

**RESPONSE TO QUERY REGARDING ANNUAL REPORT**

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The Board of Directors (the “**Board**”) of Isetan (Singapore) Limited (the “**Company**”) refers to the query received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) via email on 28 April 2020 at 7:13pm entitled "Isetan (Singapore) Limited - Annual Report FY2019". The Company wishes to respond to the query as follows:

**SGX Query**

**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 and 8.3 of the Code with regards to the disclosure of remuneration, and there were no explanations provided for in your FY2019 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.**

**Response:**

Under the header “Remuneration Matters” of the Corporate Governance Report on page 43 of the FY2019 annual report (the “**Annual Report**”), the Company has disclosed the policies and mechanics of the remuneration packages for its Executive Directors and Key Executives, and their linkages to the performance of the Company and individuals. It is further described on page 43 of the Annual Report that the Company does not have an employee share scheme but operates a retirement benefit scheme\* for its employees, including executive directors and key executives who are eligible for it (\*the scheme has not been extended to new employees joining the Company with effect from May 2018). Apart from this, the Company currently does not have any other long-term incentive scheme. The information disclosed provides investors with insights as to the remuneration policies, procedure of setting remuneration and the relationships between remuneration, performance and value creation.

The names, amounts and breakdowns of the fees paid to each of the independent directors of the Company is set out on page 44 of the Annual Report, the remuneration paid to each of the executive directors and key executives of the Company are disclosed in bands of S\$250,000 on pages 120 and 121 of the Annual Report respectively. As described on page 43 of the Annual Report, besides the sales incentive scheme which applies when certain sales/profit targets are met, the key executives’ remuneration take the form of a fixed salary and annual variable bonus. It is clarified that the annual variable bonus does not exceed 10% of the total remuneration received by each of these key executives. The remuneration committee has examined the executive compensation paid to its executives and key management and has come to the view that the sums paid do not exceed market norms. These disclosures provide investors with details on the level and mix of remuneration by the executive directors and key executives of the Company.

The variations from Provisions 8.1 and 8.3 of the Code is in view of the industry's competition for talent as well as the confidentiality and sensitivity of staff remuneration matters. Disclosure of such information will put the Company in an unfavourable position in its efforts to attract, retain and nurture its talent pool.

Notwithstanding this, Company is of the view that the intent of Principle 8 of the Code is met as the remuneration policies, relationships between remuneration, performance and value creation and procedure for setting remuneration applicable to the executive directors are described above, and the level and mix of remuneration is disclosed on page 120 of the Annual Report.

BY ORDER OF THE BOARD

LUN CHEE LEONG  
COMPANY SECRETARY

Dated: 30 April 2020