



ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Company Registration No. 200313131Z

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

The Board of Directors ("Board") of Envictus International Holdings Limited (the "**Company**") refers to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 January 2023 in relation to the Company's Annual Report for the financial year ended 30 September 2022 (the "**FY2022 Annual Report**").

Question 1

Listing Rule 907 requires issuers to disclose the name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person in the annual report in the prescribed format. We note that the Company has not disclosed the nature of relationship of the respective interested person transactions in its FY2022 annual report. Please provide this information publicly via an SGXNet announcement.

Company's response to Question 1

The Company refers to the interested person transactions disclosed on pages 46 and 47 of the FY2022 Annual Report.

Perinsu (Broker Insurans) Sdn Bhd ("**PBI**") is involved in the business of insurance brokering. The Company's Executive Chairman, Dato' Jaya J B Tan, and the Company's Non-Executive Director, Dato' Kamal Y P Tan, are directors and substantial shareholders of PBI.

Tee Yih Jia Food Manufacturing Pte Ltd ("**TYJ**") is engaged in the business of manufacturing a wide range of ready-to-eat Asian convenience food. The Company's Vice-Chairman, Datuk Dr Sam Goi Seng Hui ("**Datuk Dr Sam Goi**") is also a director and substantial shareholder of TYJ.

Question 2

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 2.4 of the Code as the Company has not disclosed its board diversity policy and progress made towards implementing the board diversity policy, including objectives, and no explanations were provided for in its FY2022 annual report on how it is consistent with the intent of Principle 2 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company's response to Question 2

The Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge, expertise and attributes, as a group provide for effective direction of the Group and an appropriate balance and diversity of skills, experience and knowledge to support the long term success of the Group. The composition of the Board is reviewed on an annual basis by the Nominating Committee ("NC") to ensure that the Board has the appropriate mix of skills, knowledge, expertise, experience, diversity and gender, and collectively possesses the necessary core competencies for effective functioning and informed decision-making, having regard to the nature and scope of the Company's operations.

While the Company has not adopted a formal board diversity policy, the Board has put in place a process for the selection and appointment of directors. The process, as led by the NC, focuses on identifying nominees with a view to having an appropriate mix of members on the board with complementary skills, core competencies and experience for the Group, regardless of age or gender.

The Board and the NC are of the view that the Board has an appropriate level of independence and diversity in its composition to enable it to make decisions in the best interest of the Company, engage in constructive debate and avoid groupthink. Based on the foregoing, the Board is of the view that the practices adopted by the Company are consistent with the intent of Principle 2 of the Code.

The Company has disclosed the following on page 35 of the FY2022 Annual Report:

The Board's policy in identifying Director candidates is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. Each year, NC reviews the size and composition of the Board and Board committees and the skills and core-competencies of its members to ensure an appropriate balance of skills and experience. These competencies include business acumen, legal, accounting and finance, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management. The Board considers its Directors to possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's businesses and the number of Board committees, the Board considers the current board size as appropriate. The Board believes that the current composition and size provides sufficient diversity without interfering with efficient decision-making. The Directors' academic and professional qualifications are presented under the section "Board of Directors" in this annual report.

Question 3

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in 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 2.2 of the Code as Independent directors do not make up a majority of the Board where your Chairman is not independent.

We refer to page 44 of FY2022 annual report and note that:-

"The Company has departed from the compliance of the Code and the following are the explanations for departure:-

1. The current Board composition is appropriate for the Company's size, operations and future direction and includes an appropriate mix of skills and expertise, relevant to the Company's business and level of operations;

2. The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties;

3. The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company; and

4. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by Directors who have a vested interest in the Company."

It is unclear how it is consistent with the intent of Principle 2 of the Code, in particular, the appropriate level of independence. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company's response to Question 3

The Company maintains a strong independent element on the Board with the Independent Directors making up at least one-third of the Board. The current number of Independent Directors complies with Rule 210(5)(c) of the Listing Manual of the SGX-ST, which requires the Board to have at least two non-executive Directors who are independent and free of any material business or financial connection with the Company. The current composition of the Board also complies with the Code's requirement that non-executive directors make up a majority of the Board. The independence of each Independent Director is reviewed annually by the NC. The Board members possess wide ranging experiences in the areas of strategic planning, accounting and finance and business and management in the industries which the Group operates in.

As mentioned above, the Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge, expertise and attributes provide for effective direction of the Group and an appropriate balance and diversity of skills, experience and knowledge to support the long term success of the Group. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of skills, knowledge, expertise, experience, diversity and gender, and collectively possesses the necessary core competencies for effective functioning and informed decision-making, having regard to the nature and scope of the Company's operations.

The Independent Directors have also contributed significantly to the discussion on matters before the Board, which include matters relating to the strategic direction and corporate governance of the Group, expressed individual viewpoints, debated issues, sought clarification as they deemed necessary including direct access to the Management and objectively scrutinized the Management.

The Company is working towards achieving a Board where Independent Directors make up a majority of the Directors. In this regard, the Company has disclosed the following on page 35 of the FY2022 Annual Report:

The Company will work towards achieving a Board where Independent Directors made up majority of the Directors. The Board will put in place processes for the selection of suitable candidates to be appointed as Independent Directors to the Board. This process will be led by the NC taking into consideration that an effective and cohesive board requires the right balance of industry knowledge, experience, core competencies, skills and professional qualifications, as well as diversity of perspectives.

