

RESPONSE TO SGX QUERIES::

Issuer & Securities

Issuer/ Manager

HONG LEONG ASIA LTD.

Securities

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Announcement Details

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Submitted By (Co./ Ind. Name)

Ng Siew Ping, Jaslin

Designation

Company Secretary

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

Please refer to the attached announcement on the response to SGX-ST's queries regarding the Company's Annual Report for the Financial Year Ended 31 December 2020.

Attachments



[Announcement SGXqueries-AR 2020_20210419.pdf](#)

Total size =144K MB

HONG LEONG ASIA LTD. (Co. Reg. No. 196300306G)

RESPONSE TO SGX-ST'S QUERIES REGARDING THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

In response to the queries raised by Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 16 April 2021, the Board of Directors of Hong Leong Asia Ltd. (the “**Company**”) wishes to clarify as follows:

SGX-ST's Query (a)

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 (a) of the Code which provides that the Company should disclose in its annual report the annual remuneration for individual directors and the Chief Executive Officer (CEO) and specify the names, amounts and breakdown of remuneration. We note that the company had not disclosed the exact remuneration for the Company’s directors and CEO. Please explain and clarify how this is consistent with the intent of Principle 8 of the Code.

Company's Response

The Company has provided the remuneration of the individual Directors including the CEO who is also a Director, for the financial year ended 31 December (“**FY**”) 2020 rounded to the nearest thousand including a breakdown in percentage terms, on page 70 of its Annual Report for FY 2020 (“**AR 2020**”). The Company is of the view that by providing Directors’ remuneration rounding up to the nearest thousand does not vary from the intent of Principle 8 of the Code.

SGX-ST's Query (b)

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 (b) of the Code with regards to disclosure of at least 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. We note that the Company did not disclose the FY2020 remuneration of its former CFO, Ms Leong Sook Han, who was identified as the only Company’s KMP, having regard to the highly competitive human resource environment. Please clarify and confirm that this is consistent with the intent of Principle 8 of the Code.

Company's Response

In relation to the remuneration of the top five KMP (who are not Directors or the CEO), the Company had disclosed on page 71 of the AR 2020 that the Board does not believe it to be in the interest of the Company to disclose the FY 2020 remuneration of its former Chief Financial Officer, Ms Leong Sook Han, who was identified as the Company’s only KMP who is not a Director, having regard to the highly competitive human resource environment. In a competitive environment which seeks experience and talent, disclosing the remuneration of senior management may inadvertently encourage poaching which would make it difficult for the Company to nurture

sustainable talents and ensure a smooth continuity of leadership to achieve the Company's strategic objectives.

The Company has in place a remuneration framework for the Directors and KMP. Based on the remuneration framework, the compensation packages for the KMP comprise a fixed component (in the form of a base salary, annual wage supplement, and where applicable, fixed allowances determined by the Company's Human Resource policies), a variable component (comprising short-term incentives in the form of mid-year and year-end variable bonuses, and special bonus, and long-term incentives in the form of the grant of share options subject to a vesting schedule) and benefits-in-kind, where applicable. Information on the remuneration policy and framework can be found on pages 68 and 69 of AR 2020. The compensation structure of the KMP is directly linked to corporate and individual performance, both in terms of financial and non-financial metrics and the creation of shareholder value. KMP, who have a greater ability to influence the Group's outcomes, would have a greater proportion of their remuneration comprising the variable component that is directly linked to corporate and individual performance.

As clarified above, the Company is of the view that its practices are consistent with the intent of Principle 8 of the Code as a whole.

SGX-ST's Query (c)

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 8.2 (a) of the Code with regards to the disclosure of 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. We note that Ms Kwek Pei Xuan’s (daughter of the Executive Chairman) annual remuneration was disclosed as being in the band of S\$200,000 and below. Please explain this deviation in which annual remuneration was disclosed in the band of S\$200,000 instead of bands no wider than S\$100,000. Please also clarify if this is consistent with the intent of Principle 8 of the Code.

Company's Response

Ms Kwek Pei Xuan’s (daughter of the Executive Chairman) remuneration for FY 2020 was between S\$100,000 and S\$200,000. As Principle 8 of the Code only requires disclosure of the names and remuneration of such employees whose remuneration exceeds S\$100,000 in bands no wider than S\$100,000, the Company's disclosure that Ms Kwek's remuneration as being within the remuneration band of S\$200,000 and below is consistent with the intent of Principle 8 of the Code.

By Order of the Board
HONG LEONG ASIA LTD.

Ng Siew Ping, Jaslin
Yeo Swee Gim, Joanne
Company Secretaries

19 April 2021
Singapore