

## CORPORATE GOVERNANCE

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### 58 **CORPORATE GOVERNANCE REPORT**

58 Corporate Governance Framework

59 Board Matters

67 Remuneration Matters

70 Accountability and Audit

75 Shareholder Rights and Engagement

78 Managing Stakeholders Relationships

### 78 **OTHER CORPORATE GOVERNANCE MATTERS**

78 Interested Person Transactions

78 Dealings in Securities

78 Code of Conduct and Practices

78 Whistle-blowing Policy

79 Dividend Policy

### 80 **ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION**

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE REPORT

*“A robust corporate governance framework is instrumental to creating long-term value for shareholders. At Tuan Sing Holdings Limited, we are committed to walking the talk. From the Board to senior management as well as dedicated staff, we engage our stakeholders with transparency, accountability and integrity.”*  
*— William Liem, Business Times, 13 October 2021*

The directors of the Company (“**Directors**” or “**Board**”) and the Company’s management (“**Management**”) believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group’s businesses and performance. The Board has established policies and procedures to enhance corporate performance and accountability of the Group.

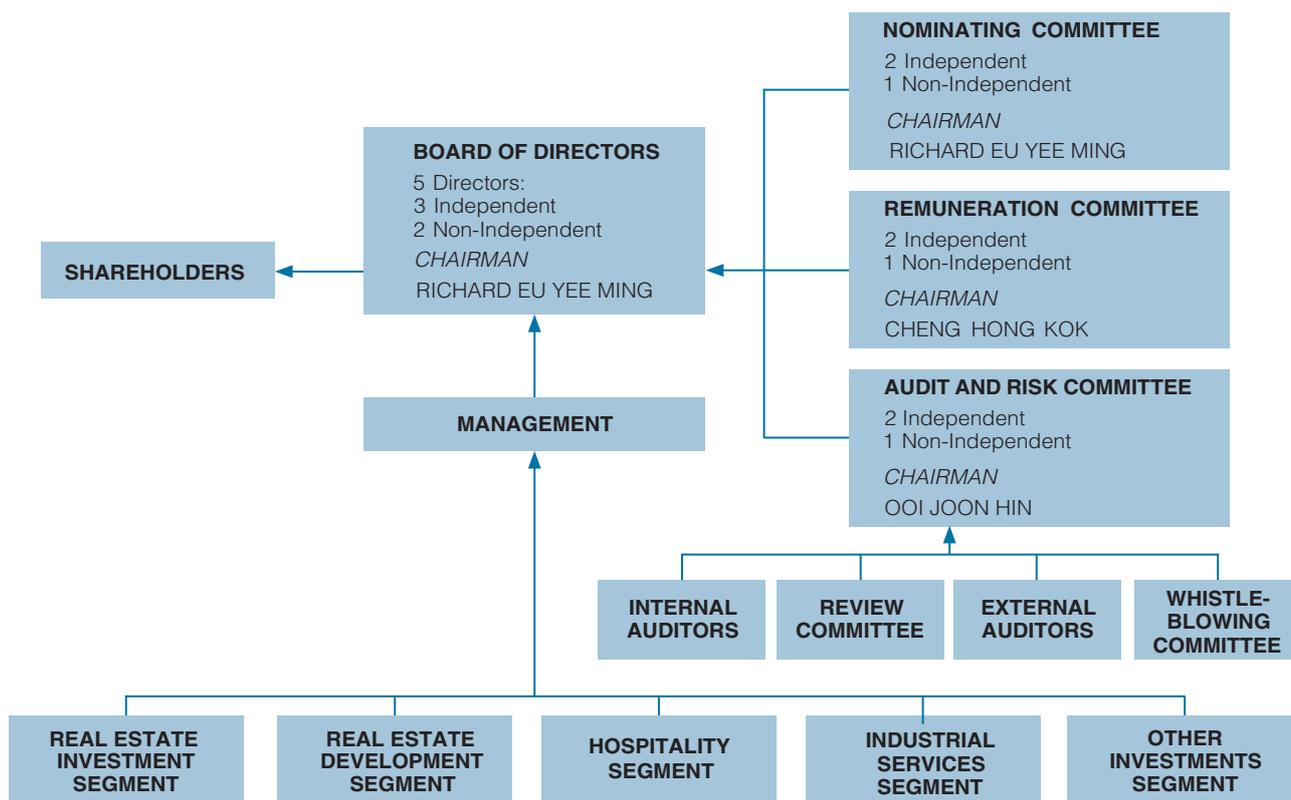
In 2021, the Company continued to fare well in its governance achievements and was ranked 23rd in The Singapore Governance and Transparency Index (SGTI) 2021 (General Category) out of 519 Singapore-listed companies. The Company is accepted by SGXFast Track which recognises the efforts and achievements of listed issuers which have upheld high standards of corporate governance and maintained a good compliance track record.

### Welcome to the Corporate Governance section of our Annual Report

This report sets out the Company’s corporate governance processes, practices and activities in the financial year ended 31 December 2021 (“**FY2021**”) with specific reference to the Code of Corporate Governance 2018 (“**Code**”).

Unless otherwise elaborated, the Board is pleased to report that the Company has complied, in all material aspects, with the principles and provisions set out in the Code.

### Corporate Governance Framework as at 24 March 2022<sup>(1)</sup>



#### Annotation

<sup>(1)</sup> Date of the Audited Financial Statements and Directors’ Statement for FY2021.

## I. BOARD MATTERS

### BOARD'S CONDUCT OF ITS AFFAIRS

#### **Principle 1: Effective Board leadership and organisation, working with Management for the long-term success of the Company**

The Board works with the Management to achieve the long-term success of the Company and value-creation for our shareholders.

#### **Provisions 1.1 and 1.2**

#### **Board roles and Directors' duties**

The Board oversees the strategic direction, performance and business affairs of the Group and provides overall guidance to Management. The duties and power of the Board include:

- i. providing entrepreneurial leadership, setting corporate strategies and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- ii. reviewing and approving the Group's annual business plan, including the annual budget, operational and capital expenditure plans as well as constructively challenging Management on the strategic options and planning process;
- iii. reviewing the adequacy and effectiveness of the Group's risk management and internal controls framework (including establishing risk appetite, parameters and internal control systems which include financial, operational, compliance and information technology controls and management systems) to safeguard the shareholders' investments and the Company's assets;
- iv. effectively monitoring and managing risks, achieving appropriate balance between risks and the Company's performance;
- v. overseeing the long-term succession planning for Management and ensuring that Management observes the code of conduct as applied to them;
- vi. ensuring that policies are in place to ensure compliance with legislative and regulatory requirements;
- vii. monitoring the Group's performance, position and prospects and reviewing the performance of Management against agreed goals and objectives and satisfying themselves that the Group's businesses are properly managed;
- viii. reviewing and approving the release of the Group's half-year and full-year financial results and a variety of other strategic initiatives tabled by Management; and
- ix. ensuring transparency and accountability to key stakeholder groups.

In carrying out its roles, the Board will appropriately focus on value creation, innovation and sustainability.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group. It also relies on the skills, commitment and due diligence of its Management and its external advisors to make objective decisions in the best interests of the Group while maximising value for shareholders. In addition, the Board sets the tone for the entire organisation where ethics and values are concerned.

