

PENGUIN INTERNATIONAL LIMITED

(Company Registration No : 197600165Z)
(Incorporated in the Republic of Singapore)

Minutes of the 2020 Annual General Meeting (“AGM”) of the Company held by “live” webcast (“Live Webcast AGM”) at 18 Tuas Basin Link, Singapore 638784 on Friday, 29 May 2020 at 10.00 a.m.

PRESENT

- Directors : Jeffrey Hing Yih Peir (Executive Chairman)
James Tham Tuck Choong (Managing Director)
Joanna Tung May Fung (Finance and Administration Director)
- In Attendance : Law Chwan Yaw (Group Financial Controller)
Michelle Heng (Company Secretary)

VIA LIVE WEBCAST

- Directors : Ong Kian Min (Lead Independent Director and Audit & Risk Committee (“AC”) Chairman)
Paul Tan (Independent Director and Remuneration Committee (“RC”) Chairman)
Leow Ban Tat (Independent Director and Nomination Committee (“NC”) Chairman)
- Shareholders : As set out in the attendance records maintained by the Company

WELCOME AND QUORUM

As a quorum was present, Mr Jeffrey Hing, the Chairman, called the Meeting to order at 10.00 a.m. and welcomed shareholders who joined the live webcast of the AGM.

The Chairman introduced Mr James Tham, the Managing Director and Ms Joanna Tung, Finance and Administration Director who were present at the Meeting as well as the other Board Members who were attending the Meeting remotely, namely Mr Ong Kian Min, the Lead Independent Director and AC Chairman, Mr Paul Tan, Independent Director and RC Chairman and Mr Leow Ban Tat, Independent Director and NC Chairman.

The Chairman took the opportunity to thank the Board, Penguin staff and employees for their support and hard work in the past year.

The Managing Director and the Finance and Administration Director, presented a brief overview of the performance of the Group operations and financial highlights for 2019 to shareholders. They also addressed the substantial and relevant questions received from shareholders which have been published, together with the Company’s responses, on both the Company’s website and on SGXnet before the Meeting. These are set out in Appendix A of this minutes.

NOTICE AND POLL VOTING PROCEDURE

As the Notice of the AGM dated 11 May 2020 had been published on SGXnet, the Company's website and in the Business Times, the Notice was taken as read.

The Chairman informed the Meeting that, in accordance with the guidelines given by the SGX on 13 April 2020, the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 on the conduct of general meetings, he has been appointed as proxy for a number of shareholders and will vote in accordance with the instructions of these shareholders. All votes on the resolutions tabled at the AGM had been collected and the results for each resolution would be announced accordingly.

Boardroom Corporate and Advisory Services Pte Ltd and Reliance 3P Advisory Pte Ltd were appointed as Polling Agent and Scrutineer respectively for purposes of the poll. They had verified the validity of the proxy forms submitted within the stipulated deadline and tabulated the submitted votes.

ANNOUNCEMENT OF POLL RESULTS

The Chairman announced the results of the Poll taken on the 9 Resolutions as follows:

ORDINARY BUSINESS:

1. RESOLUTION 1

ADOPTION OF THE DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 AND THE AUDITORS' REPORT THEREON

As the number of votes received "For" the motion was 68,559,728 votes (100.00%) and there were no votes received "Against" the motion, the Chairman declared Resolution 1 carried.

IT WAS RESOLVED that the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 and the Auditor's Report thereon be and is hereby received and adopted.

2. RESOLUTION 2

DECLARATION OF FIRST AND FINAL TAX EXEMPT (ONE-TIER) DIVIDEND

As the number of votes received "For" the motion was 68,741,428 votes (100.00%) and there were no votes received "Against" the motion, the Chairman declared Resolution 2 carried.

IT WAS RESOLVED that a First and Final tax exempt (one-tier) dividend of 1.75 cents per ordinary share for the financial year ended 31 December 2019 be and is hereby approved and that it be paid on 25 June 2020 to the shareholders registered with the Company at the close of business on 11 June 2020.

