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

Company Registration No.: 196200046K

RESPONSE TO QUERIES FROM THE SGX-ST

The board of directors (the “**Board**”) of Chemical Industries Far East Limited (the “**Company**”) wishes to announce the following responses to certain queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in relation to the announcement issued by the Company on 7 September 2021 regarding the cessation of its General Manager, Mr Lin Yinjun Benjamin (“**Mr Lin**”).

The SGX-ST’s Query:

“1) We refer to the Company’s announcement on 7 September 2021 on the cessation of its General Manager, Mr. Lin Yinjun Benjamin. It is noted that the date of cessation was with effect from 6 September 2021 and the reason provided was that “Mr Benjamin Lin’s employment as General Manager (“GM”) was ceased in accordance with the provisions of his employment contract with the Company.” As required in Appendix 7.4.2 of the Listing Manual, please disclose the detailed reasons, including the circumstances leading to the cessation of Mr Lin Yinjun Benjamin as GM of the Company with effect from 6 September 2021. Please also explain why there was no notice period given for the cessation of Mr Lin and reasons for the late announcement of the cessation.”

The Company’s Response:

The Managing Director (the “**MD**”) of the Company, Mr Lim Soo Peng had decided to terminate Mr Benjamin Lin’s employment as General Manager (the “**GM**”), as he was dissatisfied with the GM’s performance and was no longer able to continue to work with him. In addition, the termination of Mr Lin, who is the grandson of the MD, will assist in facilitating with the MD’s previously stated plans to professionalise the management of the Company. The MD referred the proposed termination to the Nominating Committee (the “**NC**”) for review.

The NC considered the impact of the proposed termination from the perspective of succession planning for operational management and the continuity of operations of the Company. In this regard, the NC made due enquiries from the MD and senior staff, and was satisfied that the termination of the GM would not impact the continuity of operations of the Company, as the GM’s duties will be covered by Mr Tan Pua Yong, Technical Plant Advisor and Mr Ivan Toh, Head of Commercial. Mr Tan was the former GM of the Company with considerable experience, who was succeeded by Mr Lin. Mr Tan had rejoined the Company in April 2021 as Technical Plant Advisor. In addition, the operational departments are adequately resourced with senior and middle level staff. Accordingly, the NC did not object to the MD’s exercise of his executive powers to terminate the employment of Mr Lin as the GM. The Board was notified of the MD’s decision and the findings of the NC arising from its review of the impact of the proposed termination.

Following the review of the NC and notification to the Board, the MD, in exercise of his executive powers, proceeded to terminate Mr Lin's employment by giving him one-month's salary in lieu of notice in accordance with the provisions of his employment contract with the Company. Given that the removal of Mr Lin was not expected to impact the continuity of operations of the Company, the termination was effected immediately.

The announcement on the termination of the GM was circulated to the Board on the same day of termination, namely 6 September 2021 for approval to release the announcement. As soon as Board's approval was given within 24 hours of the circulation, the announcement was released on the morning of 7 September 2021 before market opened.

The SGX-ST's Query:

"2) The Company had also announced the cessation of 2 Non-executive and Independent directors, 1 Executive Director and 1 Chief Financial Officer in the past 12 months (i.e. since September 2020).

a. Please explain the high number of recent cessations and disclose whether the Chairman, the Chairman of the Audit Committee or the Lead Independent Director had discussions with these former key persons in the Company to find out if there are any serious concerns raised about the Company's operations or corporate governance giving rise to the spate of recent resignations and to take steps to address the concerns raised, if valid and appropriate.

b. Given the high number of cessations of directors and key management personnel of the Company in the past 12 months, please disclose the Company's policy and the process to identify suitable persons with the necessary expertise, experience and independent oversight to serve on the Board and as appropriate key management of the Company to move the Company forward."

The Company's Response:

The late Mr Sng Peng Chye retired by rotation in accordance with the Company's constitution at the conclusion of the Company's annual general meeting on 21 July 2021. He did not seek re-election at the annual general meeting and had thereafter passed away.

Dr Wan Soon Bee was first appointed Director in 2000. Under Rule 210(5)(d)(iii) of the Listing Rules which will take effect from 1 January 2022, an independent director will not be considered independent if he has served on the Board for an aggregate period of more than nine years unless prior to 1 January 2022 he has obtained approval from shareholders to continue in office under a two-tier voting by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer and their associates. Upon his retirement in accordance with the Company's constitution at the conclusion of the Company's annual general meeting on 21 July 2021, Dr Wan, having considered his years of service on the Board, did not seek re-election at the annual general meeting.

Mr Collin Lim, former Executive Director resigned of his own accord for other pursuits. Mr Chiang Yi Shin, former Chief Financial Officer resigned of his own accord to pursue other career opportunities. The reasons for their resignation were notified to the Company Secretary of the Company. The AC Chairman did not interview them, as there was no suggestion of any concerns raised about the Company's operations or corporate governance relating to their resignations.

The Board has received questions from shareholders and SIAS relating to succession planning and governance of the Company. The MD had recently at the annual general meeting informed shareholders of his intention to step down once a successor is appointed, which would exclude his

family members, so as to take the Company from being family run to being professionally managed. The NC is in the process of looking to identify a successor for the MD.

The Board is committed to improving governance of the Company and one of the priority of the successor of the MD is to professionally manage the Company which includes strengthening the governance of the Company. The Board also intends to appoint additional independent directors to strengthen the independence element and governance on the Board.

BY ORDER OF THE BOARD

FOO SOON SOO
Company Secretary

9 September 2021