

**RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION  
(SINGAPORE) (“SIAS”) ON ANNUAL REPORT 2019**

---

With regard to SIAS’s questions in relation to the Company’s Annual Report 2019, the Company’s response to each of the specific question is set out immediately after the question. For the avoidance of doubt, the Company does not respond to the commentaries made by SIAS since they merely set out the context of the questions raised.

**SIAS question 1**

- 1.1 Would the board, especially the audit & risk committee (“ARC”), help shareholders understand if management takes guidance from the risk appetite statement issued by the ARC or if the ARC makes ex-post adjustments to its risk appetite statement based on the company’s investments?**

**Company’s response**

The risk appetite and guidelines are approved by the Board to guide Management execution. The ARC, Board and Management review the guidelines every six months to reflect the rapidly changing market conditions in the cities and countries that we operate in.

- 1.2 For the benefit of new and long-standing shareholders, would the board clearly (re)state the group’s targeted capital allocation by sector (commercial, residential, industrial) and by region (Singapore, China, UK, Europe etc).**

**Company’s response**

The Group sets broad strategic guidelines on sectoral and geographical mix. Please refer to our Annual Report 2019 on our current mix. These guidelines are dynamic and reviewed every six months in accordance with the evolving market conditions, policy changes and the relative attractiveness of opportunities in the different countries.

**SIAS question 2**

- 2.1 Would the board help shareholders understand how the individual performance of the Deputy CEO is assessed since his primary responsibility is to assist the CEO?**

**Company’s response**

The Chairman & CEO together with the Board sets the vision and overall strategy for the company. The Deputy CEO assists them in executing the business plan. He

initiates new ideas and proposals to expand the Group's business both locally and overseas. Ultimately, he reports to and is accountable to the Board.

The RC also deliberates on the individual performance and remuneration of Senior Management including the Deputy CEO and makes its recommendations to the Board for approval.

### **SIAS question 3**

- 3.1 Would the remuneration committee ("RC") help shareholders understand how the profit-sharing/remuneration of the Chairman and CEO may be impacted if ever there was fair value losses in the investment properties?**

#### **Company's response**

When there are fair value losses in the investment properties in a particular year, the losses are fully deducted from the pool of fair value gains brought forward from the previous year to determine the residual gains/losses for calculating the profit-sharing remuneration in that year. Only fair value gains are apportioned over 5 years but not fair value losses.

- 3.2 Specifically, is it possible that future fair value losses might result in a negative "profit-share", and if so, is the company able to "claw-back" the profit-share paid out in earlier years?**

#### **Company's response**

It is possible that future fair value losses might result in a negative "profit-share" if such losses are so substantial as to wipe out all the fair value gains brought forward. In such a scenario, there will be no claw-back of "profit-share" paid out in previous years. The negative "profit-share" will be carried forward to offset against any positive "profit-share" in the subsequent years.

- 3.3 Can the board confirm that the any impairment loss in the jointly controlled entities will not affect the profit-share as fair value surplus/losses but it would affect the group's share of profits/(loss) through the consolidated P&L?**

#### **Company's response**

Development properties are recorded at the lower of cost and net realizable value. As the joint-venture entities are only involved in property developments, impairment losses will be accounted for as part of Group's share of losses in the consolidated P&L.

- 3.4 What was the RC's involvement in the company's internal benchmarking process?**

#### **Company's response**

The RC approves the remuneration packages based on the performance of the Chairman & CEO, Deputy CEO, Executive Directors and Senior Management. The RC has engaged and will continue in the future to engage external consultants to conduct benchmarking exercises to ensure that their remuneration is reasonable, competitive and take reference from others in the industry.

**3.5 Would the RC help shareholders understand how it evaluates the current remuneration practices in terms of the level and mix of remuneration and how it considers the current practices to be appropriate and not excessive and is in line with industry level?**

**Company's response**

Factors such as the structure, resources and risk profiles of Ho Bee Land are taken into consideration in evaluating the company's remuneration practices. For this reason, the remuneration package comprises a mix of fixed and variable components based on both individual and company's performance.

The RC regularly reviews and evaluates the company's remuneration practices and policies. As stated above, the company will engage the services of external consultants to undertake independent benchmarking exercises when required.

By Order of the Board

Desmond Woon Choon Leng  
Executive Director  
19 May 2020