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## CORPORATE GOVERNANCE

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Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders, and will use best efforts to implement the good practices recommended in the Code of Corporate Governance 2012 (“Code”). Our Board of Directors has formed three committees, namely, our Audit Committee, our Remuneration Committee and our Nominating Committee.

### BOARD PRACTICES

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One third (or the number nearest one third) of our Directors, are required to retire from office at each annual general meeting. Further, all our Directors are required to retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in the section entitled “Appendix C – Selected Extracts of our Constitution” of this Offer Document.

### Audit Committee

The members of our Audit Committee are Mr. Cheah Teik Seng, Dato’ Alan Teo and Dr. Lim Su Kiat, and the Chairman of our Audit Committee is Mr. Cheah Teik Seng. Our Audit Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will, *inter alia*, carry out the following responsibilities:

- (a) assist our Board in the discharge of its responsibilities on financial reporting matters;
- (b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and our management’s response, and results of our audits compiled by our internal and external auditors;
- (c) review the half-yearly and annual financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- (d) review the effectiveness and adequacy of our internal control and procedures, including accounting and financial controls and procedures, ensure coordination between our internal and external auditors, and our management, review the assistance given by our management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- (e) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group’s operating results or financial position, and our management’s response;

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- (g) make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (h) review significant financial reporting issues and judgements with our Chief Financial Officer and the external auditors so as to ensure the integrity of the financial statements of our Group and any formal announcements relating to our Group's financial performance before their submission to our Board of Directors;
- (i) to review and report to the Board at least annually the adequacy and effectiveness of our Group's material internal controls with our Chief Financial Officer and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
- (j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (k) review any potential conflicts of interest;
- (l) review and approve all hedging policies and instruments (if any) to be implemented by our Group;
- (m) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (n) review and establish procedures for receipt, retention and treatment of complaints received by our Group, *inter alia*, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group;
- (o) review the risk profile of our Company, our internal control and risk management procedures, including financial, operation, compliance and information technology controls and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by our Directors; and
- (p) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Our Audit Committee will meet, at minimum, once every quarter. Apart from the duties listed above, our Audit Committee shall commission an annual internal controls audit, to be prepared by an internal auditor engaged by our Company, until such time that it is satisfied that the internal controls of our Group are sufficiently robust and effective in mitigating any key internal control weaknesses our Group may have. Prior to decommissioning such annual internal controls audit, our Board shall report to the Full Sponsor and the SGX-ST, the basis for deciding to decommission the annual internal controls audit and the measures taken to rectify our key weaknesses and/or strengthen our internal controls. Thereafter, our Audit Committee shall commission such audits as and when it deems fit for the purposes of satisfying itself that our Group's internal controls have remained robust and effective. Upon the completion of an internal control audit, our Board shall make the appropriate disclosures via SGXNET of any material or price-sensitive weaknesses in our Group's internal controls, and also announce any follow-up actions to be taken by our Board.

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Our Audit Committee shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of our Audit Committee shall abstain from reviewing any particular transaction or voting on such resolution in respect of which he is or may be interested in.

In preparation for our Listing, our Audit Committee has held discussions with our Chief Financial Officer together with our Independent Auditors and Reporting Accountants in relation to our internal controls. During the course of discussions, our Audit Committee was briefed on our Group's current internal control procedures, with emphasis on our Group's internal controls of cash and bank balances and procedures on the reconciliation and confirmation of bank balances.

Our Board of Directors has also noted that no material internal control weaknesses have been raised by our Independent Auditors and Reporting Accountants in the course of their audit of the financial statements of our Group for the past three financial years ended 31 December 2014, 2015 and 2016.

Following our Listing on Catalist, our Audit Committee will continually review the effectiveness of the internal control procedures within our Group and, if necessary, outsource our Group's internal audit function to ensure the adequacy and sufficiency of internal controls procedures within our Group.

Based on the foregoing, our Board of Directors, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls of our Group, including financial, operational, compliance and information technology controls, and risk management systems, are adequate to address the financial, operational, compliance and information technology risks.

### **Nominating Committee**

Our Nominating Committee comprises Dato' Alan Teo, Mr. Cheah Teik Seng and Dato' Murly. The Chairman of our Nominating Committee is Dato' Alan Teo. Our Nominating Committee will:

- (a) review and approve any new employment of related persons and proposed terms of their employment;
- (b) recommend to the Board on board appointments, including re-nominations of existing directors for re-election in accordance with our Constitution, taking into account the director's contribution and performance;
- (c) review board succession plans for the Directors;
- (d) determine on an annual basis whether or not a director of our Company is independent;
- (e) decide whether or not a director of our Company is able to and has been adequately carrying out his duties as a director;
- (f) review training and professional development programmes for the Board; and
- (g) to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value.

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Our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long-term shareholders' value. The performance evaluation will also include consideration of our Share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of our industry peers. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of our Board.

Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director of our Company. In the event that any member of our Nominating Committee has an interest in a matter being deliberated upon by our Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

### ***Nominating Committee's view of our Independent Directors***

Our Nominating Committee, having taken into consideration the following:

- (a) the number of listed company directorships by each of our Independent Directors;
- (b) the principal commitments of our Independent Directors;
- (c) the confirmations by our Independent Directors stating that they are each able to devote sufficient time and attention to the matters of our Company;
- (d) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any controlling shareholder of our Company, has no relationship with our Company, its related corporations or with any directors of these corporations, its 10.0% Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of our Company;
- (e) our Independent Directors' working experience and expertise in different areas of specialisation; and
- (f) the composition of our Board,

is of the view that (i) each of our Independent Directors is individually and collectively able to devote sufficient time to the discharge of their duties and are suitable and possess relevant experience as Independent Directors of our Company, and (ii) our Independent Directors, as a whole, represent a strong and independent element on our Board which is able to exercise objective judgement on corporate affairs independently from the controlling shareholders.

### **Remuneration Committee**

The members of our Remuneration Committee are Mr. Cheah Teik Seng, Dato' Alan Teo and Dr. Lim Su Kiat. The Chairman of our Remuneration Committee is Mr. Cheah Teik Seng. Our Remuneration Committee shall recommend to our Board a framework of remuneration for our Directors and Executive Officers, as well as specific remuneration packages for each Executive Director. The quantum of the bonus of our Executive Directors and Chief Executive Officer will be subject to the approval of our Remuneration Committee. The bonus for our other Executive Officers will be determined solely by our Executive Directors and Chief Executive Officer.

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The recommendations of our Remuneration Committee shall be submitted for endorsement by our entire Board. The scope of responsibilities of our Remuneration Committee encompasses all aspects of remuneration, including but not limited to our Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. Our Remuneration Committee shall also review the remuneration of senior management and employees related to our Directors, if any. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his or her remuneration package.

If necessary, our Remuneration Committee shall seek expert advice inside and/or outside our Company on remuneration matters. Our Remuneration Committee shall ensure that existing relationships, if any, between our Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.