

WINAS LIMITED
(Company Registration No. 200206542H)
(Incorporated in Singapore)

REPLY TO SGX'S QUERIES REGARDING ANNUAL REPORT 2019

The Board of Directors (the "**Board**") of Winas Limited (the "**Company**") would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") dated 4 May 2020 ("**SGX Query**") as follows:

SGX Query 1:

Rule 704(6) of the Listing Manual provides that if an issuer has previously announced its preliminary full-year results, any material adjustments to its preliminary full-year results made subsequently by auditors is required to be announced immediately. Please explain how the Company has complied with Rule 704(6) in relation to the adjustments in values for (i) loss before tax; and (ii) net cash generated from investing activities.

Company's response to SGX Query 1:

The (i) loss before tax and (ii) net cash generated from investing activities previously announced in the full year announcement dated 25 February 2020 was S\$(787,000) and S\$84,077,000 respectively, while the (i) loss before tax and (ii) net cash generated from investing activities in the annual report announced on dated 7 April 2020 was S\$(1,189,000) and S\$84,077,000 respectively.

The difference for the (i) loss before tax was due to the reclassification of a "Gain on disposal of property, plant and equipment, net" amounting \$468,000 from continuing operations to discontinued operations. As such, the profit from discontinued operations had risen from S\$15,084,000 as reported in the full year announcement to S\$15,486,000 in the annual report, while the Profit for the year remains as S\$14,395,000. Hence there was no material adjustment that required the auditors' attention to make an immediate announcement.

For (ii), net cash generated from investing activities in consolidated statement of cash flows reported S\$84,077,000 in both the announcement and annual report. The only difference was due to the reclassification of "Proceeds from disposal of property, plant and equipment" of S\$8,600,000 as reported in the announcement was reclassified to "Proceeds from sale of Disposal Group" in annual report. Similarly, there was no material adjustment made that required an immediate announcement.

SGX Query 2:

Rule 1207(9e) of the Listing manual provides inter alia that the annual report must contain the percentage of shareholding held in the hands of public and confirmation that Rule 723 is complied with. Please explain how the Company has complied with Rule 1207 (9e) of the Listing Manual.

Company's response to SGX Query 2:

In view of current COVID-19 restriction orders in Singapore, the Company has deferred its Annual General Meeting ("**AGM**") from originally scheduled on 30 April 2020 to a later date to be determined in due course. However, the annual report including the percentage of shareholding held in the hand of public and confirmation that Rule 723 is complied with, must be submitted to SGX-ST and shareholders by 15 April 2020, in compliance with the statement released by SGX RegCo on 7 April 2020.

In view of the foregoing and the clarification sought with SGX, the Company is required to provide a statement pursuant to Section 1207(9) of the Listing Rule, including the percentage of shareholding

held in the hand of public and confirmation that Rule 723 is complied with (“the **Statement**”) to be dated not more than one month from the date of issuance of Annual Report instead of Notice of AGM. It is optional for the Company to furnish an updated Statement when the Notice of AGM is issued.

The Company had on 15 April 2020 uploaded and despatched its Annual Report FY2019, including the statistic of shareholdings as at 20 March 2020 reflected on page 124 of the Annual Report FY2019 which also consists of the percentage of shareholding held in the hand of public and confirmation that Rule 723 is complied with, one month within both inclusive dates.

SGX Query 3:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (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 Provisions 8.1 and 8.2 of the Code with regards to the disclosure of amounts of remuneration and with regards to disclosure of names and remuneration of employees who are substantial shareholders of the company and whose remuneration exceeded S\$100,000 during the year. There were no explanations provided for in the Company’s FY2019 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.

Company’s response to SGX Query 3:

The Company has decided to disclose the remuneration of each of the directors in bands of S\$250,000 (instead of on a quantum basis) which is a deviation from Provision 8.1 of the Code. In arriving at its decision, the Company took into consideration the confidential nature and commercial sensitivity of remuneration matters. This is consistent with what it stated on Page 21 of the Annual Report that the Company believes that it is for the benefit of the Company and the Group that the remuneration of Directors be kept confidential due to its sensitive nature.

As explained on page 21 of the annual report that based on the Sales & Purchase Agreement entered pursuant to the Disposal, all operational staff were transferred to the Purchaser together with business as at 31 December 2018, and the Company therefore has no staff after the completion of Disposal on 1 February 2019. Therefore, there is no key management personnel for the financial year ended 31 December 2019 and no disclosure indicates range of the remuneration of the CEO and key management personnel is made.

Save as disclosed on page 21 and 124 of the annual report that Mr Sim Yong Teng is the director and substantial shareholder of the Company, there is no employees who are substantial shareholder of the Company, or immediate family members of a Director, CEO or a substantial shareholder whose remuneration exceeded S\$100,000.

In view of the foregoing, the Company believes that the intent of the Principle 8 of the Code has been met.

By Order of the Board

Sim Yong Teng
Executive Chairman
5 May 2020