



**KOUFU GROUP LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number 201732833D)

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## **FY2019 ANNUAL REPORT – RESPONSE TO SGX’S QUERIES**

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In response to the queries from Singapore Exchange Securities Trading Limited (“SGX-ST”) in their email dated 22 April 2020, the Board of Directors of the Company wish to provide the information as set out below:-

### Query 1

Provision 2.4 of the Code of Corporate Governance 2018 (the “Code”) states that, “The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company’s annual report.”

Please disclose whether and how Provision 2.4 has been complied with.

### Company’s Response to Query 1

The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. The Board is committed to achieve an appropriate balance of diversity and mix of skills, experience, gender, age and the core competencies of accounting, legal and regulatory, business or management experience and industry knowledge to avoid groupthinking and foster constructive debate.

The Company has considered diversity in the appointment of the directors of the Company when it was listed on the Mainboard of the SGX-ST on 18 July 2018, taking into consideration the recommendations of the Corporate Governance Council as set out in the Consultation Paper on Recommendations of the Corporate Governance Council dated 16 January 2018.

The current Board and the board committees, which has remained the same since the initial public offering of the Company, provides diversity of gender, age, industry knowledge and expertise in areas such as food & beverages, business management, real estate, legal, audit and accounting as disclosed on page 34 of our Annual Report for the financial year ended 31 December 2019 (“FY2019”). This diversity, together with clear allocation of roles and responsibilities, facilitates constructive debate on the business activities of the Company and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. In view of the foregoing, the Company believes that Provision 2.4 of the Code has been complied with.

Notwithstanding the foregoing, the Company recognises there are many dimensions to Board diversity and will formalise its Board Diversity Policy in writing by the end of June 2020.

## Query 2

Provision 8.2 of the Code states that “The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.”

Please disclose whether and how Provision 8.2 has been complied with.

### Company's Response to Query 2

Mr. Pang Lim, the Executive Chairman and Chief Executive Officer (“CEO”) of the Company is also a substantial shareholder of the Company. His remuneration was disclosed in the bands of S\$250,000 on page 41 of the Annual Report.

The remuneration of Mdm. Ng Hoon Tien, who is a substantial shareholder and an Executive Director of the Company, was disclosed in the bands of S\$250,000 on page 41 of the Annual Report. Mdm. Ng is responsible for the oversight of the operations of the Group. She also assists the Executive Chairman and CEO in the formulation and implementation of the Group's business strategies and F&B operations.

Ms. Ng Lian Leck is the Head of Procurement who is Mdm. Ng Hoon Tien's sister. Her remuneration exceeded S\$100,000 but was less than S\$150,000 in FY2019 as disclosed on page 42 of the Annual Report. The Company uses the same basis for determining the compensation of the related employees and the compensation of other unrelated employees.

Save for Mr. Pang Lim, Mdm. Ng Hoon Tien and Ms. Ng Lian Leck, the Company confirmed that there is no other employee of the Group whose remuneration exceeds S\$100,000 is a substantial shareholder of the Company, or an immediate family member of a Director or the CEO, or substantial shareholder of the Company.

The Company has complied with Provision 8.2 of the Code except for the disclosure of the remuneration of Mr. Pang Lim and Mdm. Ng Hoon Tien which were disclosed in the bands of S\$250,000.

## Query 3

Provision 9.2 of the Code states that “The Board requires and discloses in the company's annual report that it has received assurance from:

- (a) the CEO and the Chief Financial Officer (“CFO”) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.”

Please disclose whether and how Provision 9.2 has been complied with.

### Company's Response to Query 3

As disclosed on page 44 of the Annual Report, the Board had received the assurances stated in Provision 9.2 on a quarterly basis from the CEO, CFO and the relevant key management personnel, as applicable. For the avoidance of doubt, the Board had received similar assurances from the aforementioned personnel in respect of the full FY2019.

Based on the existing practices and reviews conducted by the Management and the Group's internal auditors and external auditors for FY2019, the Board with the concurrence of the Audit and Risk Management Committee, is of the opinion that as at 31 December 2019, the internal controls, including

financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective for the type and volume of business that the Group currently operates.

Provision 9.2 has been complied with.

#### Query 4

Provision 8.1 of the Code states that “The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.” (emphasis added)

#### Company’s Response to Query 4

The Company has decided to disclose the remuneration of each of the directors and CEO in bands of S\$250,000 (instead of on a quantum basis) which is a deviation from Provision 8.1 of the Code. In arriving at its decision, the Company took into consideration the confidential nature and commercial sensitivity of remuneration matters. This is consistent with what is stated on Page 42 of the Annual Report that the Company believes that it should not disclose the remuneration paid to each of the Director and key management personnel in absolute amount due to the highly competitive market.

The Company is of the view that the disclosure of the indicative range of the CEO’s remuneration and the total remuneration of other top five key management personnel provides a reasonable amount of information on the Company’s remuneration framework to enable the shareholders to understand the link between the Company’s performance and the remuneration of the CEO and other top five key management personnel. The fees to the non-executive directors are put forward to shareholders for approval on an annual basis at the Company’s annual general meeting.

In view of the foregoing, the Company believes that the intent of the Principle 8 of the Code has been met.

**By Order of the Board  
Koufu Group Limited**

Pang Lim  
Executive Chairman and Chief Executive Officer

23 April 2020

<p>DBS Bank Ltd. is the sole issue manager, global coordinator, bookrunner and underwriter (the “<b>Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter</b>”) for the initial public offering of shares in, and listing of, Koufu Group Limited on the Main Board of the Singapore Exchange Securities Trading Limited. The Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter assumes no responsibility for the contents of this announcement.</p>
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