

RESPONSE TO SGX QUERIES::

Issuer & Securities

Issuer/ Manager

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Securities

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S SURENTHIRARAJ AND KOK MOR KEAT

Designation

COMPANY SECRETARIES

Description (Please provide a detailed description of the change in the box below)

Please refer to the attachment.

Attachments

[Response to SGX-ST queries final.pdf](#)

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ENVICTUS INTERNATIONAL HOLDINGS LIMITED
(Company Registration No: 200313131Z)

RESPONSE TO SGX-ST QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

The Board of Directors (the "**Board**") of Envictus International Holdings Limited (the "**Company**") refers to the following queries raised by Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 1 March 2021 in relation to the Company's annual report for the financial year ended 30 September 2020 (the "**FY2020 Annual Report**"):

SGX-ST Query

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 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations were provided for in your 2020 Annual Report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

The Company's Response

The Board is of the view that the Board comprises individuals with diverse experience and expertise who are able to, as a group, provide an appropriate balance and diversity of skills, experience and knowledge to support the long term success of the Group. The Directors provide core competencies such as business acumen, legal, accounting and finance, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management required for the Board to be effective.

As part of the annual evaluation of the Board's performance and effectiveness, the Nominating Committee ("**NC**") reviews the composition and skills of the Board and determines if it is adequate and appropriate having regards to the nature and scope of the Company's operations.

In view of the above, while the Company has not adopted a formal board diversity policy, the Board and the NC are of the view that the Board has an appropriate level of independence and diversity in its composition to enable it to make decisions in the best interest of the Company, consistent with the intent of Principle 2 of the Code.

The Company has disclosed the following on page 35 of the FY2020 Annual Report:

The Board's policy in identifying director candidates is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. Each year, NC reviews the size and composition of the Board and Board committees and the skills and core-competencies of its members to ensure an appropriate balance of skills and experience. These competencies include business acumen, legal, accounting and finance, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management. The Board considers its Directors to possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's businesses and the number of Board committees, the Board considers the current board size as appropriate. The Board believes that the current composition and size provides sufficient diversity without interfering with efficient decision-making. The Directors' academic and professional qualifications are presented under the section "Board of Directors" in this annual report.

SGX-ST Query

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in 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 2.2 of the Code as Independent directors do not make up a majority of the Board where your Chairman is not independent, and there were no explanations were provided for in your 2020 Annual Report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

The Company's Response

The Board consists of six (6) Directors, comprising one (1) Executive Chairman and five (5) Non-Executive Directors. Out of the five (5) Non-Executive Directors, two of them, making up at least one-third of the Board, are independent.

While the Independent Directors do not comprise the majority of the Board, the Board has an independent element that sufficiently enables it to exercise objective judgement and no individual or group of individuals dominate the Group's decision-making process. The Board has consistently demonstrated it is able to exercise independent decision-making and due to this, the Board has yet to appoint a Lead Independent Director to-date.

As disclosed on page 35 of the FY2020 Annual Report, the NC reviews annually the size and composition of the Board and Board committees and the skills and core-competencies of its members to ensure an appropriate balance of skills and experience. Taking into account the nature and scope of the Group's businesses and the number of Board committees, the Board considers the current board size as appropriate.

The Company has provided the following explanation on page 35 of the FY2020 Annual Report where it deviates from Provision 2.2 of the Code:

The Company has departed from the compliance of the Code and the following are the explanations for departure:-

- 1. The current Board composition is appropriate for the Company's size, operations and future direction and includes an appropriate mix of skills and expertise, relevant to the Company's business and level of operations;*
- 2. The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties;*
- 3. The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company; and*
- 4. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by Directors who have a vested interest in the Company.*

The Company is working towards achieving a Board where Independent Directors made up majority of the Directors. The Company has disclosed the following on page 35 of the FY2020 Annual Report:

The Company will work towards achieving a Board where Independent Directors made up majority of the Directors. The Board will put in place processes for the selection of suitable candidates to be appointed as Independent Directors to the Board. This process will be led by the NC taking into consideration that an effective and cohesive board requires the right balance of industry knowledge, experience, core competencies, skills and professional qualifications, as well as diversity of perspectives.

Where there is resignation or retirement of an existing director, the NC will re-evaluate the Board composition to assess the competencies for the replacement.

Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from directors and management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

The NC will shortlist candidates and conduct formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

SGX-ST Query

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in 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 regards to the disclosure of remuneration, and there were no explanations were provided for in your 2020 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.

The Company's Response

The Company has on page 41 of the FY2020 Annual Report disclosed the names, amounts and breakdown of remuneration of each individual director and the Group CEO (who is not a Director) in percentage breakdown in respect of salary, Directors' fees and bonus, and in remuneration bands of S\$250,000.

The Company has provided the following explanation for its deviation from Provision 8.1 of the Code on page 42 of the FY2020 Annual Report:

The Company has not complied with Provision 8.1(a) of the Code which requires the Company to disclose exact details of the remuneration of the Group CEO due to the competitive pressures in the talent market and as such, maintaining confidentiality on such matters would be in the best interest of the Company.

The Company is not compliant with Provision 8.1(b) of the Code which requires the Company to name and disclose the remuneration of the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top five key management personnel (who are not Directors) within the bands of S\$250,000 each, the breakdown of each individual's remuneration and the aggregate total remuneration due to the sensitive and confidential nature of such information and disadvantages that this might bring which among others include group employment sensitivity, potential staff motivational and retention issues.

On the remuneration of the top five key management personnel, there were four of whom are in the less than S\$250,000 band and the remaining one of whom is in between S\$250,000 to S\$500,000 band.

There is no termination, retirement and post-employment benefits granted to Directors, the CEO and the top five key management personnel.

The Company does not use any contractual provisions to reclaim incentive components of remuneration from the Executive Chairman or the Group CEO in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Company.

The Group adopts a process where the executive directors and key management personnel are reviewed and assessed for individual performance against set performance targets. Performance against these targets is a key factor determining their remuneration. On an annual basis, the RC reviews and makes recommendation to the Board for changes relating to the remuneration of the Executive Chairman and CEO, which includes increment and bonus, and will then submit its recommendation to the Board for approval.

The Board is of the view that the disclosure of the indicative range and percentage of the remuneration of the Directors and key management personnel provides sufficient overview of the remuneration of the Directors considering the confidentiality of remuneration matters. The Board is additionally of the view that full disclosure of the specific remuneration of each director and key management personnel is not in the best interest of the Company, taking into account the sensitive nature of the subject, the highly competitive talent acquisition business environment which the Group operates in and potential impact such disclosure will have on the Group.

The policies and practices adopted by the Company in relation to remuneration, relationships between remuneration, performance and value creation, and procedure for setting remuneration, in relation to the Executive Chairman, Group CEO and key management personnel are disclosed on page 42 of the FY2020 Annual Report.

In view of the abovementioned reasons, the Board is of the opinion that the information disclosed is sufficient for shareholders to understand Company's compensation policies and is not prejudicial to the interests of shareholders. The Board believes that the disclosure in the Company's FY2020 Annual Report is consistent with the intent of Principle 8 of the Code as the level of remuneration has been disclosed in bands and the mix of remuneration has been disclosed in percentage terms with explanatory notes to deviation.

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' JAYA J B TAN
Executive Chairman

3 March 2021