The Board is supported by three Board committees, namely the Audit and Risk Committee ("**ARC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (each, a "**Board Committee**" and collectively, the "Board Committees"). Each Board Committee, with specific area of responsibilities delegated by the Board, facilitates the Board's discharge of its functions.

#### **Conflicts of interest**

Internal guidelines requiring all Board members who have a potential conflict of interest in a particular agenda item to abstain from participating in the relevant Board discussion have been implemented. This policy also applies to all the Board Committees.

#### **Directors' competencies**

Directors are provided with opportunities to undergo relevant trainings and to continually improve the Board and Board Committees' performance. The Company will fund Directors' participation at industry conferences, seminars or any training programmes in connection with their duties as Directors. The Company also updates the Directors on statutory and regulatory changes that affect their obligations as Directors where relevant.

The Company scaled back the organisation of training programmes for the Directors in FY2021 due to the COVID-19 pandemic and encouraged Directors to participate in seminars such as those organised by the Singapore Institute of Directors and SGX. The Directors continued to keep themselves abreast of changes and developments in the business environment.

The Management organises an offsite strategy meeting at interval of between one to three years. At each strategy meeting, the Board and Management meet to discuss and review the Company's strategic plans. The last strategy meeting was held in December 2021.

In addition, site visits to the Group's overseas projects are arranged to provide the Directors an opportunity to understand these projects better. There was no site visit in FY2021 due to the COVID-19 travel restrictions.

News articles and reports (including industry news and analyst reports) relevant to the Group's business are circulated to the Directors on a regular basis. It is also the Company's standard practice for other updates including changes in laws and regulations, code of corporate governance and financial reporting standards to be shared at Board meetings or circulated via email to the Directors.

Upon appointment to the Board, a new Director will receive a formal letter of appointment together with a thumb drive containing information which include the Directors' duties and responsibilities, Board and Board Committees' meeting schedule, the Company's latest annual report, Constitution, terms of references of the Board and its Committees, Directors' remuneration framework and the Group's policies approved by the Board. A Director's onboarding programme is also organised for the new Director which includes a presentation session by senior management on an overview of the Group's business activities and site visits to the Group's key investment properties and projects.

## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

For a new Director without prior board experience in companies listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Company will also arrange for the new Director to undergo a prescribed training programme conducted by the Singapore Institute of Directors in accordance with SGX-ST Listing Rule 210(5).

Mr Ooi Joon Hin was appointed as an Independent Director of the Company on 7 May 2021. He had completed all mandatory trainings as prescribed by SGX-ST Mainboard Listing Rule 210(5) on 12 October 2021.

### **Provision 1.3** **Internal guidelines on matters requiring Board’s approval**

The Company has established guidelines governing matters that require the Board’s approval. A Delegation of Authority Matrix, which forms part of the Company’s Policies and Procedures Manual, provides clear direction to Management on matters requiring the Board’s specific approval, which include:

- i. business plans and budgets/forecasts
- ii. material acquisition and disposal of land/assets/investments
- iii. corporate/financial restructuring/corporate exercises
- iv. financial results announcements and press releases
- v. declaration of dividends
- vi. delegation of authority matrix, significant policies and procedures
- vii. material financial/funding arrangements and provision of corporate guarantees
- viii. interested person transactions (“**IPTs**”) above certain threshold

The Delegation of Authority Matrix is reviewed and revised periodically. The Matrix was last reviewed in August 2021.

### **Key Activities of the Board – FY2021**

#### Standard agenda:

- Reports of the ARC, NC and RC
- Group Chief Executive Officer (“**CEO**”)’s monthly management report and periodic updates (quarterly or half-yearly as appropriate) on:
  - businesses including risk profiles
  - development/operations in Australia, China and Indonesia
  - Group’s borrowing profile
  - Group’ cash flow projection
  - litigation cases
- Review and approval of all announcements including those for half-year and full-year financial statements
- IPT Register

- Whistle-blowing Register
- Disclosure of Directors’ interests pursuant to Section 156 of the Companies Act 1967 (“**Companies Act**”)

#### Other key items deliberated during FY2021:

- Proposed acquisitions and divestments
- Medium Term Note (“**MTN**”) Programme
- Business strategies
- Developments/updates relating to accounting, legal, regulatory and/or corporate governance
- Formation of joint ventures

#### Matters reserved for specific Board approval:

- i. Documents for distribution to shareholders, annual report and financial statements
- ii. Annual budgets and business plans
- iii. Dividend pay-out
- iv. CEO’s Key Performance Indicators (“**KPIs**”) and performance review

The Board is also responsible for the succession planning, appointment and replacement of Directors, appointment of key management personnel (“**KMP**”) and the determination of their remuneration. The Company’s KMP has been identified as the CEO, the Group Chief Financial Officer (“**CFO**”) and the General Counsel.

### **Board organisation and support** **Provision 1.4** **Delegation to Board Committees**

To assist the Board in discharging its functions and to optimise operational efficiency, the Board has delegated certain of its functions to the Board Committees, namely the ARC, NC, and RC. Each Board Committee has its specific written terms of reference setting out the scope of its duties and responsibilities, and procedures governing the manner in which it is to operate and how decisions are to be taken. Any amendment to the terms of reference for any Board Committee requires the approval of the Board. Further information on the Board Committees is set out in the respective sections concerning Board Committees in this Annual Report.

### **Provision 1.5** **Board and Board Committee meetings and attendance records**

Meetings of the Board, Board Committees and shareholders of the Company (“**Shareholders**”) are scheduled in advance of each financial year in consultation with the Directors to ensure optimal participation. Ad hoc meetings of the Board and Board Committees may be called where necessary or warranted by particular circumstances. On occasions when Directors are unable to attend meetings in person, telephonic or video conference participation is permitted in accordance with the Constitution of the Company. In FY2021, the Directors were given the option to attend virtual meetings via video conferencing facilities such as Zoom and Teams.

## CORPORATE GOVERNANCE CORPORATE GOVERNANCE REPORT

In line with our commitment to sustainability, the Company has since 2014, issued each Director with an electronic tablet device to enable them to access and read meeting papers electronically in place of hard-copy printouts. This initiative also enhances information security as the documents are passcode-secured for Directors to download to their tablet devices.

The attendance record (includes both physical and virtual meetings) of the Directors in FY2021 is set out below:

	Board	ARC	NC	RC	General Meeting
<b>Total Number of Meetings held</b>	4	4	2	1	1
	Total Number of Meetings attended				
<b>Executive Director</b>					
William Nursalim alias William Liem	4	N.A.	N.A.	N.A.	1
<b>Non-Executive Director</b>					
Albert Choo Teow Huat <sup>(1)</sup>	1	1	1	1	0
Cheng Hong Kok	4	1	2	1	1
Michelle Liem Mei Fung	4	4	2	1	1
Richard Eu Yee Ming	4	4	N.A.	N.A.	1
Ooi Joon Hin <sup>(2)</sup>	2	3	N.A.	N.A.	N.A.

**Annotations:**

<sup>(1)</sup> Mr Albert Choo Teow Huat retired at the conclusion of the Company's AGM on 23 April 2021

<sup>(2)</sup> Mr Ooi Joon Hin was appointed as an Independent Director and ARC Chairman on 7 May 2021.