3. **RESOLUTION 3**

APPROVAL OF DIRECTORS' FEES

As the number of votes received “For” the motion was 68,741,428 votes (100.00%) and there were no votes received “Against” the motion, the Chairman declared Resolution 3 carried.

IT WAS RESOLVED that the Directors' Fees of S\$184,000.00 for the financial year ended 31 December 2019 be and is hereby approved.

4. **RESOLUTION 4**

RE-ELECTION OF MR JEFFREY HING YIH PEIR AS DIRECTOR

At this juncture, the Chairman handed over the conduct of the proceedings to Mr James Tham as Resolution 4 related to the approval of his re-election as director. Mr Tham took over the Chair.

The number of votes received “For” the motion was 67,364,129 votes (98.00%) and there were 1,377,299 votes (2.00%) received “Against” the motion. Based on the poll results, Mr Tham declared Resolution 4 carried.

IT WAS RESOLVED that Mr Jeffrey Hing Yih Peir who retires in accordance with Regulation 92 of the Company's Constitution, be and is hereby re-elected as Director of the Company.

Mr Tham then handed back the chair to the Chairman to resume the conduct of the Meeting.

5. **RESOLUTION 5**

RE-ELECTION OF MR LEOW BAN TAT AS DIRECTOR

The number of votes received “For” the motion was 61,912,098 votes (90.07%) and there were 6,829,330 votes (9.93%) received “Against” the motion. Based on the poll results, the Chairman declared Resolution 5 carried.

IT WAS RESOLVED that Mr Leow Ban Tat who retires in accordance with Regulation 92 of the Company's Constitution, be and is hereby re-elected as Director of the Company.

6. **RESOLUTION 6**

RE-APPOINTMENT OF PKF-CAP LLP AS AUDITOR

As the number of votes received “For” the motion was 68,741,428 votes (100.00%) and there were no votes received “Against” the motion, the Chairman declared Resolution 6 carried.

IT WAS RESOLVED that PKF-CAP LLP, be and is hereby re-appointed Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditor.

SPECIAL BUSINESS:

As there was no other ordinary business to be transacted at the Meeting, Special Business on the agenda were considered next.

7. RESOLUTION 7

SHARE ISSUE MANDATE

The number of votes received "For" the motion was 62,995,231 votes (91.64%) and there were 5,746,197 votes (8.36%) received "Against" the motion. Based on the poll results, the Chairman declared Resolution 7 carried.

IT WAS RESOLVED:

That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority by and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of bonus issue, rights issue or otherwise; and/or*
- (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares; and/or*

at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,*

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of passing of this Resolution, of which the aggregate number of Shares issued other than on a pro rata basis does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company.*

- (2) *for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the time of the passing of this Resolution after adjusting for:*
- (a) *new Shares arising from the conversion or exercise of convertible securities;*
 - (b) *new Shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and*
 - (c) *any subsequent bonus issue, consolidation or subdivision of Shares;*

and provided also that adjustments in accordance with (a) or (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed and

- (3) *(unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier and in this Resolution, “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST.*

8. **RESOLUTION 8**

RENEWAL OF THE MANDATE FOR INTERESTED PERSONS TRANSACTIONS

The Chairman informed the Meeting that in respect of the proposal renewal, he and his associates were considered “Interested Persons” under the Listing Manual. As such, he handed over the chair of the proceedings to Mr James Tham.

Mr Tham informed the Meeting that Mr Jeffrey Hing and his associates, being the “Interested Persons”, had abstained from voting or making any recommendation on the resolution.

As the number of votes received “For” the motion was 21,948,579 votes (100.00%) and there were no votes received “Against” the motion, Mr Tham declared Resolution 8 carried.

