PENGUIN INTERNATIONAL LIMITED

(Company Registration Number: 197600165Z)

RESPONSE TO SGX QUERIES IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors ("**Board**") 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 on 21 April 2023 in respect of the Company's Annual Report for the financial year ended 31 December 2022 ("**AR 2022**") and would like to set out its responses to the queries as follows:

SGX-ST's Query 1:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "**Code**"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of the aggregate remuneration paid to at least the top five key management personnel (who are not directors of the CEO), and there were no explanations provided for in your FY2022 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

The Company's response:

The Company wishes to reiterate as stated in the AR 2022 that the remuneration of the top five key management personnel (who are not directors or the CEO) are disclosed only in bands of S$250,000 on page 42 of the AR 2022 and not the aggregate total remuneration paid to them, as such disclosure is not in the best interest of the Company given the highly competitive human resource environment for such personnel with in-depth knowledge, expertise and experience in the Group's business activities. Whilst the Company supports and is aware of the need for transparency, such disclosure of specific information may give rise to talent recruitment and retention issues which would place the Group in a competitively disadvantageous position.

Accordingly, the Company believes that the remuneration information disclosed in the AR 2022 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.

Taking into consideration the disclosures in the AR2022, the Company is of the view that there is sufficient transparency in its practices which are consistent with the intent of Principle 8 of the Code.

SGX-ST's Query 2:

Listing Rule 710A states that an issuer must describe in its annual report its board diversity policy, including the following:

(a) the issuer's targets to achieve diversity on its board;
(b) the issuer's accompanying plans and timelines for achieving the targets;
(c) the issuer's progress towards achieving the targets within the timelines; and
(d) a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.

Please disclose whether and how Listing Rule 710A has been complied with.

The Company's response:

The Company has a formal board diversity policy. The Company is aware that a diverse Board consists of Directors of different ages, genders, lengths of service with varied skills and other relevant qualities considered necessary for the effective governance of the Board. The Board considers these qualities in determining the composition of the Board in order to ensure, to the extent possible, that the Board is adequately balanced.

The current Board composition reflects the Company's commitment to Board diversity. As disclosed in the Board Size and Board Diversity section on pages 35 and 36 of the AR 2022, the current Board composition provides diversity in terms of strong professional experience, business skillsets and knowledge and also of other aspects such as gender and age suitable for the long term interests of the Company. Details of the our Board's mix of qualifications, expertise, background and experience are set out in the profile of each of our Board members found on pages 15 to 17 of the AR2022.

As our Nominating Committee has assessed the current level of diversity on the Board to be satisfactory, and given the current size of the Board and the nature of the Group's business at present, the Board does not propose to set specific diversity targets or concrete timelines for achieving board diversity targets. Instead, the Company takes the approach that maintaining a satisfactory level of diversity is an ongoing process which may need to be updated as the business of the Group develops. This will be disclosed in future corporate governance reports as appropriate.

The Company believes that the intent of the Listing Rule 710A has been met.

BY ORDER OF THE BOARD

James Tham Tuck Choong
Managing Director
25 April 2023