Where there is resignation or retirement of an existing Director, the NC will re-evaluate the Board composition to assess the competencies for the replacement.

Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from Directors and management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

The NC will shortlist candidates and conduct formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

Question 4

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in 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 remuneration, and there were no explanations were provided for in your FY2022 annual report on how it is consistent with the intent of Principle 8 of the Code.

We refer to page 40 of FY2022 annual report which states amongst others that, "The Company has not complied with Provision 8.1(a) of the Code which requires the Company to disclose exact details of the remuneration of the Executive Chairman due to the competitive pressures in the talent market and as such, maintaining confidentiality on such matters would be in the best interest of the Company. The Company is not compliant with Provision 8.1(b) of the Code which requires the Company to name and disclose the remuneration of the top five key management personnel (who are not Directors or the CEO) in bands of S\$250,000. The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top five key management personnel (who are not Directors) within the bands of S\$250,000 each, the breakdown of each individual's remuneration and the aggregate total remuneration due to the sensitive and confidential nature of such information and disadvantages that this might bring which among others include group employment sensitivity, potential staff motivational and retention issues."

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.

Company's response to Question 4

The Company has disclosed the remuneration of the directors in the bands of S\$250,000 and the total aggregate remuneration paid to the top five key management personnel for FY2022 on page 40 of the FY2022 Annual Report. After careful deliberation and taking into consideration the competitive pressures in the talent market, the sensitive and confidential nature of remuneration, the relative size of the Group as well as the competitive business environment in which the Group operates in, the Board has, on review, decided not to disclose the specific quantum of the remuneration of the Company's Executive Chairman and the key management. The Board is of the view that the disadvantages which would be caused to the Group's business interest would far outweigh the benefits of such disclosure. The Company believes that, taken as a whole, the disclosures on remuneration provided in the FY2022 Annual Report are meaningful and sufficiently transparent in giving an understanding of the remuneration of its Directors and employees, the Company's remuneration policies, level and mix of remuneration, performance and value creation, while taking into consideration the sensitive nature of remuneration disclosure on a quantum basis, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

As disclosed on Page 40 of the FY2022 Annual Report:

The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top five key management personnel (who are not Directors) within the bands of S\$250,000 each, the breakdown of each individual's remuneration and the aggregate total remuneration due to the sensitive and confidential nature of such information and disadvantages that this might bring which among others include group employment sensitivity, potential staff motivational and retention issues

As stated on Page 40 of the FY2022 Annual Report, the Group adopts a process where the executive Directors and key management personnel are reviewed and assessed for individual performance against set performance targets. Performance against these targets is a key factor determining their remuneration. On an annual basis, the Remuneration Committee reviews and makes recommendation to the Board for changes relating to the remuneration of the Executive Chairman, which includes increment and bonus, and will then submit its recommendation to the Board for approval.

Moreover, the payment of Directors' fees are put forward to shareholders for approval on an annual basis at the Company's annual general meeting.

Based on the above, the Board is of the view that the current disclosures disclosed in the FY2022 Annual Report on remuneration is meaningful and sufficiently transparent in giving an understanding of the remuneration of the Directors and employees, the Company's remuneration performance and value creation, while taking into consideration the sensitive nature of remuneration disclosure on a quantum basis, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group, and is therefore consistent with the intent of Principle 8 of the Code.

Question 5

Listing Rule 1207(18B)(a) and (b) require issuers to disclose in its annual report on how it ensure that the identity of the whistleblower is kept confidential and its commitment to ensure protection of the whistleblower against detrimental or unfair treatment.

We note that the disclosure on the whistle-blowing policy at page 43 of FY2022 annual report does not explain how it complies with Listing Rule 1207(18B)(a) and (b). Please clarify how the practices and/or whistle blowing policy that the Company had adopted satisfies Listing Rule 1207(18B)(a) and (b).

Company's response to Question 5

The Company's whistle-blowing policy contains clear provisions on protection for whistleblowers. Under the Company's whistle-blowing policy, the Company will take all necessary measures to ensure that the whistle-blower's identity will be kept confidential unless required by the court or other regulatory authorities make disclosure of the identity.

The whistle-blowing policy of the Company ensures that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and be protected from reprisal or detrimental or unfair treatment.

As disclosed on page 43 of the FY2022 Annual Report:

The Group is committed to a high standard of ethical conduct and has put in place a whistle-blowing policy, endorsed by the AC. The policy provides mechanism where employees, may in good faith and confidence, raise concerns about dishonesty, fraudulent acts, corruption and improper conduct that may cause financial or non-financial loss to the Group with the assurance that they will be protected from reprisals or victimization for whistleblowing in good faith.

All whistle-blowing cases are to be reported to the Chairman of the AC. The AC will objectively assess, investigate and recommend appropriate remedial actions to be taken, where warranted. It will report to the Board on such matters at Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

There were no reported incidents pertaining to whistle-blowing during the year under review.

By order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN
Executive Chairman

26 January 2023