IT WAS RESOLVED:

That:

- (1) *approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested*

person transactions described in paragraph 2.3 of the Letter to Shareholders dated 11 May 2020 with the Interested Persons described in paragraph 2.1.1 of the Letter to Shareholders dated 11 May 2020, provided that such transactions are in accordance with the review procedures for such interested person transactions described in paragraph 2.8 of the Letter to Shareholders dated 11 May 2020;

- (2) the approval given in paragraph (1) above (the “IPT Mandate”) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;*
- (3) the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary for this IPT Mandate (as defined in paragraph (2) above) to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time, and such other applicable laws and rules; and*
- (4) the Directors and any of them be and are hereby authorised to complete and do all such acts and things (including execution of all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this Resolution.*

Mr Tham then handed the chair back to the Chairman to resume the conduct of the meeting.

9. **RESOLUTION 9**

PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

The number of votes received “For” the motion was 67,843,728 votes (98.69%) and there were 897,700 votes (1.31%) received “Against” the motion. Based on the poll results, the Chairman declared Resolution 9 carried.

IT WAS RESOLVED:

That:

- (a) for the purposes of the Companies Act, Chapter 50 (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Shares (“**Share Buy-Back**”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:-*
 - (i) An on-market Share Buy-Back (“**On-Market Share Buy-back**”), transacted on the SGX-ST’s trading system; and/or*
 - (ii) An off-market Share Buy-Back (“**Off-Market Equal Access Share Buy-back**”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall*

*satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy-back Mandate**”);*

(b) *unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:-*

- (i) *the date on which the next Annual General Meeting of the Company is held;*
- (ii) *the date on which the Share Buy-backs are carried out to the full extent mandated; or*
- (iii) *the date by which next Annual General Meeting of the Company is required by law to be held;*

(c) *In this Resolution:-*

*“**Prescribed Limit**” means ten per cent (10%) of the total number of Shares issued by the Company (excluding any treasury shares and subsidiary holdings that may be held by the Company) as at the date of passing of this Resolution; and*

*“**Maximum Price**” in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:-*

- (i) *in the case of an On-Market Share Buy-back, 105% of the Average Closing Price of the Shares; and*
- (ii) *in the case of an Off-Market Equal Access Share Buy-back pursuant to an equal access scheme, 110% of the Average Closing Price of the Shares;*

Where:-

*“**Average Closing Price**” means the average of the last dealt prices of an ordinary Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Share Buy-back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Buy-back, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period;*

*“**Market Day**” means a day on which the SGX-ST is open for trading in securities; and*

“Date of the making of the offer” means the date on which the Company announces its intention to make an offer for an Off-Market Equal Access Share Buy-back, stating the purchase price which shall not be more than 110% of the Average Closing Price of the Shares (excluding related expenses of the purchase or acquisition) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy-back.

- (d) *the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.*

CLOSING

As there was no other business, the Chairman thanked all shareholders at the live webcast and declared the Meeting closed at 10.30 a.m.

Confirmed as a true record of the proceedings held:

Jeffrey Hing Yih Peir
Executive Chairman



PENGUIN INTERNATIONAL LIMITED

(Company Registration Number: 197600165Z)

**RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED
FOR ANNUAL GENERAL MEETING ON 29 MAY 2020**

The Company has received overlapping questions and will not be providing responses to every question received. We have consolidated the substantial and relevant questions and organised them under specific themes as follows:

COVID-19 IMPACT ON OUR OPERATIONS AND BUSINESS.

How is Penguin affected and how are we responding to it? How are our foreign workers affected?

In Singapore, Penguin is designated as an essential services company. Our shipyard in Tuas has remained open and operational throughout the CB period. Our priority right now is to provide essential ship management and ship repair services to government entities. At this moment, less than half of our foreign workers are allowed to work. To make up for the reduced headcount, our Singaporean, PR and S-pass colleagues have all chipped in to help. That includes our supervisors and managers.

Having another shipyard in Batam helps to mitigate the manpower curbs in Singapore. To date, there has been no movement restrictions in Batam. Our shipyard over there is operating at full strength, with safe distancing, screening, segregation and other measures in place, just like our Singapore shipyard.