### **Provision 1.6**

#### **Access to information**

To enable the Board to make informed decisions and to fulfil its responsibilities, Management provides complete, accurate and adequate information in a timely manner.

The Board, Board Committees and Directors have separate and independent access to Management and are free to request for additional information as needed to make informed decisions. Agendas of the Board and Board Committee meetings are to be circulated to the Directors together with meeting materials at least one week ahead of the meetings.

In addition to the annual budget and business plans submitted to the Board for approval, the Board is provided with monthly management reports analysing the operational performance. The reports also detail the variances between the achieved results and those of the corresponding period of the previous year, as well as that of the budget, complete with appropriate explanations. Further, reports on cash flow forecast, performance forecast, risks assessment, scenarios analysis, share price movements, utilisation of bank facilities, benchmarking against market indexes and peer entities, Board memorandums and related materials are circulated to the Board from time to time. All Internal Auditors' reports are sent directly to members of ARC for review. Detailed qualitative and financial analysis, cash flow forecasts and financing requirements of each bid or project are formalised in proposals, and sent to the Board for approval before any bid for land or properties or engagement in new projects.

### **Provision 1.7**

#### **Independent professional advice/Company Secretary**

The Company provides for Directors, individually or as a group, to have separate and independent access to the Management, the Company Secretary(ies) and to seek external professional advice, where necessary, at the expense of the Company, in the furtherance of their duties and after consultation with the Chairman of the Board.

The role of the Company Secretary(ies) has been clearly defined and includes, *inter alia*, advising the Board on all matters regarding the proper function of the Board, compliance with the Company's Constitution and applicable regulations, requirements of the Companies Act, the Securities and Futures Act 2001 and the SGX-ST Listing Manual.

The Company Secretary(ies) report to the General Counsel and seek her counsel when carrying out their functions. In consultation with the General Counsel, the Company Secretary(ies) assist the Board in implementing and strengthening corporate governance policies and procedures.

Under the direction of the Chairman and guidance of the General Counsel, the Company Secretary(ies) ensure good information flow to and within the Board and the Board Committees and between Management and Non-Executive Directors. Meeting materials and minutes of meetings are circulated to all members of the Board and Board Committees in a timely manner. The appointment and removal of the Company Secretary(ies) are subject to the approval of the Board.

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE REPORT

### BOARD COMPOSITION AND GUIDANCE

**Principle 2: Appropriate level of independence and diversity of the Board, enabling it to make decisions in the best interests of the Company**

#### Board Composition at a glance

The Board consists of members who have the appropriate level of independence and diversity of thought and background. Collectively, their established track record in real estate, business, finance, accounting, legal, strategic planning and management, have enabled the Board to make decisions in the best interests of the Company. The Directors' Profile can be found on pages 8 to 10 of this Annual Report.

#### Board composition as at 24 March 2022<sup>(1)</sup>

##### Non-Executive and Independent Directors

1. Cheng Hong Kok
2. Ooi Joon Hin
3. Richard Eu Yee Ming

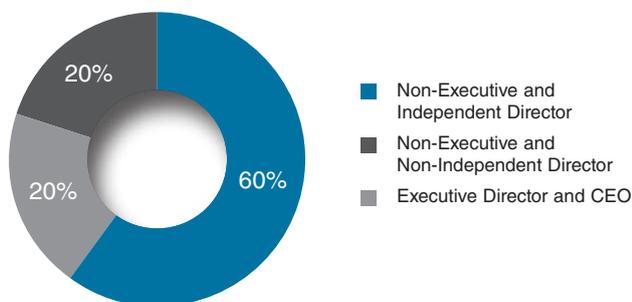
##### Non-Executive and Non-Independent Director

Michelle Liem Mei Fung

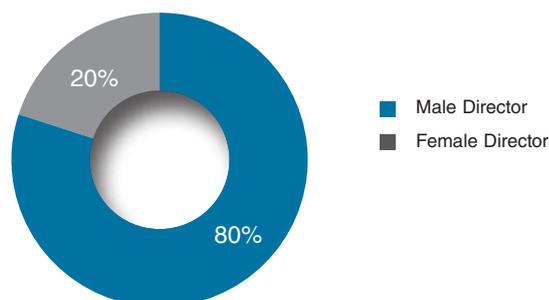
##### Executive Director and CEO

William Nursalim alias William Liem

#### Independence



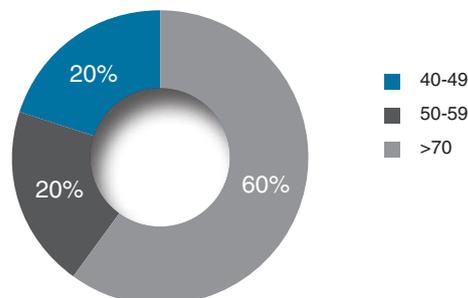
#### Gender Diversity



#### Annotation

<sup>(1)</sup> Date of the Audited Financial Statements and Directors' Statement for FY2021.

#### Age Group of Our Directors



#### Provision 2.1 Independence of Directors

As at the date of this Annual Report, the Board comprised five Board members, of whom four are Non-Executive Directors (including three Independent Directors). Other than the CEO, all Directors are non-executive.

An Independent Director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers who can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgement to the best interests of the Company.

The NC and the Board take into account the existence of relationships or circumstances, including those identified by the SGX-ST Listing Manual and the Code's Practice Guidance 2018 ("Practice Guidance") that are relevant in determining as to whether a Director is independent.

Each Director is required to declare his independence and complete an annual declaration in the form of a self-assessment questionnaire which sets out the circumstances where a Director is deemed not to be independent, and submit it to the NC for review. The results are collated by the Company Secretaries and reported to the Board.

In FY2021, the NC conducted its annual review of the Directors' independence and was satisfied that the Company had complied with Provision 2.1 of the Code, the Practice Guidance and SGX-ST Listing Rule 210(5)(d)(i) and (ii).

In line with the SGX-ST Listing Rule 210(5)(d)(iii) which came into effect on 1 January 2022, the continued appointment of an Independent Director who has served the Board for an aggregate period of more than nine years will be subject to the approval of (i) all Shareholders; and (ii) all Shareholders, excluding Shareholders who are Directors and the CEO of the Company (and their associates). Subsequent to the retirement of Mr Albert Choo Teow Huat at the Company's last annual general meeting held on 23 April 2021, who is a former Independent Director of the Company and the only Independent Director having served the Board beyond nine years, there is no Director on the Board who is subjected to this mandatory two-tier voting process at the forthcoming annual general meeting ("2022 AGM").

For FY2021, the NC noted Mr Cheng Hong Kok's directorship in the Company's subsidiary, SP Corporation Limited ("SP Corporation"). Mr Cheng's appointment was solely for board service and he was neither employed by the Company nor SP Corporation. In FY2021, the Company provided management support services and leasing of office space to SP Corporation. The company secretarial support services were provided by the Company to SP Corporation until 3 September 2021. SP Corporation subsequently appointed an external corporate secretarial provider. The aggregate value of these transactions was not material compared to the revenues of the Company and SP Corporation. Mr Cheng was not involved in determining the value of these transactions and he did not participate in the review and approval process. The NC was of the view that Mr Cheng's directorship with SP Corporation had neither interfered, nor was reasonably perceived to interfere, with his ability to exercise independent judgement to act in the best interests of the Company.

