BENG KUANG MARINE LIMITED
(Incorporated in Singapore)
Registration No. 199400196M

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 2021 ("ANNUAL REPORT 2021")

The Board of Directors of Beng Kuang Marine Limited (the "Company") refers to the queries ("Queries") raised by Singapore Exchange Securities Trading Limited ("SGX-ST") in respect of the Company's Annual Report 2021 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. Please provide the Audit Committee's comments as required pursuant to Listing Rule 1207(10C).

Company's response:

The internal audit function is currently outsourced to Wensen Consulting Asia (S) Pte Ltd. ("Wensen"). Based on information provided by Wensen, (a) it specialises in the provision of internal audit outsourcing and risk management services to public listed companies in Singapore, Malaysia and Hong Kong; (b) the engagement team is led by its Director, Mr. Edward Yap who has more than 20 years of experience in auditing field and is currently a fellow member of the Association of Certified Chartered Accountants, a practising member of the Institute of Singapore Chartered Accountants, a chartered member of the Institute of Internal Auditors Malaysia and a member of the Malaysia Institute of Accountants; (c) the engagement team comprises of an Associate Director, an Assistant Manager, a Lead Consultant and other supporting consultants who possesses relevant experience and qualification in the field of accounting and finance; and (d) the Associate Director who is assisting the Director in managing the internal audit outsourcing has more than 13 years of experience in the field of internal auditing.

Based on the foregoing, the AC is satisfied that the internal audit function of the Group is independent, effective and the internal auditors are adequately qualified and resourced.

Query 2:

We refer to page 9 of the Annual Report, which states that Mr. Goh Chee Wee was "last re-elected on 25 April 2018" as an Independent Director. Based on the Company's SGXNet announcement of AGM results on 27 April 2021, Mr. Goh Chee Wee was re-elected as an Independent Director by shareholders at the AGM, for the purposes of Listing Rules 210(5)(d)(iii). Please clarify the date for which Mr. Goh Chee Wee was last re-elected as an Independent Director:

Company's response:

Mr. Goh Chee Wee was last re-elected as an independent director on 27 April 2021.

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 Provision 8.1 and 8.2 of the Code with regard to the disclosure of remuneration, and there were no explanations were provided for in your FY2021 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:

The Company has stated, in page 25 of the 2021 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 2021 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 2021 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 23 to page 25 of the 2021 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 Beng Yong
Executive Chairman
25 April 2022