



HEETON HOLDINGS LIMITED

(Unique Entity Number 197601387M)
Incorporated in the Republic of Singapore

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the “**Board**”) of Heeton Holdings Limited (the “**Company**”) wishes to inform that the Company has received the following queries raised by the Singapore Exchange Securities Trading Limited on 8 May 2020 with regard to the Company’s annual report for the year ended 31 December 2019 (the “**Annual Report**”) released by the Company on 15 April 2020:

The Board wishes to provide the following information:

Query I

*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 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.*

Our response

As disclosed on page 28 of the Annual Report, the Nominating Committee (“**NC**”) is responsible for examining the size and composition of the Board and Board Committees. While at this point, the Board has not implemented specific policy on gender, age and ethnicity for candidates to be appointed to the Board, the NC will, however, continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise. The evaluation of the suitability of candidates is based on the candidates’ competency, character, time commitment, integrity and experience in meeting the needs of the Company

Taking into account the scope and nature of the operations of the Group, the Board, in concurrence with the NC, is satisfied that the present size of seven (7) Directors is appropriate in facilitating effective decision-making. Directors comprise professionals with financial, accounting and industry backgrounds who are able to contribute their area of expertise in leading the Group. While the Board does not comprise any female Director at the moment, its current composition with appropriate mix of expertise and experience enables the Management to benefit from a diverse and objective perspective on any issues raised before the Board. No individual or group dominates the Board’s decision-making process.

The Board is therefore of the view that its size, and that of the Board Committees, and level of independence is appropriate and comprises Directors who as a group, have an appropriate balance and mix (as well as breadth and depth) of skills, knowledge and experience, and diversity of thought, so as to foster constructive and robust debate and avoid "groupthink". Hence, while there is no formal board diversity policy, the Board believes that its current composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the Code. Notwithstanding the above, the NC will, however, continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.



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Query II

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 Provisions 8.1 of the Code with regards to the disclosure of remuneration. 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.

Our response

The Company does not currently have a CEO and has disclosed on page 37 of the Annual Report the breakdown showing the level and mix of the remuneration of each individual Director and the top five key management personnel into types of compensation in percentage terms and in bands of S\$250,000. While the practice in relation to the Directors varies from Provision 8.1 of the Code which requires companies to disclose the specific remuneration of each director, as disclosed in the Annual Report, for confidential reasons, the Board has not disclosed the remuneration of each individual Director and the Group’s key executives in full. The Board is of the belief that full disclosure of the Directors’ remuneration may have a negative impact on the Company, taking into consideration the competitive business environment in which the Company operates and the sensitivity and confidential nature of such disclosure.

The Company has also given detailed disclosure on its remuneration policies and procedure for setting remuneration and the relationship between remuneration, performance and value creation on page 36 of the Annual Report. The Board therefore believes that, taken as a whole, the disclosures provided are meaningful and sufficiently transparent in giving an understanding of the remuneration of its Directors, consistent with the intent of Principle 8.

Based on the above, the Board is of the view that its practices are consistent with the intent of Principle 8 of the Code.

By order of the Board

Toh Giap Eng
Executive Director and Deputy Chairman
13 May 2020