



Genting Singapore Limited (Company Registration No. 201818581G)  
10 Sentosa Gateway, Resorts World Sentosa, Singapore 098270

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## RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

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Genting Singapore Limited (the “**Company**”) refers to the queries raised by Singapore Exchange Securities Trading Limited on 25 March 2021, in relation to the FY2020 Annual Report for the financial year ended 31 December 2020 announced on 24 March 2021, and sets out its responses as follows:

### **Question 1**

On page 31 of the Company’s FY2020 Annual Report, it was disclosed that the Executive Chairman, Tan Sri Lim Kok Thay’s total remuneration was in the range of S\$21.25 million to S\$21.5 million. In FY2019, his total remuneration was disclosed in the range of S\$9.5 million to S\$9.75 million. The Company’s net profits fell from S\$688.6 million in FY2019 to S\$69.2 million in FY2020.

On page 29 of the Company’s FY 2020 Annual Report, in relation to the remuneration of the Executive Chairman, the President and COO, the Remuneration Committee “adopt(s) the compensation principles of ensuring sustainability in the long run by seeking an appropriate balance between fixed and variable compensation, linking rewards to performance, and furthering the Company’s ability to attract and retain key talent so as to deliver long term shareholders’ returns.”

Please elaborate on the Company’s principle of linking rewards to performance in respect of the doubling of Tan Sri Lim Kok Thay’s total remuneration for FY2020 on the back of the fall in net profit of 90%.

### **Response to Question 1:**

- The remuneration of the Executive Chairman, Tan Sri Lim Kok Thay, comprises a fixed compensation of base salary and variable compensation linking rewards to performance that includes bonus and grant of performance share awards.
- For FY2020, out of the Executive Chairman’s remuneration stated to be in the range of \$21.25m to \$21.50m, a significant proportion is attributable to an accounting accrual that was made for the period up to 31 December 2020, in respect of a contingent bonus of \$35m granted to him (“**Chairman’s Japan Project Incentive Award**”).
- As disclosed in page 27 of the Company’s Circular to Shareholders dated 20 January 2020, payment of the Chairman’s Japan Project Incentive Award is conditional upon the Company being successful in the bid for a Japan integrated resort (“**IR**”): (i) 50% upon the Company being selected by the Japan local government as an IR operator for the City; and (ii) the balance 50% upon certification of the IR area by the Japan national government. No payment of this incentive award will be made if the Company is not successful in the bid for the Japan IR.



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- While there is no guarantee that the Executive Chairman will receive payment of this incentive award, as clarified above, the Company has, as is required under the accounting standards, accrued the relevant portion of this incentive award for FY2020 and included such accrual as part of the Executive Chairman's overall compensation for the year.
- It is to be noted that as of the date hereof, none of the \$35m has been paid out to the Executive Chairman as the payment conditions have not been met. Accordingly, in considering the amount of remuneration received by the Executive Chairman for FY2020, the accrual for the Chairman's Japan Project Incentive Award should be viewed separately.
- Excluding such accrual, the Executive Chairman received less than \$5m as his remuneration for FY2020, which is more than a 50% reduction over the previous year. This reduction in remuneration was a result of the Group's business being badly affected by COVID-19 which resulted in the cancellation of Performance Shares granted in 2020 and no Performance Bonus being paid in respect of FY2020. As of to-date, the Executive Chairman continues to take basic salary cut of up to 30% since March 2020.

## **Question 2**

On page 29 of the Company's FY2020 Annual Report, it was disclosed that "[t]he performance share awards are designed to align the interests of the Executive Chairman, and the President and COO with those of shareholders and link rewards to corporate and individual performance."

On page 46 of the Company's Annual Report for FY2020, it was disclosed that 750,000 performance shares were granted to Tan Sri Lim Kok Thay during the financial year ended 31 December 2020. This is unchanged from the 750,000 performance shares granted in FY2019.

In view of the fall in net profit, please elaborate how the grant of 750,000 performance shares to Tan Sri Lim Kok Thay in FY2020 is designed to align his interests with those of shareholders.

## **Response to Question 2:**

- The performance shares granted to the Executive Chairman, Tan Sri Lim Kok Thay, is subject to pre-agreed performance conditions being achieved over the performance period.
- With respect to the 750,000 performance shares granted to the Executive Chairman in FY2020, all of these performance shares granted to him have lapsed in 2021 due to the poor business performance in FY2020.



