

PENGUIN INTERNATIONAL LIMITED

(Company Registration Number: 197600165Z)

RESPONSE TO SGX'S QUERIES ON THE COMPANY'S ANNUAL REPORT 2015

The Board of Directors of Penguin International Limited (the "Company", and together with its subsidiaries, the "Group") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 4 April 2016 in relation to the Annual Report of the Company for the financial year ended 31 December 2015 (the "Annual Report") and would like to set out its responses to the queries as follows:

SGX-ST Query 1

Rule 970 of the Listing Manual states that an issuer must disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the following format:—

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
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We noted from page 39 of the annual report that "the aggregate value of transactions conducted with the following interested persons ("IPT") pursuant to the IPT Mandate was not material (less than \$100,000) during the financial year ended 31 December 2015: (a) Jeffrey Hing Yih Peir; and (b) Associates of Jeffrey Hing Yih Peir". However, no information about IPTs other than those conducted under IPT mandate has been provided.

In this regard, please disclose if the Company has entered into any IPTs other than those under IPT mandate during the financial year under review. And if yes, please provide relevant information in the format set out in Rule 709 of the Listing Manual.

Company's Response

Save as disclosed in the Annual Report, there were no other interested person transactions during the financial year ended 31 December 2015.

SGX-ST Query 2

Guideline 9.3 of the Code states that "the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO)."

Guideline 9.4 of the Code states that “for transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year.”

We noted that the Company has provided (a) a breakdown in percentage of directors’ remuneration, and (b) remuneration of key management personnel (who are not directors and the CEO) in band of S\$250,000 from page 35 of the annual report. In this regard, please:

- (i) disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO); and
- (ii) disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year, as required by the Code, or otherwise explain the specific reason(s) for the deviations from respective Guidelines of the Code pursuant to Listing Rule 710.

Company’s Response

- (i) The Company wishes to reiterate as stated in the Annual Report that the remuneration of the top 5 key management personnel (who are not directors or the CEO) are disclosed only in bands of S\$250,000 on page 35 of the Annual Report and not in aggregate the total remuneration paid to the top 5 key management personnel as such disclosure is not in the best interest of the Company given the highly competitive business environment that the Group operates in as well as the competitive pressures in the talent market. The Company believes that the remuneration information disclosed in the Annual Report will be sufficient for shareholders to have an adequate appreciation of the remuneration of the key management personnel and wishes to maintain confidentiality of remuneration in the interest of maintaining good morale and a strong spirit of teamwork within the Group.
- (ii) The remuneration of Mr Tung Tak Wai, who is the brother of Executive Director, Ms Tung May Fong, was in the range of \$100,000 to \$150,000 for the financial year ended 31 December 2015.

By Order of the Board

James Tham Tuck Choong
Managing Director
8 April 2016