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

The Board of Directors of Hwa Hong Corporation Limited (the "Company") and together with its subsidiaries (the "Group") refers to questions raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") in respect of the Company's annual report for the financial year ended 31 December 2021 ("FY2021"). The Company's responses are set out as follows:

SGX's Questions:

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.

Provision 8.1 of the Code states that:

"The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and*
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel."*

Provision 8.2 of the Code states that:

"The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder."

We note the Company's disclosure on remuneration at pages 37 to 39 of the annual report for FY2021. Where the Company's practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it 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 had disclosed the following on pages 37, 38 and 39 in the FY2021 Annual Report:

- Names and remuneration breakdown (by %) of individual Directors in bands of \$250,000, without disclosing the amounts;
 - The remuneration breakdown of the top five key management personnel in bands of \$250,000, without disclosing aggregate total remuneration paid to these key management personnel; and
 - Two employees who are immediate family members of Directors of the Company whose remunerations were disclosed in bands of \$250,000 under key management personnel instead of bands of \$100,000.
- The remuneration disclosure of each of the Directors and the key management personnel in bands of \$250,000, is a deviation from Provision 8.1 of the Code.
- The remuneration disclosure of employees who are immediate family members of Directors of the Company in bands of \$250,000 is a deviation from Provision 8.2 of the Code.

In arriving at its decision, the Board is of the view that full disclosure of the remuneration of each individual director and key management personnel in dollar terms is not in the best interests of the Company. As disclosed on page 39 of the FY2021 Annual Report, given the highly competitive industry conditions and the sensitivity and confidentiality of remuneration matters and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company believes that the disclosure of the details of the remuneration of the Executive Directors, Non-Executive Directors and key management personnel (including the aggregate total remuneration paid to the key executives) as recommended by the 2018 Code, would be disadvantageous to the Group's interests.

The Company is of the view that there is sufficient transparency on its remuneration policies, level and mix of remuneration, procedure for setting remuneration, and the relationships between remuneration, performance and value creation, details of which are set out on pages 34, 35, 36 and 38 of the FY2021 Annual Report. Accordingly, the Company is of the view that its practices are consistent with the intent of Principle 8 of the Code.

BY ORDER OF THE BOARD

Lee Soo Wei
Chief Financial Officer

29 April 2022