For FY2021, the NC and the Board had assessed the independence of Messrs Ooi Joon Hin, Cheng Hong Kok and Richard Eu Yee Ming, and were satisfied that there was no relationship (based on the aforesaid assessments) or other factors such as gifts or financial assistance, past or present association, business dealings, representative of shareholder, financial dependence, relationship with the Group or the Group's management which would impair their independent judgement. During the process, each Independent Director had recused himself in the determination of his own independence.

#### **Provision 2.2**

##### **Composition of Independent Directors on the Board**

Provision 2.2 of the Code requires the Independent Directors to make up a majority of the Board where the Chairman of the Board is not independent. The Board Chairman, Mr Richard Eu Yee Ming (appointed on 24 February 2021) is an Independent Director.

The composition of the Board's Independent Directors has complied with Provision 2.2. of the Code with the Independent Directors constituting a majority (3 out of 5 Directors) of the Board. The composition also satisfies the SGX-ST Listing Rule 210(5)(c) requirement wherein Independent Directors shall comprise one-third of the Board. Rule 210(5)(c) became effective on 1 January 2022.

For FY2021, the NC reviewed the composition of the Board and its Committees, and was of the view that the current Board size of five Directors was adequate to facilitate effective decision making for the current needs and demands of the Group's businesses. The Board concurred with the NC's assessment and recommendation.

Each Director participates in the Board's decision-making process, which are made collectively without any individual or small group of individuals influencing or dominating the decision-making process.

#### **Provision 2.3**

##### **Proportion of Non-Executive Directors**

Throughout FY2021, Non-Executive Directors constituted a majority of the Board and as such the Company had complied with Provision 2.3 of the Code.

The Non-Executive Directors help Management in setting strategies and goals and where necessary, challenge the underlying assumptions of Management's proposals. They also set the CEO's KPIs. During the year, Non-Executive Directors reviewed the monthly operation reports submitted by Management and monitored Management's performance in meeting KPIs and long-term strategies.

#### **Provision 2.4**

##### **Board composition and size**

For FY2021, the NC conducted its annual review on the composition and size of the Board and concluded that they were appropriate, taking into account the scope and nature of the operations of the Group. The NC also noted that there was adequate diversity in that the Board comprised members of both genders and from different backgrounds whose core competencies, qualifications, skills and experience met with the requirements of the Group.

As part of the annual assessment process, the NC reviewed the competency matrix of the Directors, taking into account their respective areas of specialisation and expertise, and was satisfied that members of the Board as a whole possess the relevant core competencies in areas such as accounting, finance, legal, property, strategic planning, business and management experience. The Executive Director possesses excellent industry knowledge while the Non-Executive Directors, who are professionals and experts in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences, and provide independent judgement during Board deliberations. The Board concurred with the NC's assessment.

##### **Board diversity policy**

The Company recognises and embraces the benefits of diversity of experience, age, skill sets, gender and ethnics on the Board ("Board Diversity"). The Board views Board Diversity as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

The Board had adopted a written Board Diversity Policy (the "Policy") at the recommendation of the NC last year, details of which can be found at the Company's website at: <https://tuansing.com/board-diversity-policy/>. The Policy sets out certain quantitative and qualitative objectives. Among others, the Board has set "diversity" as a key criterion for any search process for the Board and KMP.

The Board has also set its gender diversity objectives of (i) having at least one female Director on the Board and at least one female KMP; (ii) having at least one female candidate in any search process for Directors and KMP; and (iii) to endeavour to align with the target set by the national diversity body (e.g. Council for Board Diversity ("CBD")) for female board representation as much as possible. Nevertheless, gender is but one aspect of diversity and new Directors will continue to be selected based on their merits and the potential contributions which they can bring to the Board. The Board has also set skills diversity objectives which include (i) experience in public appointments; (ii) experience as director of listed companies; (iii) sector experiences – knowledge of countries where the Company primarily operates; (iv) sector knowledge of Group's principal business activities; and (v) functional experience of the Directors. The Board, through the NC, will assess this Board competency matrix whenever the NC reviews board diversity.

The current Board has one female Director (constituting 20% of the Board), namely Ms Michelle Liem Mei Fung and meets the target set by the CBD for 2021. Ms Liem has been a Board member since 2001 and the Company continues to benefit from her membership in terms of improved discussions, debates and decision-making at the Board level.

## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

In determining the diverse skillset needs of the Board, the Board will continue to leverage on its established “Board of Directors’ Competency Matrix” to identify any gap in the Board’s collective skills.

### **Provision 2.5**

#### **Regular meetings of Non-Executive Directors**

In FY2021, the Non-Executive Directors met during the periodic meetings of the Board and Board Committees. In addition, the Non-Executive Directors met informally (online or offline) with the KMP (including the CEO) and other senior management of the Group from time to time to discuss matters relating to the Group. After the meetings, they provided feedback to Management to review and resolve specific issues and matters discussed during the meetings. The Company has benefitted from Management’s ready access to the Non-Executive Directors for guidance and exchange of views, both within and outside of Board and Board Committee meetings in 2021.

The Non-Executive Directors meet to discuss, inter alia, Management’s performance without the presence of Management at least once a year.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

### **Principle 3: Division of responsibilities between Board and Management, and avoidance of a single individual influence on decision-making**

#### **Provisions 3.1 and 3.2**

#### **Separation of the role of Chairman and CEO**

In FY2021, the Board Chairmanship was helmed by Mr Richard Eu Yee Ming (Non-Executive Independent Director) with effect from 24 February 2021.

The roles of the Chairman and the CEO of the Company remain distinct through a clear division of responsibilities which have been established in the written terms of reference of the Board.

The Chairman leads the Board with the highest standard of integrity and governance. He promotes effective communication and contributions by each Director. The Chairman manages the business of the Board by setting agendas for meetings, which he leads to ensure full discussion of all agenda items.

The CEO translates the Board’s decisions into executive actions and is accountable to the Board. He provides clear and decisive leadership and guidance to the Company’s employees. The CEO runs the Company’s business with a clear vision and missions set by the Board.

There is no familial relationship between the CEO, Mr William Nursalim alias William Liem and the Board Chairman, Mr Richard Eu Yee Ming.

The Chairman is responsible for ensuring the effective functioning of the Board to act in the best interests of the Company and Shareholders. He leads the Board; encourages interaction between the Board and Management; facilitates effective contribution of Non-Executive Directors; encourages constructive relations among the Directors; and promotes good corporate governance.

Prior to each Board meeting, the Chairman, in consultation with Management and the Company Secretary(ies), sets the agenda for the meeting and ensures that Board members are provided with adequate and timely information. As a general rule, meeting papers are sent to Directors at least one week in advance, in order for Directors to be adequately prepared for the meeting. The Chairman leads the meetings and ensures full discussion of each agenda and that the Board members are able to engage the Management in constructive debate and open discussions on various matters including strategic issues. Members of the Management team with proposals, or who can provide insights into these discussion matters, are invited to participate in the meetings.

