



BAN LEONG TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199303898C)

RESPONSES TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Board of Directors (the "Board") of Ban Leong Technologies Limited (the "Company" and together with its subsidiaries, the "Group") set out its responses to the queries raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 21 July 2022 in relation to the Company's Annual Report for the financial year ended 31 March 2022, as follows:-

SGX's Query 1:

With reference to the audited consolidated statement of cash flow on page 78 of the Company's AR2022, please provide an explanation for the material difference in the amounts of the following item, as compared to the unaudited financial results announcement of the Company for the year ended 31 March 2022:-

i. Net cash flows generated from operating activities of \$3,545,344 as compared to net cash flows generated from operating activities of \$3,604,220;

Company's Response 1:

The difference in the net cash flows generated from operating activities of \$58,876 mainly came from currency translation and Management is of the view that it is immaterial as it represented less than 2% of net cash flows generated from operating activities.

SGX's 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 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your AR2022 on how it is consistent with the intent of Principle 8 of the Code.

We reference page 47 of AR2022 which states amongst others "Taking into consideration the highly competitive business environment and nature of the industry and in order to maintain confidentiality on the remuneration policies of the Company and sensitivity reasons, the Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each individual Director and key management personnel in salary bands instead of providing full disclosure which may adversely affect talent attraction and retention."

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.



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Company's Response 2:

Details on the remuneration level and mix of each Director (Executive and Non-Executive) and key management personnel for FY2022 have been disclosed on page 47 of the Company's Annual Report 2022 as set out below:

| Name of Directors | Breakdown of Remuneration in Percentage (%) | | | | | Total Remuneration in Band |
|--|---|-------------------------|-----------------------|--------------------|-----------|----------------------------|
| | Fee ¹ (%) | Salary ² (%) | Performance bonus (%) | Other benefits (%) | Total (%) | |
| Ronald Teng Woo Boon (Executive Chairman & Managing Director) | - | 29 | 71 | - | 100 | S\$750,000 - S\$1,100,000 |
| Loh Yih (Independent Non-Executive Director) | 100 | - | - | - | 100 | < S\$250,000 |
| Neo Gim Kiong (Independent Non-Executive Director) | 100 | - | - | - | 100 | < S\$250,000 |
| Lo Yew Seng (Independent Non-Executive Director) | 100 | - | - | - | 100 | < S\$250,000 |

Notes:

The Directors' Fees are subject to the approval of the shareholders at the AGM.

The salary amount shown is inclusive of allowances and CPF.

While the Company's practice in relation to the disclosure of Directors' remuneration in band varied from Provision 8.1 (a) of the Code which requires issuer to disclose the specific quantum of the remuneration of each director, as explained on page 47 of the Annual Report 2022:-

"Taking into consideration the highly competitive business environment and nature of the industry and in order to maintain confidentiality on the remuneration policies of the Company and sensitivity reasons, the Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each individual Director and key management personnel in salary bands instead of providing full disclosure which may adversely affect talent attraction and retention."

The fees of the Independent Non-Executive Directors are put forward to shareholders for approval on an annual basis at the Company's annual general meeting. In respect of FY2022, the directors' fees of S\$119,000 proposed to be payable to the Independent Non-Executive Directors, are subject to approval of shareholders at the forthcoming annual general meeting.



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Remuneration of Key Management Personnel (Other than the Company's Executive Directors and Managing Director)

| Name of Top 2 Key Management Personnel (excluding Managing Director) | Position | Breakdown of Remuneration in Percentage (%) | | | | Total Remuneration in Band |
|--|--------------------------|---|--------------------|--------------------|-----------|----------------------------|
| | | Salary ¹ (%) | Variable Bonus (%) | Other benefits (%) | Total (%) | |
| Tan You Hong | Deputy Managing Director | 29 | 69 | 2 | 100 | \$500,000 - \$750,000 |
| Khoo Soo Fang | Financial Controller | 57 | 41 | 2 | 100 | \$250,000 - \$500,000 |

Note:

1. The salary amount shown is inclusive of CPF.

For FY2022, there are only two (2) key management personnel of the Group, excluding the Executive Chairman and the Managing Director. Full disclosure of the names and remuneration in bands of S\$250,000, with breakdowns in percentages between salary, bonus and other benefits of the key management personnel have been disclosed. In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top two (2) key management personnel in FY2022 is approximately S\$1,045,836. The above disclosures on remuneration of the key management personnel have been disclosed in compliance with Provision 8.1(b) of the Code.

Notwithstanding the abovementioned deviation, the Company is of the view that such practice does not compromise its ability to be consistent with the intent of Principle 8 of the Code.

The Remuneration Committee (the "RC") is responsible for ensuring a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors, key management personnel and related employees. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also considers and recommends the MD's remuneration package including fixed salary, guaranteed bonus plus an annual incentive bonus calculated based on the consolidated net profit before tax and extraordinary items.

The RC also ensures that the Independent Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised. Each member of the RC abstains from voting on any resolutions in respect of his own remuneration package. Directors' fees are further subject to the approval of shareholders at annual general meeting.

Where necessary, the RC will consult external professionals on remuneration matters of Directors and key management personnel.

The procedures for developing and the remuneration policies and practices adopted by the Company in arriving at the remuneration packages of Executive Directors and key management personnel have been disclosed on pages 44 to 46 of the Annual Report 2022.



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In light of the foregoing, the Company believes that the remuneration details disclosed in the Annual Report 2022 is consistent with the intent of Principle 8 of the Code and provides for sufficient transparency on the Company's remuneration policies commensurate with the remuneration of the Directors and key management personnel while taking into consideration the sensitive nature of remuneration disclosure on a quantum basis, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

By Order of the Board

Ronald Teng Woo Boon
Managing Director
25 July 2022