



ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Company Registration No. 200313131Z

RESPONSE TO SGX QUERY ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

The Board of Directors (the “**Board**”) of Envictus International Holdings Limited (“**Company**”) refers to the query raised by SGX-ST on 11 January 2016 would like to provide the following additional information in response to the Company’s Annual Report for the financial year ended 30 September 2015 (the “**Annual Report**”):-

Question 1

Paragraph 2.4 of the Code of Corporate Governance 2012 (the “Code”) states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

It was disclosed that “Independent directors, Mr Teo Chee Seng and Mr John Lyn Hian Woon have each served on the Board for more than nine years. The NC has conducted a rigorous review of their contributions to the Board to determine if they have maintained their independence. The NC and the Board are satisfied with their continued independence in character and judgement in discharging their responsibilities as directors of the company”. Please elaborate on the rigorous review and the factors taken into account by the Board in relation to their assessment that Mr Teo Chee Seng and Mr John Lyn Hian Woon are “independent in character and judgement”.

Reply

It was disclosed on Page 41 of the Company’s Annual Report that the Independent Directors, Mr Teo Chee Seng and Mr John Lyn Hian Woon have each served on the Board for more than nine years. The NC has conducted a rigorous review of their contributions to the Board to determine if they have maintained their independence. The NC and the Board are satisfied with their continued independence in character and judgement in discharging their responsibilities as directors of the company.

The opinion was arrived at after careful assessment by the NC and the Board (save for Mr Teo Chee Seng and Mr John Lyn Hian Woon). The rigorous review comprised a review of, but not limited to, the following factors:

- (a) the length of service of the Independent Directors has not compromised the objectivity of the Independent Directors and their commitment and ability to discharge their duties as Independent Directors;

- (b) the ability of the Independent Directors to continue exercising independent judgement in the best interests of the Company, as they do not have any relationship with the Company, its related corporations, substantial shareholders or its officers which could materially impair their exercise of judgement;
- (c) the ability of the Independent Directors to express their objective and independent views during Board and Board Committee meetings; and
- (d) the Independent Directors, through their years of involvement with the Company, have gained valuable insight and understanding of the Group's business and together with their diverse experience and expertise, have contributed and will continue to contribute effectively as Independent Directors by providing impartial and autonomous views at all times.

Question 2

Please disclose the reason(s) for the material discrepancies between the figures of the (i) Net cash (used in)/generated from operating activities, (ii) Net cash (used in)/generated from investing activities and (iii) Net cash generated from/(used in) financing activities in the Annual Report 2015 and the unaudited financial year 2015 results.

Reply

Reasons for material discrepancies between the figures in Annual Report 2015 and unaudited financial year 2015 results:

- i) Net cash used in operating activities

The foreign exchange rate differences amounting to RM11,557,000 was reclassified under "changes in payables" to reflect the unrealised gains and losses arising from the "Effect of exchange rate changes" on the movement in cash and cash equivalents.

- ii) Net cash (used in)/generated from investing and financing activities

Plant and equipment acquired under finance lease amounting to RM8,756,000 has been reclassified from "purchase of property, plant and equipment" under "investing activities" to "Drawdown of bank borrowings" under "financing activities" to correctly reflect the nature of the cash flow. This is consistent with the disclosure made in Note 4 page 87 of the annual report

By order of the Board

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' KAMAL Y P TAN

Group Chief Executive Officer

12 January 2016