



LIAN BENG GROUP LTD
Registration No. 199802527Z

RESPONSE TO SGX QUERIES ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

The Board of Directors of Lian Beng Group Ltd (the “**Company**”) refers to the queries raised by Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in its email dated 19 September 2016 in respect of the Company’s Annual Report for the financial year ended 31 May 2016 (“**Annual Report**”) and wishes to respond as follows:-

1. SGX-ST Query:

Paragraph 9.2 of the Code of Corporate Governance 2012 (the “Code”) states that the Company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the Company may round off the disclosed figures to the nearest thousand dollars. There should be a breakdown (in percentage or dollar terms) of each director’s and the CEO’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.

We note the Company’s explanation for the deviation. Please disclose the specific competitive considerations by the Board and the reasons how “the disclosure may be prejudicial to its business interests given the highly competitive business environment the Company operates in”.

Company’s response:

As disclosed on Page 38 of the Annual Report, the remuneration of each individual director of the Company was disclosed on a named basis and in percentage terms.

The Board wishes to add that disclosure of specific competitive considerations and the reasons may affect the retention or recruitment of competent personnel in a highly competitive business environment the Company operates in as well as the competitive pressures in the talent market.

The Board is of the opinion that due to confidentiality and sensitivity issues attached to remuneration matters, it would not be in the best interests of the Company to disclose the remuneration of each individual Director to the nearest thousand as recommended by the Code.

2. SGX-ST Query:

Paragraph 9.3 of the Code 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 \$250,000. There should be a breakdown (in percentage or dollar terms) of each director’s and the CEO’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.

We note the Company's explanation for the deviation. Please explain and elaborate how such disclosure "would not be in the interest of the Company", and disclose the basis for the Board's opinion.

Company's response:

As disclosed on Page 38 of the Annual Report, in view of the market competition and information sensitivity, the Board is of the opinion that disclosure of the remuneration of top eight key executives in remuneration bands of S\$250,000 would not be in the interest of the Company.

The Board is of the opinion that disclosure of the remuneration of top eight key executives in remuneration bands of S\$250,000 may affect the retention or recruitment of competent personnel in a highly competitive business environment the Company operates in as well as the competitive pressures in the talent market due to limited talent pool. The Company needs to maintain stability and business continuity and any attrition in the key management personnel team would not benefit the Company. Accordingly, due to confidentiality and sensitivity issues attached to remuneration matters, especially in the case where the key management team is small, it would not be in the best interests of the Company to disclose the remuneration of top eight key executives in remuneration bands of S\$250,000 as recommended by the Code.

The Company believes that remuneration information disclosed in the Annual Report will be sufficient for shareholders to have an adequate appreciation of the remuneration of the key management personnel and wishes to maintain confidentiality of remuneration in the interest of retaining talent within the Group.

3. SGX-ST Query:

Paragraph 9.4 of the Code states that the Company should disclose details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000.

We note the Company's explanation for the deviation. Please explain how disclosure in bands of S\$50,000 would be a breach of confidentiality, if any. Please explain and elaborate how such disclosure "would not be in the interest of the Company", and disclose the basis for the Board's opinion. Please disclose whether any of the named employees are within the "top five key management personnel" disclosed pursuant to paragraph 9.3 of the Code.

Company's response:

As disclosed on Page 39 of the Annual Report, the Board is of the opinion that the remuneration details of Ms Ong Sui Hui, Mr Ong Eng Keong, Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui are confidential and disclosure of their remuneration in the bands of S\$50,000 would not be in the interest of the Company.

The Board is of the opinion that disclosure of their remuneration in bands of S\$50,000 may affect the retention or recruitment of them in a highly competitive business environment the Company operates in as well as the competitive pressures in the talent market due to limited talent pool. The Company needs to maintain stability and business continuity and any attrition of the above-mentioned persons would not benefit the Company. Accordingly, due to confidentiality and sensitivity issues attached to their remuneration matters, especially in the case where the key management team is small, it would not be in the best interests of the Company to disclose their remuneration in the bands of S\$50,000 as recommended by the Code.

Mr Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui are within the top eight key management personnel of the Company.

The Company believes that remuneration information disclosed in the Annual Report will be sufficient for shareholders to have an adequate appreciation of the remuneration of the immediate family members and wishes to maintain confidentiality of remuneration in the interest of retaining talent within the Group.

By Order of the Board

Ong Pang Aik
Chairman and Managing Director
21 September 2016