

**REPLY TO SGX QUERIES REGARDING THE COMPANY’S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

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The Board of Directors (“the Board”) of Europtronic Group Ltd (“the Company”) refers to the queries raised by the Singapore Exchange Securities Trading Limited in its email of 11 April 2014 relating to the Company’s Annual Report for the financial year ended 31 December 2013 and provides the Company’s response to such queries as follows:

***SGX Query (1): Paragraph 9.2 of the Code of Corporate Governance 2012 states that the company should fully disclose the remuneration of each individual director and the CEO on a named basis and the company may round off the disclosed figures to the nearest thousand dollars. In this respect, please disclose as per paragraph 9.2 of the Code of Corporate Governance 2012 or explain the reason(s) for the deviation from the code as required under Rule 1207(12) of the Listing Manual.***

**Company’s response:**

The remuneration of each individual Director and the CEO is as follows:

| <b>Name of Directors</b>                       | <b>Fees<br/>S\$’000</b> | <b>Salary<sup>1</sup><br/>S\$’000</b> | <b>Bonus<br/>S\$’000</b> | <b>Others<sup>2</sup><br/>S\$’000</b> | <b>Total<br/>S\$’000</b> |
|------------------------------------------------|-------------------------|---------------------------------------|--------------------------|---------------------------------------|--------------------------|
| Huang Shih-An                                  | -                       | 424                                   | -                        | -                                     | 424                      |
| Huang Chuang Shueh-Ou                          | -                       | 306                                   | -                        | -                                     | 306                      |
| Ho Toon Bah                                    | 40                      | -                                     | -                        | -                                     | 40                       |
| Tan Sek Khee                                   | 30                      | -                                     | -                        | -                                     | 30                       |
| Lin Chien                                      | 30                      | -                                     | -                        | -                                     | 30                       |
| Huang Chien-Hung (also the CEO of the Company) | -                       | 192                                   | -                        | 2                                     | 194                      |

Notes:

<sup>1</sup> Includes Employers’ CPF contribution

<sup>2</sup> Includes Transport, medical and insurance

**SGX Query (2): Paragraph 9.3 of the Code of Corporate Governance 2012 states that the company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In this respect, please disclose as per paragraph 9.3 of the Code of Corporate Governance 2012 or explain the reason(s) for the deviation from the code.**

**Company's response:**

The remuneration of the top six key management personnel (who are not directors or the CEO) of the Group is as follows:

| <b>Name</b>             | <b>Salary<sup>1</sup><br/>%</b> | <b>Bonus<br/>%</b> | <b>Commission<br/>%</b> | <b>Others<sup>2</sup><br/>%</b> | <b>Total<br/>%</b> |
|-------------------------|---------------------------------|--------------------|-------------------------|---------------------------------|--------------------|
| <b>Below S\$250,000</b> |                                 |                    |                         |                                 |                    |
| Tan Chee Kong           | 100                             | -                  | -                       | -                               | 100                |
| Tan Joo Kwang           | 100                             | -                  | -                       | -                               | 100                |
| Leong Mei Theng         | 100                             | -                  | -                       | -                               | 100                |
| Hsieh Min Tsun          | 100                             | -                  | -                       | -                               | 100                |
| Uchita Masami           | 92.6                            | 7.4                | -                       | -                               | 100                |
| Huang Yun Ju            | 100                             | -                  | -                       | -                               | 100                |

Notes:

<sup>1</sup> Includes Employers' CPF contribution

<sup>2</sup> Includes Transport, medical and insurance

**SGX Query (3): Paragraph 11.3 of the Code of Corporate Governance 2012 states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. On page 32 of the Company's annual report, we note that the Board has commented on the adequacy and effectiveness of the internal controls but did not comment on the risk management systems. In this respect, please disclose or explain the reason(s) for the deviation from the code.**

**Company's response:**

The Board would like to add the following information as underlined in the following paragraph on page 32 of the Company's Annual report:

"During the financial year under review, the AC has reviewed the adequacy, effectiveness and integrity of the Group's internal controls and risk management systems. Based on the reviews conducted by Management, work performed by the internal and external auditors, assurances from the CEO and Group Financial Controller on the financial records and effectiveness of the Company's risk management and internal control systems, the Board, with the concurrence of the AC, is of the opinion that the risk management systems and internal controls in place are adequate and effective in addressing the Group's financial, operational, compliance and information technology risks. The AC will ensure that a review of such effectiveness and adequacy is conducted at least annually."

By Order of the Board  
EUROPTRONIC GROUP LTD

Huang Shih-An  
Chairman  
14 April 2014