

CHUAN HUP HOLDINGS LIMITED
(Co. Reg. No. 197000572R)
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERY FROM SINGAPORE EXCHANGE REGULATION (the “SGX RegCo”) ON THE COMPANY’S ANNUAL REPORT FOR FY2023 (“Annual Report”)

The Board of Directors (the “**Board**”) of Chuan Hup Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) refers to the query raised by SGX RegCo on 13 October 2023 in connection with its Annual Report for the financial year ended 30 June 2023 (“**FY2023**”), and wishes to respond as follows:-

SGX RegCo Query:

We refer to the Company’s Annual Report for the financial year ended 30 June 2023.

Provision 8.1 of the Code of corporate governance 2018 (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.” (emphasis added)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide 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 of the Code with regard to the disclosure of (i) the amounts of remuneration of each individual director and the CEO; and (ii) in aggregate the total remuneration paid to these key management personnel, and there were no explanations provided for in your 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 disclosed the following in its Annual Report on pages 31 and 32:

- (a) the names and the level and mix of remuneration of individual directors in percentage terms within bands of US\$180,000 (page 32);
- (b) the names of the top two key management personnel (who are not Directors or the Chief Executive Officer) and the level and mix of remuneration in percentage terms within bands of US\$180,000 (pages 31 and 32).

The policies and practices adopted by the Company in relation to remuneration, and the relationship between remuneration and performance in relation to the Executive Directors and key management personnel are set out on pages 30 to 31 of the Annual Report.

As mentioned on page 30 of the Annual Report, the objective of the Group's remuneration policy is to ensure that the level and structure of the remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account its strategic objectives, its long-term interests and risk policies. The Remuneration Committee has structured remuneration packages for key management personnel on measured performance indicators taking into account financial and non-financial factors. Remuneration is structured to link a significant and appropriate proportion of rewards to corporate and individual performance.

As mentioned on page 30 of the Annual Report, the remuneration framework for Directors, the Chief Executive Officer and key management personnel is aligned with the interests of shareholders and other stakeholders and appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The Company adopts a remuneration policy for Executive Directors and key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary, allowance and benefits in kind. The variable component is in the form of a variable bonus, comprising short-term and medium-term incentives, which are dependent on the financial performance of the Group and individual performance.

As also mentioned on page 31 of the Annual Report, the Non-Executive Directors are paid Directors' fees that are appropriate to the level of contribution, taking into account factors such as, effort, time spent and responsibilities of each Non-Executive Director. The aggregate fees payable to the Non-Executive Director are subject to the approval of the shareholders at the annual general meeting of the Company.

For FY2023, the Company only identified two key management personnel (who are not Directors or the Chief Executive Officer). As explained on page 31 of the Annual Report, in disclosing the remuneration of the top two key management personnel in bands of US\$180,000, the Company provides a macro perspective without compromising the Group's business interests and minimises the highly competitive pressures which would arise from more detailed disclosures.

The Company had also explained on page 31 of the Annual Report that the Board is also of the view that it is in the best interests of the Company not to fully disclose the remuneration of each Director, the Chief Executive Officer and the aggregate total remuneration paid to the top two key management personnel (who are not Directors or the Chief Executive Officer), given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Company operates and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place.

Taking into account the reasons for the deviation on disclosure on the remuneration of the Directors and key management personnel, the disclosure of the remuneration of Directors and key management personnel in bands of US\$180,000 in the Annual Report, and the disclosures on Company's remuneration policies and practices, the Board believes that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, procedure for setting remuneration and the relationships between remuneration, performance and value creation, consistent with the intent of Principle 8 of the 2018 Code.

BY ORDER OF THE BOARD

Anne Liew Mei Hong
Company Secretary
17 October 2023