Overall, our business is affected by Covid-19. Demand for new vessels is down. Charter rates for our crewboats have been reduced. The ferry market is our worst affected segment. We certainly feel the headwinds.

OIL PRICE AND GLOBAL ECONOMIC IMPACT ON CHARTERING AND SHIPBUILDING.

What are our plans? Where is our product and market diversification?

Generally, the oil crisis affects our business more than Covid-19. While demand is still there for crewboats and security boats, charter rates for these vessels are under pressure because oil companies are slashing costs across the board. Against this trend, offshore wind is still growing. We are making modest progress in this segment, having delivered two new windfarm vessels to a Taiwanese operator.

In these times, having a strong balance sheet matters most. Despite the headwinds, we are still able to focus on our clients and our products. We continue to service our clients well and upgrade our products regularly. To conserve cash, we have slowed down our fleet expansion and stock vessel construction programmes.

Over the last two years, we have broadened our product range and expanded into new markets. Today, we build windfarm vessels and patrol boats, in addition to crewboats and security boats. We now have owners from Australia and Taiwan, in addition to Nigeria and Singapore.

NIGERIA CONCENTRATION RISK:

How has Nigeria been affected by COVID and oil? How sustainable is this market?

Nigeria is badly affected by the oil crisis and to a lesser extent by Covid-19. It is still a key market for Penguin. In the short term, demand for our Flex Fighter security boat is affected. However, oil is still Nigeria's biggest industry and piracy in the Gulf of Guinea is still rising. These two factors underpin demand for our Flex Fighter.

STOCK VESSEL PROGRAMME:

How many vessels have been sold? How many contracts have been terminated?

To-date this year, none of our clients have terminated any contracts for our stock vessels or our build-to-order vessels or our vessels on charter. The commitments are still there. More than half of our stock vessels have been sold, with deposits received.

NEW DESIGNS, NEW CLIENTS, NEW INITIATIVES?

Penguin is constantly exploring new designs, new markets and new applications. The most recent example is our Service Accommodation and Transfer Vessel, which is the world's first aluminium accommodation and crew change boat for the offshore wind industry. Even with our existing vessel designs, we are looking at new features big and small to set them apart from the competition.

We are leveraging on our integrated designer-builder-owner-operator business model to expand into new frontiers.

DIVIDEND:

The Board should be more generous.

When determining Penguin's dividend payout, the Board takes into consideration the Group's financial performance, future cash requirements, CAPEX for our shipyards and fleet, and global economic conditions. At Penguin, we believe in paying out a fair dividend, while maintaining a conservative buffer against crises and prudently reinvesting our retained earnings in our business.

FINANCIAL STATEMENTS:

- i) Please explain the rise for the trade receivables from 2018 to 2019 and is there any risk of default?**
- ii) What is Penguin's foreign exchange exposure.**

The increase in trade receivables due mainly to an increased in our fleet operation. We do not foresee any risk of default and most of these outstanding have been paid up as of now.

FY2019, Penguin's foreign exchange exposure is in US Dollar and Australian Dollar.

TAX AND DIVIDEND TO HOLDING COMPANY:

- i) What causes Penguin's low tax amount in 2019?**
- ii) Is the S\$6 million dividend income shown in the chartering segment a dividend paid by the chartering subsidiaries to Penguin International Limited?**

The low tax in FY2019 was due mainly to a tax refund for prior years' tax assessments arising from R&D tax incentives.

No, the S\$6 million dividend income is paid by our wholly-owned shipbuilding subsidiaries to Penguin International Limited.

HUMAN RESOURCE:

- i) How many employees are employed by Penguin?**
- ii) What is the percentage of foreign workers employed by Penguin in Singapore?**

Penguin employs a total of 595 employees in FY2019. This comprises 343 employees in Singapore, 100 employees in Indonesia and 152 employees in Malaysia.

In Singapore, 50% of our employees are foreigner workers.