At each general meeting of Shareholders, the Chairman plays a pivotal role in fostering constructive dialogue between the Shareholders and the Board.

### **Provision 3.3**

#### **Lead Independent Director**

The Code provides for a Lead Independent Director to be appointed by the Board in situations where the Chairman is conflicted and when the Chairman is not independent. For FY2021, the NC and the Board, having taken into consideration the Company’s current business operations and current Board size were of the view that the appointment of a Lead Independent Director was not necessary.

Although no Lead Independent Director has been appointed, the Company’s Independent Directors set aside time to meet (without the presence of other Directors) at least once a year. They provide their feedback to the Chairman of the Board. The Independent Directors also meet regularly with, and have unrestricted access to the CEO, other KMP and senior management members, as well as other Non-Executive Directors to discuss matters relating to the Group.

Directors and Management are also accessible to the Company’s Shareholders, and the Company has always responded to queries raised by its Shareholders. The absence of a Lead Independent Director has not impacted, and is unlikely to impact, the efficient communication between the Board and the Shareholders or other stakeholders of the Company.

The Board Chairman, Mr Richard Eu Yee Ming, is an Independent Director. As such, the appointment of a Lead Independent Director is not necessary. Nevertheless, the Board will, on an annual basis, examine the need for the appointment of a Lead Independent Director.

## BOARD MEMBERSHIP

### Principle 4: Formal and transparent process for appointment/re-appointment and progressive renewal of the Board

#### Provisions 4.1 and 4.2

##### NC membership and key terms of reference

As at the date of this report, the NC consists of the following three members with the majority, including the Chairman, being independent:

- Mr Richard Eu Yee Ming, Chairman  
(Non-Executive and Independent)
- Mr Cheng Hong Kok  
(Non-Executive and Independent)
- Ms Michelle Liem Mei Fung  
(Non-Executive and Non-Independent)

The NC is guided by its written terms of reference which stipulate its principal roles as follows:

- i. review the nomination, appointment and re-appointment of Directors to the Board;
- ii. review annually the independence of Directors;
- iii. determine a suitable size of the Board;
- iv. develop and maintain internal guidelines to assess a Director's ability and his/her performance in carrying out his/her duties as Director of the Company;
- v. review the Directors' mix of skills, attributes/qualities, experiences and diversity that the Board requires;
- vi. recommend to the Board on internal guidelines to address the competing time commitments faced by Directors serving on multiple boards;
- vii. develop and maintain, as appropriate, a formal assessment process and criteria to evaluate the effectiveness and performance of the Board as a whole, the Board Committees and the contribution by each Director to the effectiveness of the Board;
- viii. review, as appropriate, the independence of any Director who has served on the Board beyond nine years from the date of his/her first appointment; and
- ix. review the succession plans for Directors, appointment and/or replacement of the Chairman, the CEO, and other KMP for recommendation to the Board.

Upon request of the Board and/or the CEO, the NC shall also review any other senior management appointments within the Group, save for any entity listed on a stock exchange and has its own nominating committee, and those that are jointly controlled of which the Company's influence is balanced by other joint venture party(ies).

Other than as stated above, the NC is also involved in the review of training and professional development programmes for the Board. For FY2021, the task of this review was assisted by the in-house Company Secretary(ies).

When making decisions on the appointment of new Directors to the Board, the NC and the Board consider several criteria which include the relevant expertise and experience that are required on the Board and the Board Committees. Other determining factors include diversity, independence, conflicts of interest and time commitments.

In discharging its key responsibilities, the NC reviewed the followings in FY2021:

- i. the independence of Directors, particularly any Director who has served more than nine years;
- ii. the size of the Board and its composition;
- iii. the commitment of Directors serving on multiple boards;
- iv. the performance of the Board as a whole and the Board Committees;
- v. contribution by each individual Director to the effectiveness of the Board;
- vi. the Directors' continued training and professional development;
- vii. the disclosure of Board matters in the annual report; and
- viii. Board succession and renewal plans.

An NC report is submitted to the Board at the end of each financial year and the minutes of NC meetings are tabled to the Board to keep Board members apprised.

#### Provision 4.3

##### Selection, appointment and re-appointment of Directors

The NC is responsible for recommending identified candidates to the Board to fill vacancies arising from resignation or retirement, or if there is a need to appoint additional Directors to fill a competency gap in the Board, or for any other reasons as identified by the NC. The potential candidate may be proposed by existing Directors, the Management or through third-party referrals.

The Company has in place a process for selecting and appointing new Directors. This process includes, *inter alia*, an evaluation of the candidate's capabilities by taking into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board. The NC may have recourse to both internal sources as well as external sources to draw up a list of potential candidates. Shortlisted candidates will be required to furnish their curriculum vitae, stating in detail their qualifications, working experience and employment history, and to complete certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines. These processes were applied for the appointment of new Director, Mr Ooi Joon Hin in FY2021.

The NC also ensures compliance with the Company's Constitution which stipulates that at each AGM, one-third of the Board (inclusive of the Chairman and CEO), shall retire from office by rotation and be eligible for re-election. Further, all Directors (including the Chairman and CEO) shall submit themselves for re-nomination and re-appointment at least once every three years pursuant to SGX-ST Listing Rule 720(5) and the Company's Constitution.

In line with the SGX-ST Listing Rule 720(5) and the Company's Constitution, the Company's CEO who is an Executive Director, is subject to the same provisions on retirement by rotation, resignation and removal as other Directors of the Company as part of the Board renewal process.

In addition, the Constitution of the Company stipulates that new Directors appointed by the Board during the financial year without Shareholders' approval be re-elected at the next AGM following their appointment.

Eligibility of Directors for re-election/re-appointment has been reviewed annually by the NC and the Board based on the individual Director's performance.

#### **Provision 4.4**

##### **Continuous review of Directors' independence**

For FY2021, the NC had conducted, *inter alia*, an annual review of the independence of the Directors based on their declaration which was drawn up in accordance with the guidelines provided under the Code, its Practice Guidance and relevant SGX-ST listing rules, and had determined, having regard to the circumstances set forth in Provision 2.1 of the Code, the independence of each Director. Please refer to Provision 2.1 of this Corporate Governance Report on the process and details of the NC's review of Directors' independence. The NC is also committed to reassess the independence of each Independent Director as and when warranted.

#### **Provision 4.5**

##### **Multiple directorships**

Information on the directorships and principal commitment(s) of each Director is furnished under the "Directors' Profile" section of this Annual Report and on the Company's website.

There are internal guidelines to assist the NC to determine whether Directors who sit on multiple boards have committed adequate time to discharge their responsibilities towards the Company's affairs. In this respect, the Company's current policy stipulates that if a Director is an executive director or key management personnel of another listed company or a major corporation, he/she should preferably not hold more than three other non-executive directorships on unrelated listed companies and/or major corporations ("**Internal Guideline Limit**").

For FY2021, there were no Directors who exceeded the Internal Guideline Limit. The NC and the Board were satisfied that all the Directors had discharged their duties adequately and satisfactorily.

## **BOARD PERFORMANCE**

### **Principle 5: Formal annual assessment of the effectiveness of the Board, its Board committees and individual directors**

#### **Provisions 5.1 and 5.2**

##### **Board evaluation process, Board performance criteria and individual Director evaluation**

The Company has implemented a formal process to evaluate (i) the performance and effectiveness of the Board as a whole and of its Board Committees; and (ii) the contribution by the Chairman and each individual Director to the Board.

