

## **BEST WORLD INTERNATIONAL LIMITED**

Company Registration No. 199006030Z

---

### **RESPONSES TO SGX QUERIES IN RELATION TO ANNUAL REPORTS AND RELATED DOCUMENTS FOR YEAR ENDED 31 DECEMBER 2020**

---

The Board of Directors (the “Board”) of Best World International Limited (the “Company”, and together with its subsidiaries, the “Group”) refers to the Annual Reports and Related Documents for the year ended 31 December 2021 released on SGXNet on 15 September 2021 and the queries from the Singapore Exchange Securities Trading Limited (“SGX-ST”) received on 27 September 2021 (the “Queries”) and wishes to provide further information to shareholders in relation to the queries raised.

#### **Query:**

- A) *Provision 2.2 of the Code of corporate governance 2018 (the “Code”) states that, “Independent directors make up a majority of the Board where the Chairman is not independent”.*

*Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide 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 the Chairman is not independent. 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 interests of the Company.*

#### **Response:**

Whilst independent directors do not make up a majority of the Board, the culture practiced by the Board is to always have a Group consensus on major decisions before moving forward.

Even without majority representation, any issue highlighted by any director is always looked into and properly addressed in a satisfactory manner. Being leaders in their own field, our independent directors all exercise independent thought and have no difficulty speaking out and articulating their opinion on proposals or asking for more in-depth assessment to be performed before a decision is made as a whole, in their role to assist in the development of proposals on strategy by constructively challenging management and reviewing the performance of management.

The Board is of the view that the practices it had adopted are consistent with the intent of Principle 2 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 interests of the Company is met and the independent directors have demonstrated high commitment in their role as directors and have always worked towards a good balance of power and authority and good corporate governance.

In addition, the Board has a lead independent director, Mr Lee Sen Choon to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The Lead Independent Director is also available to address shareholders’ concerns when contact through the normal channels of the Chairman, the CEO, or Management (including the Group Chief Financial Officer, or equivalent) has failed to provide a satisfactory resolution or when such contact is inappropriate or inadequate.

Nevertheless, the NC will endeavour to comply with Provision 2.2 by continuing to assess the Board composition from time to time and make appropriate recommendations to the Board.

**Query:**

B) *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)*

*Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide 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 regard to the disclosure of the amounts of remuneration of each individual director and the CEO. 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.*

**Response:**

Executive directors have service agreements with the company that are renewed every three years. In addition to the basic salary component and benefits-in-kind, the executive directors’ remuneration is linked to performance via a tiered incentive bonus based on profit before tax. The Remuneration Committee reviews the audited group financial results against the targets achieved before approving the distribution of the annual incentive bonus.

The Board maintains its view that it is not in its interest to disclose the exact remuneration of each individual director and the CEO, taking into consideration the highly competitive human resource environment for such personnel, and that such disclosure of specific remuneration information may give rise to recruitment and retention issues. The Company believes that shareholders’ interest will not be prejudiced by the non-disclosure of each individual director’s and the CEO’s individual remuneration.

Taking into consideration the disclosures in the Annual Report, 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. Nevertheless, the Company will continue to enhance its transparency to balance the interests of all stakeholders, including the shareholders and the Company and its employees.

BY ORDER OF THE BOARD

Huang Ban Chin  
Director and Chief Operating Officer  
28 September 2021