



STAMFORD TYRES CORPORATION LIMITED

Company Registration No.: 198904416M
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE COMPANY'S ANNUAL REPORT FOR FY2020 ("ANNUAL REPORT")

The Board of Directors of Stamford Tyres Corporation Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the queries raised by the SGX-ST on 27 September 2020 and wish to respond as follows: -

SGX-ST's 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 Provision 2.4 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.

The Company's response:

The Company is of the view that it has complied with Provision 2.4 of the Code as the practices it has 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.

As detailed in the Board Size and Board Diversity section on page 29 of the Annual Report, the Board and its board committees are of an appropriate size taking into account the nature and scope of the Group's operations, the core competency and broad range of industry knowledge and business experience of the Directors to govern and contribute to the effectiveness and success of the Group.

Although the Company does not have a written policy on board diversity, the Board comprise Directors who as a group provide an appropriate balance and diversity of skill sets, experience and knowledge including financial, legal and business management and collectively possess the necessary core competence to enable it to make decisions in the best interest of the Company and to lead and govern the Group effectively. There is also a diversity in terms of gender, ethnics and age.

SGX-ST's 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 of the Code with regards to the disclosure of remuneration (and in particular, the aggregate remuneration of its top five key management personnel). 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 reasons for deviating from Provision 8.1 of the Code with regards to the disclosure of remuneration (and in particular, the aggregate remuneration of its top five key management personnel) on pages 36 and 37 of the Annual Report.

The Company believes that given the highly competitive industry conditions and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the disclosure would be prejudicial to the Company's interests and ultimately shareholders' value, as well as hamper our ability to retain and nurture the Group's talent pool as it increases the risk of having our highly experienced and qualified management team being poached individually and/or collectively, therefore affecting both our ability to nurture a sustainable talent pool and ensuring the smooth continuity of leadership to achieve the strategic business and operational objectives of the Group. In particular, such disclosure will give rise to unhealthy pay comparisons and inevitable morale problems.

As disclosed on pages 34 and 35 of the Annual Report that there is a framework of remuneration for key executives including the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation that is reviewed by the Remuneration Committee, who also conducts annual reviews to ensure that the remuneration for key executives commensurate with their performance and that of the Company, having regard to the financial and commercial health and business needs of the Group including market trends.

As such, the Company is of the view that the intent of Principle 8 of the Code is met.

By Order of the Board

Michelle Heng
Company Secretary
28 September 2020