The performance criteria were recommended by the NC and approved by the Board.

For FY2021 and as in previous years, the Board conducted an annual evaluation of the performance of the Board and individual Directors by having each Director complete a questionnaire for "Board Performance Assessment" with comments where necessary.

The "Board Performance Assessment" encompasses the performance evaluation for the Board Committees. The NC and the Board were of the view that this streamlined process was adequate and effective.

In evaluating the Board's performance, the following areas were assessed:

- (a) Board structure including independent element on the Board, working partnership between the Board and Management, Board size, and contribution by the Chairman and each Director to the Board;
- (b) conduct of meetings including their regularity, adequacy of notice, leadership of the chair, quality of discussion and consensus of decision;
- (c) corporate strategy and planning including provision of entrepreneurial leadership to the Management, resources allocation and approval of annual business plan;
- (d) risk management and internal controls including its framework and a review of their implementation effectiveness;
- (e) measuring and monitoring Management's performance, including conducting reviews in comparison with the previous year's performance and budget;
- (f) recruitment, evaluation and compensation, including approval for KMP appointments, remuneration framework, annual compensation and bonus for the KMP;
- (g) succession planning for the Board and Management;
- (h) financial reporting including the integrity of financial statements, principles applied and approval for announcements; and
- (i) communication with Shareholders.

In evaluating the Board's performance, the NC also considered the Company's share price performance (one-year and five-year period) against certain market indexes, five-year financial indicators such as return on assets, return on equity, and the economic value add of the Group.

In addition, the NC used the data obtained from the “Real Estate Development & Holding Company – market capitalisation of \$300 million - \$3 billion” (source: Bloomberg) as a benchmark to assess the Company’s past year performance. Where there was material divergence, underlying reasons were sought and recorded, and action was taken where necessary.

In the assessment of individual Directors, a Board competency matrix is used to assess the Directors’ respective areas of specialisation and expertise, as well as other factors as provided under the Code’s guidelines. The Board will then act on the results where appropriate.

The evaluation of each individual Director’s performance is a continuous process. The evaluation criteria include the Director’s attendance at meetings of the Board, Board Committees and at general meetings, his/her ability to devote sufficient time and attention to the Company’s affairs, participation in discussions at meetings, knowledge of and contacts in the regions where the Group operates, his/her functional expertise and commitment of time to the Company.

Further, the Executive Director/CEO is evaluated each year by the Non-Executive Directors, inter alia, through assessment of his performance against certain KPIs set by the Board in the early part of the year. The KPIs include both financial and non-financial criteria and short-term to medium-term goals.

To ensure confidentiality, completed evaluation forms by all Directors were submitted to the Company Secretary(ies) for collation. The results of the evaluation were collectively presented first to the NC for review and discussion, and thereafter to the Board for a further discussion.

The Board was satisfied with the results of the annual evaluation of the performance of the Board, its Board Committees and individual Directors’ assessment for FY2021.

The results of the performance evaluation exercise are used as a reference by the Chairman to review, where appropriate, the composition of the Board and its Board Committees, and in consultation with the NC, to support its proposals for Board renewal, so as to improve the effectiveness of the Board’s oversight of the Company. Comments received from the NC are compiled and presented to the Board in due course.

The Board did not engage any independent external consultant to facilitate the annual review of the performance of the Board, the Board Committees and the individual Directors for FY2021. However, the NC and the Board are open to the idea should such a need arise to enhance or enliven the Board performance evaluation process.

## II. REMUNERATION MATTERS

Matters concerning remuneration of the Directors, KMP and other senior management are under the purview of the RC, whose primary function is to establish formal and transparent policies on remuneration matters in the Company.

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this report and in the notes to the financial statements of the Company and of the Group.

## PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

### Principle 6: Formal and transparent procedure for developing director and executive remuneration

#### Provisions 6.1 and 6.2

#### Remuneration Committee composition and terms of reference

The RC comprises the following Directors, all of whom are non-executive and the majority, including the Chairman, being independent:

- Mr Cheng Hong Kok, Chairman  
(Non-Executive and Independent)
- Mr Richard Eu Yee Ming  
(Non-Executive and Independent)
- Ms Michelle Liem Mei Fung  
(Non-Executive and Non-Independent)

The RC is guided by its written terms of reference, which stipulate its principal responsibilities as follows:

- i. offers an independent perspective in assisting the Board to establish a formal and transparent procedure for developing a remuneration policy for Directors and KMP (or executives of equivalent rank) of the Company;
- ii. establishes an appropriate remuneration framework to motivate and retain Directors and KMP (or executives of equivalent rank), and ensure that the Company is able to attract appropriate talent from the market in order to maximise value for Shareholders;
- iii. develops a remuneration policy for the Executive Director and KMP (or executives of equivalent rank), structuring it to link rewards to corporate and individual performance;
- iv. determines specific remuneration packages for the Executive Director and KMP (or executives of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company;
- v. reviews and approves the compensation of the KMP (or executives of equivalent rank); and
- vi. reviews the appropriateness and transparency of remuneration matters for disclosure to Shareholders.

The RC has explicit authority to investigate any matter within its terms of reference including seeking expert advice within and/or outside the Company.

An RC report is submitted to the Board at the end of each financial year and the minutes of the RC meetings are tabled to the Board to keep Board members apprised.

#### Provision 6.3

#### Developing remuneration framework

The RC, with the endorsement of the Board, has established an appropriate remuneration framework to attract, retain and motivate Directors and KMP (or executives of equivalent rank) of the Company as well as specific remuneration packages for each Director, the KMP (or executives of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company. The framework is being reviewed periodically to ensure that they remain relevant and effective.

The RC's remit is to make recommendations to the Board. Determining the remuneration of the Directors is the purview of the Board as a whole, and individual Directors do not participate in discussions regarding their own remuneration.

For FY2021, the RC reviewed and recommended to the Board the remuneration package of the Executive Director/CEO and the KMP (or executives of equivalent rank). In addition, the RC also reviewed the performance of the Group's other heads of department ("HOD") (excluding those employed by the listed subsidiary which has its own remuneration committee), after taking into consideration the CEO's assessment of, and recommendation for, bonus and remuneration. The RC also reviewed and endorsed the Management's recommendation of other employees' bonuses for 2021 and salary increments for 2022.

The Company's obligations in the event of termination of service of the Executive Director and the KMP are enumerated in their respective employment letters. The RC is satisfied that the termination clauses therein were fair and reasonable to the respective employment class and were not overly generous.

