



(Incorporated in the Republic of Singapore)
Company Registration No. 196700511H

RESPONSE TO SGX-ST QUERIES ON 2015 ANNUAL REPORT

Far East Orchard Limited (the “**Company**”) has received two queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 15 April 2016 which relate to the Company’s write up on Corporate Governance in the Annual Report 2015 of the Company. The Board of Directors of the Company sets out its response to the queries below:

SGX-ST’s Query 1:

Paragraph 9.2 of the Code of Corporate Governance 2012 (the “**Code**”) states that the Company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the Company may round off the disclosed figures to the nearest thousand dollars.

As the Company is required under Listing Rule 1207(12) to make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation, please disclose the remuneration of the directors’ and the key executives’ on a named basis or otherwise explain the reason(s) for the deviation from the recommendation.

The Company’s Response:

As disclosed on page 27, under Principle 8, the Directors of the Company receive the same amount of base fees (or more commonly known as ‘base retainer fees’). The Board Chairman, Chairmen and Members of the Board Committees receive additional fees, as disclosed in the framework on the same page, under Principle 9. For the financial year ended 31 December 2015, each Director will receive the following amount of fees in aggregate:

Name of Director	Aggregate fee amount (S\$)
Koh Boon Hwee	77,500
Lui Chong Chee	35,000
Ng Siok Keow	35,000
Tan Siok Hwee <i>(retired as a Non-Executive Director on 22 April 2015)</i>	11,667
Kiong Kim Hock Arthur <i>(retired as an Executive Director on 22 April 2015)</i>	11,667
Heng Chiang Meng	99,500
Cheng Hong Kok	80,000
Chua Kheng Yeng, Jennie	64,000
Ee Choo Lin Diana	93,000

For the Executive Directors' remuneration, as stated on page 27, it is disclosed in percentage terms for competitive reasons. The Board has assessed and decided that the Group CEO and Managing Director (Mr Lui Chong Chee) and the CEO of Hospitality (Mr Kiong Kim Hock Arthur) are key positions in the Company. To further disclose their remuneration may subject the Company to the risk of attrition of these two positions, which is not in the best interests of the Company or its shareholders. In addition, the remuneration of Mr Lui and Mr Kiong has been disclosed in bands such that the minimum and maximum range is apparent.

SGX-ST's Query 2:

Paragraph 9.3 of the Code states that the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).

As the Company is required under Listing Rule 1207(12) to make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation, please disclose the aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) or otherwise explain the reason(s) for the deviation from the recommendation.

The Company's Response:

As disclosed on page 28, Management has been keeping a lean team of staff, and for competitive and confidentiality reasons, the Company disclosed the remuneration of the top five Key Management Personnel in percentage terms. The Board is of the view that full disclosure would not be in the interests of the Company as such information is confidential and sensitive, and could be exploited by competitors.

The Board wishes to add that disclosure of specific information may affect the retention of competent personnel in a competitive industry where personnel with the expertise and knowledge may be poached by competitors. The Company needs to maintain stability and business continuity and any attrition in a lean Key Management Personnel team would adversely affect the operations and business of the Company.

For the same reasons, the Board has decided not to disclose the total aggregate remuneration of the top five Key Management Personnel. In addition, their remuneration has been disclosed in bands such that the minimum and maximum range is apparent.

The Board is of the opinion that the information disclosed in the 2015 Annual Report is sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices in respect of the Company's Key Management Personnel.

By Order of the Board

Chwee Chong Foon

Company Secretary

19 April 2016