BENG KUANG MARINE LIMITED
Registration No. 199400196M

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 2020 ("ANNUAL REPORT 2020")

The Board of Directors of Beng Kuang Marine Limited (the "**Company**") wishes to inform shareholders that the Company has received the following queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") regarding the Annual Report 2020 and sets out its response as follows: -

Query 1:

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. We note that the Company stated on page 30 that the Audit Committee "will review the adequacy of the internal audit function annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company". Please provide the Audit Committee's comment as to whether the internal audit function is indeed independent, effective and adequately resourced.

Company's response to Query 1:

The Audit Committee confirms that it is satisfied that the internal audit function is indeed independent, effective and adequately resourced.

Query 2:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), 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 9.2(b) of the Code as the Board did not disclose in the annual report that it has received assurance from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the issuer's risk management and internal control system. Please provide the necessary disclosure.

Company's response to Query 2:

The Company has stated the following in page 27 of the Annual Report:

"The Board received assurance from the Managing Director and the Chief Executive Officer and the Chief Financial Officer that: (b) they have evaluated the effectiveness of the Company's internal controls and have discussed with the Company's external and internal auditors of their reporting points and note that the Company has put in place and will continue to maintain a reliable, comprehensive and sound system of risk management and internal control."

The Board had also received assurance from the Managing Director and Chief Executive Officer and other key management personnel who are responsible for the Company's risk management and internal control systems that, as at 31 December 2020, the Company's risk management and internal control systems were adequate and effective.

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"), 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 of the Code with regards to the disclosure of remuneration for 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.

Company's response to Query 3:

The Company has stated, in page 24 of the 2020 Annual Report, that remuneration of each individual Director to the nearest thousand is not disclosed as disclosure may be prejudicial to its business interests given the highly competitive marine business environment the Group operates in. Nonetheless, disclosure of director remuneration, categorised by names and remuneration mix, has been set out in page 25 of the 2020 Annual Report in bands of S$250,000. The Company also stated, in page 25 of the Annual Report, that it is not in the best interest of the Company to disclose the total remuneration of each director and key executive in dollar terms, given the sensitivity of remuneration matters and the competitiveness of the industry for key talent. Nonetheless, disclosure of key executive remuneration, categorised by names and remuneration mix, has been set out in page 25 of the 2020 Annual Report in bands of S$250,000. As no director and key executive officer was remunerated in excess of S$250,000, there was no need to set out an additional band range of S$250,001 to S$500,000.

Notwithstanding the above, the Company has further set out information regarding its remuneration policies, procedures for setting remuneration and relationships between remuneration, performance and value creation under provisions 5.2, 6 and 7 in its report on corporate governance (from page 22 to page 24 of the 2020 Annual Report). Accordingly, the Company is of the view that its practices are consistent with the intent of provision 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 7 of the Code.

Query 4:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), 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 8.2 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2020 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 Query 4:

The Company has stated the details of employees who are substantial shareholders or immediate family members of a director, the CEO or a substantial shareholder of the company in page 26 of the 2020 Annual Report, namely Mr Chua Beng Yong, Mr Chua Beng Hock and Mr Chua Min Kong. Disclosure of the remuneration mix and remuneration band for Mr Chua Beng Yong and Mr Chua Beng Hock (being executive officers) have been set out, in page 25 of the Annual Report, accompanied by the explanation that it is not in the best interest of the Company to disclose the total remuneration of each director and key executive in dollar terms, given the sensitivity of remuneration matters and the competitiveness of the industry for key talent. That such disclosure in bands of S$100,000 in relation to Mr Chua Beng Yong and Mr Chua Beng Hock not being in the best interests of the Company is stated

in page 26 of the Annual Report. Disclosure of Mr Chua Min Kong's remuneration in bands of S$100,000 was made, notwithstanding that there was no need to set out additional S$100,000 band ranges due to it being less that S$100,000.

Notwithstanding the above, the Company has further set out information regarding its remuneration policies, procedures for setting remuneration and relationships between remuneration, performance and value creation under provisions 5.2, 6 and 7 in its report on corporate governance (from page 22 to page 24 of the 2020 Annual Report). Accordingly, the Company is of the view that its practices are consistent with the intent of provision 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 7 of the Code.

BY ORDER OF THE BOARD

Chua Meng Hua
Managing Director and Chief Executive Officer
23 April 2021