### **Provision 6.4**

#### **RC's access to advice on remuneration matters**

The RC has direct access to the Company's Director of Human Resources, should they have any queries on human resource matters. The RC has explicit authority to investigate any matter within its terms of reference and to seek external expert advice should such a need arise at the Company's expense. In this regard, the RC draws on a pool of independent consultants for diversified views and specific expertise to ensure that existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

## **LEVEL AND MIX OF REMUNERATION**

**Principle 7: Level and structure of remuneration are appropriate and proportionate to the sustained performance, value creation and strategic objectives of the Company**

### **Provisions 7.1, 7.2 and 7.3**

#### **Remuneration of Directors and KMP**

The Company's remuneration structure for the Executive Director/CEO and KMP (or executives of equivalent rank) has been benchmarked against entities of a comparable size and in similar industries. It consists of both fixed and variable portions with the aim to attract, retain and motivate appropriate talents on a sustainable basis. The fixed compensation comprises a base salary and fixed allowances. The variable component, on the other hand, is a cash-based, short-term incentive that is performance-related and is linked to the Company and the individual's performance. This is designed to align the employees' remuneration with the interests of Shareholders and to link rewards to corporate and individual performance so as to promote the long-term success of the Group.

Throughout FY2021, the Board had only one Executive Director, namely the CEO. As stipulated in the Company's remuneration framework, the Executive Director and KMP of the Group do not receive Director's fees from the Company or from its subsidiaries/associated entities if they are nominated and appointed to these boards.

For the purpose of assessing the performance of the Executive Director/CEO and KMP (or executives with equivalent rank), KPIs with both financial and non-financial targets are clearly set out at the start of the financial year. Financial targets may include net profit, return on total assets, return on shareholders' equity and total shareholder's return (i.e. dividend plus share price movement over the year). Non-financial targets may be related to reputation, customers, employees, environment, community and sustainable future. Such KPIs comprise both quantitative and qualitative factors as well as short and medium-term targets. The RC believes that the KPIs enable the Company to monitor its success in achieving its strategy and the progress of the Group in delivering high-quality sustainable growth.

Each year, the RC reviews and approves the remuneration packages of the Executive Director/CEO and the KMP (or executives of equivalent rank) for recommendation to the Board. This includes the review of their basic salary, allowance, benefits and bonus. In the process, the RC takes into account the KPI performance of each individual for the financial year under review.

For FY2021, the RC was satisfied that the adjustments made to the salaries as well as the performance-related bonuses granted to the Executive Director/CEO and KMP were reflective of their performance and contributions made by them taking into account the extent to which their KPIs were met.

Having reviewed and considered the variable components of the Executive Director/CEO and KMP (or executives of equivalent rank), which are not excessive, the RC is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years. There are no lengthy or onerous removal clauses in the employment contracts.

Currently, the Company does not have any long-term incentive scheme or schemes involving the offer of shares or grant of options or any other forms of deferred remuneration.

#### **Remuneration framework for Non-Executive Directors**

Non-Executive Directors have no service contracts (except for the letter of appointment) with the Company and their terms in office are specified in the Constitution. The remuneration packages of Non-Executive Directors consist of Directors' fees and attendance fees, which are computed based on a fees scale covering basic retainer fees as Director; additional fees for serving on any of the Board Committees; and attendance fees for participation in meetings of the Board and the Board Committees.

The RC takes into consideration factors such as the frequency of meetings, the time spent and responsibilities of Non-Executive Directors, as well as the need to stay competitive with industry practices when determining the appropriate level of Directors' fees.

The RC also considers the nature and responsibilities of the Chairman and members of the ARC who receive higher additional fees which are commensurate with their roles and responsibilities.

## CORPORATE GOVERNANCE CORPORATE GOVERNANCE REPORT

The framework for Non-Executive Directors' fees (on a per-annum basis unless otherwise indicated), which was last revised in FY2018, is as follows:

Roles	Members (per annum)	Chairman (per annum)
Board of Directors	\$50,000	Additional \$50,000
Audit and Risk Committee	\$20,000	Additional \$20,000
Other Committees	\$7,500	Additional \$7,500
Attendance Fee	\$1,000 per meeting	
Overseas Engagement Fee	\$2,000 per trip	
Special or <i>Ad hoc</i> Project(s)	Appropriate sum depending on complexity and time involved, as recommended by the Board after the completion of the projects and approved by Shareholders in a general meeting	

The remuneration framework for Non-Executive Directors was last reviewed in FY2018, using data obtained from a survey of such fees disclosed by comparable peers in property companies listed in Singapore in their annual reports. The Board concurs with the RC's proposal for Non-Executive Directors' fees for FY2021 which

are computed in accordance with the current framework. The RC and the Board will accordingly table the Non-Executive Directors' fees for FY2021 for Shareholders' approval at the 2022 AGM. The Chairman and Non-Executive Directors will abstain from voting in respect of the resolution. The RC and the Board were of the opinion that the current framework remains relevant.

The RC and the Board are collectively of the view that the remuneration for FY2021 is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company, and for KMP to successfully manage the Company for the long term.

### DISCLOSURE ON REMUNERATION

**Principle 8: Transparency on remuneration policies, procedure, level and mix, and relationship between remuneration, performance and value creation**

#### Provision 8.1 Remuneration report

Details on the remuneration of Directors and the KMP for FY2021 are reported below. During FY2021, there were no termination, retirement or post-employment benefits granted to any of them.

The remuneration of the Executive Director/CEO and Non-Executive Directors for FY2021 is set out in Table A below:

TABLE A

Name of Directors	Directors' Fees <sup>(1)</sup> \$	Salary <sup>(2)</sup> \$	Benefits <sup>(3)</sup> \$	Variable Bonus \$	Total \$
<b>Executive Director</b>					
William Nursalim alias William Liem <sup>(4)</sup>	–	1,045,440	48,026	740,520	1,833,986
<b>Non-Executive Directors</b>					
Albert Choo Teow Huat <sup>(5)</sup>	38,829	–	–	–	38,829
Richard Eu Yee Ming <sup>(6)</sup>	128,432	–	–	–	128,432
Michelle Liem Mei Fung	96,000	–	–	–	96,000
Cheng Hong Kok	79,500	–	–	–	79,500
Ooi Joon Hin <sup>(7)</sup>	63,932	–	–	–	63,932
<b>Total Directors' Remuneration</b>	<b>406,693</b> <b>(18%)</b>	<b>1,045,440</b> <b>(47%)</b>	<b>48,026</b> <b>(2%)</b>	<b>740,520</b> <b>(33%)</b>	<b>2,240,679</b> <b>(100%)</b>

#### Annotations:

- <sup>(1)</sup> If approved, the aggregate amount of Directors' fees of \$406,693 will be paid to the Non-Executive Directors upon approval by Shareholders at the forthcoming AGM.
- <sup>(2)</sup> Salary refers to basic salary (CPF contribution is not applicable).
- <sup>(3)</sup> Benefits refer to car and handphone benefits.
- <sup>(4)</sup> As an Executive Director, Mr William Nursalim alias William Liem does not receive Director's fees.
- <sup>(5)</sup> Mr Albert Choo Teow Huat retired at the conclusion of the Company's AGM on 23 April 2021. His Retainer Fees for Board and Committees are pro-rated to 113/365 days.
- <sup>(6)</sup> Mr Richard Eu Yee Ming was appointed as Board Chairman on 24 February 2021, NC Chairman and RC member on 7 May 2021. His Retainer Fees for Board and Committees are pro-rated to 311/365 days and 239/365 days respectively.
- <sup>(7)</sup> Mr Ooi Joon Hin was appointed as a Board director and Chairman of ARC on 7 May 2021. His Retainer Fee is pro-rated to 239/365 days.

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE REPORT

For FY2021, there was no change in the fee structure for Directors.