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### **Question 3**

On page 29 of the Company's FY2020 Annual Report, it was disclosed that "the Remuneration Committee ensures that the Independent Non-Executive Directors are not over-compensated to the extent that their independence may be compromised. The Remuneration Committee takes into account factors such as increased focus on risk and governance issues, the responsibilities and level, and quality of contributions including attendance and time spent at and outside the formal environment of Board and Board Committee meetings, and increased reporting obligations in compliance with the Casino Control Act (Cap. 33A) ("CCA")."

In addition to the above, it was further disclosed on page 46 of the FY2020 Annual Report, that 3 independent directors were awarded 625,000 performance shares each, during the financial year ended 31 December 2020. The FY2020 awards is in contrast to the 125,000 performance shares granted in FY2019 to these Independent and Non-Executive Directors of the Company.

Please elaborate on the grant of the total performance shares to the Company's Independent and Non-Executive Directors in FY2020 and the Remuneration Committee's views of whether the independence of the Company's Independent and Non-Executive Directors may be compromised.

### **Response to Question 3:**

- Out of the 625,000 PSS awards, 500,000 relate to PSS awards which vesting is conditional upon the Company being successful in the bid for the Japan IR project ("**Special Incentive Awards**"): (i) 50% upon the Company being selected by the Japan local government as an IR operator; and (ii) the balance 50% upon certification of the IR area by the Japan national government. It is to be noted that none of the Special Incentive Awards will vest if the Company is not successful in the bid for the Japan IR Bid.
- The Special Incentive Awards were granted to the Company's Independent Directors in recognition of their exceptional contribution in connection with the submission of a proposed bid. The Board has met many more times throughout the various stages leading up to the request for proposal processes such as request for information and request for concept over more than a year. The Company was able to draw on the diverse skill sets of the Company's Independent Directors in its evaluation of this very significant strategic growth project.
- Similar to the Chairman's Japan Project Incentive Award described above, in considering the amount of remuneration received by the Company's Independent Directors for FY2020, the Special Incentive Awards should be viewed separately.



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- Excluding such award, the grant of 125,000 PSS awards to the Company's Independent Directors in FY2020 is in line with such awards in prior years. In addition, as is the case with the 750,000 PSS awards to the Executive Chairman, the 125,000 PSS awards granted to each of them in FY2020 had also lapsed in 2021 on account of the poor business performance in FY2020.
- In the view of the Remuneration Committee, the grant of the Special Incentive Awards to the Company's Independent Directors is commensurate with their contributions towards the proposed bid for the IR project and does not compromise their independence.
- The grant of the Special Incentive Awards to the Company's Independent Directors was approved by shareholders of the Company at the Company's Extraordinary General Meeting held on 4 February 2020.

#### **Question 4**

On page 74 of the Company's FY2020 Annual Report, it was disclosed that "The Group has recognised grant income of \$76,354,000 and \$26,748,000 relating mainly to the Jobs Support Scheme and property tax rebates respectively". Despite these grants, the net profit of the Group fell 90% to S\$69.2 million in FY2020.

In view of the financial performance of the group, please provide more insight into how the Group had complied with Principle 7 of the Code of Corporate Governance which requires the level and structure of remuneration of the Board and key management personnel to be appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

#### **Response to Question 4:**

- The Remuneration Committee reviews and recommends the framework of remuneration for Directors and key management personnel. In doing so, they adopt the compensation principles of ensuring sustainability in the long run by seeking an appropriate balance between fixed and variable compensation, linking rewards to performance, and furthering the Company's ability to attract and retain key talent so as to deliver long term shareholders' returns.
- For the Company's Directors and key management personnel, remuneration generally comprises the appropriate mix of the fixed and variable compensation, within the range of the relevant comparative remuneration in the market. The purpose of the variable compensation is to incentivise achievement of the Company's objectives, and linking rewards to performance.



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- In response to the pandemic outbreak, the Group has acted immediately and decisively to implement cost control measures including the reductions in executives' pay and directors' fees. Since March 2020, the management has taken basic salary cut of up to 30%, with no Performance Bonus for FY2020 and Performance Shares granted in 2020 were cancelled in view of the poor business performance.
- On the whole, the remuneration package for the Directors and key management personnel for FY2020 (excluding the accruals related to the Japan IR project incentive awards for reasons as stated in Response to Question 1 and 3 above) was reduced by more than 50% when compared to the previous year.

By Order of the Board  
**Genting Singapore Limited**

Liew Lan Hing  
Company Secretary

26 March 2021