The total proposed Directors' Fees for FY2021 is \$406,693 which is 7.5% lower than FY2020 (FY2020: \$439,664) reflecting mainly the reduced number of Directors on the Board.

The range of gross remuneration of the top five management personnel including the KMP, excluding the Executive Director/CEO of the Group is set out in Table B below:

**TABLE B**

Name of Top 5 Management Personnel including KMP	Designation	Breakdown of Remuneration by Percentage (%)				Total Remuneration in Compensation Bands of \$250,000
		Salary <sup>(1)</sup>	Benefits <sup>(2)</sup>	Incentives <sup>(3)</sup>	Total	
Alexander Loh	Director, Group Human Resources	63%	1%	36%	100%	\$250,000 - \$499,999
Nick Ng	SVP, Business Development	72%	1%	27%	100%	\$250,000 - \$499,999
Patrick Tan	Head, Asset & Fund Management	63%	1%	36%	100%	\$500,000 - \$749,999
Peggy Wong	General Counsel	67%	1%	32%	100%	\$500,000 - \$749,999
Tan Choong Kiak	Group Chief Financial Officer	60%	1%	39%	100%	\$500,000 - \$749,999
<b>Total Remuneration of Top 5 Management Personnel including the KMP</b>		<b>1,708,843</b> <b>64%</b>	<b>11,820</b> <b>1%</b>	<b>912,319</b> <b>35%</b>	<b>2,632,782</b> <b>100%</b>	

**Annotations:**

<sup>(1)</sup> Salary refers to basic salary, allowance and employer's provident fund or equivalent contribution thereof.

<sup>(2)</sup> Benefits refer to handphone benefits.

<sup>(3)</sup> Bonus refers to variable bonus and employer's provident fund or equivalent contribution thereof.

<sup>(4)</sup> The KMP of the Company are the CEO, the CFO and the General Counsel. The CEO's compensation is disclosed in Table A above.

The aggregate remuneration paid to the above top five management personnel including the KMP (excluding the Executive Director/CEO of the Group) for FY2021 was \$2,632,782.

### Provision 8.2

#### **Employee who is a Substantial Shareholder or is an immediate family member of a Director, CEO or Substantial Shareholder**

Except for the Executive Director/CEO, Mr William Nursalim alias William Liem, whose remuneration is disclosed in Table A above, there is no other employee who is a substantial shareholder or is an immediate family member of a Director, the CEO or a substantial shareholder of the Company whose remuneration exceeds \$100,000 for FY2021.

### Provision 8.3

#### **Details of all forms of remuneration and other payments and benefits paid to Directors and KMP**

Please refer to Table A and Table B above on the breakdown of remuneration and other payments and benefits paid to the Directors and KMP.

The information on the link between remuneration paid to the Executive Director/CEO and KMP and their performance is set out under Principle 7 above.

The Company has no employee share/stock options scheme or long-term incentive scheme.

## III. ACCOUNTABILITY AND AUDIT

The Board and the ARC are responsible for the governance of risks, and ensure that the Company maintains a sound system of risk management and internal controls over financial reporting, operational risks and compliance risks (including information technology controls and risk management systems), to safeguard the interests of the Company and its Shareholders. All areas of weaknesses identified in internal audit reports are properly dealt with in a timely manner.

During FY2021, the half-year and full-year results of the Group were announced within the prescribed timeline after the end of each period.

### RISK MANAGEMENT & INTERNAL CONTROLS

#### **Principle 9: Board's governance of Risk Management System and Internal Controls**

In October 2014, the Audit Committee was renamed as Audit and Risk Committee. The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the Internal Auditors. Having considered the Company's business and operations as well as its existing internal control and risk management systems, the Board is of the view that a separate Risk Committee is not required for the time being.

**Provision 9.1**

**Significant risks, objectives and value creation**

The ARC reviews the Group's risk management framework and key risk categories on an annual basis to ensure that the activities of the business remain within the Group's risk appetite.

During FY2021 and as in the previous years, the ARC assisted the Board in the identification of risks and oversight of the Group's risk profile and policies, adequacy and effectiveness of the Group's risk management systems and internal controls. The ARC reported to the Board on risks facing the Group; suggested level of risk tolerance for the Company to achieve its strategic objectives and value creation; and its review of updated risk policies.

A detailed Group Risks Management Report is prepared by Management and reviewed by the ARC and recommended to the Board for approval each year. For FY2021, the Report identified twenty-eight risks and ways to manage them. The Board has since endorsed the Group Risks Management Report for FY2021. A summary of the contents may be referred to under "Business Dynamics and Risk Factors Statement" section of this Annual Report.

The Group's risks management process is based on the Group's Enterprise Risks Management framework, which is in turn designed to be in line with ISO 31000 – "Risk Management Principles and Guidelines" and the recommended practice under "Risk Governance Guidance for Listed Boards" issued by the Corporate Governance Council in 2012.

The framework takes into account changes in the business and operation environments as well as evolving corporate governance requirements. The framework outlines the principles, process, tools, risk categories and types, key responsibilities, reporting requirements and communication timelines within the Group, and intends to provide reasonable assurance that the Group's objectives can be achieved and that its obligations to stakeholders - customers, shareholders, employees and community can be met.

Risks that affect the achievement of the business objectives and financial performance of the Group over a short-to-medium term are summarised in the Group Risks Register by each business unit. The identified risks have been grouped in two dimensions: one based on the risk exposure and appetite, and the other based on the likelihood of happening. From there, a "Risk Matrix Table" is then charted to aid the Board's deliberation. The Group's risks have also been classified into four main categories, namely, Business & Strategy Risks, Financial Risks, Operational Risks and Compliance Risks including information technology controls and risk management systems.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The risk management system has become an essential part of the Group's business planning and monitoring process. On an annual basis, Management submits to ARC and the Board the "Group Risks Management Report" detailing the Group's risk profile, evaluating their potential impact and proposing countermeasures to mitigate or to transfer identified risks so as to bring them to an acceptable level.

The ARC also reviews reports submitted by the Internal Auditors on pre-selected areas of the operations of the Group. The selection process follows a cycle of a few years so that all key operations/units of the Group will be subjected to an internal audit by cycle.

In order to mitigate the risk of fraud, corruption and misconduct by employees, the Group has implemented various corporate governance policies and practices such as Employees' Code of Conduct and Practices, Dealing in Securities, Interested Person Transactions Policy and Procedure, and Whistle-blowing Policy, all of which are set out in the "Other Corporate Governance Matters" section of this Annual Report. In addition, the following policies have been developed and put in place:

i. Information Security Policy

This policy provides guidelines to employees on the proper use of the Company's information systems and to ensure that the confidentiality of proprietary information is protected. It also supports the Company's business objectives of ensuring that the security, integrity and availability of information technology systems are balanced against the need for staff to access systems and services that are necessary for their job, within the limits imposed by this policy.

ii. Personal Data Protection Policy

This policy aims to ensure that employees are aware of the legal obligations of the Company under the Personal Data Protection Act 2012, Singapore, or similar legislation in countries which the Group operates so as to protect the security and confidentiality of third-party data obtained during its operations.

iii. Anti-bribery and Anti-corruption Policy

This policy sets out guidelines to ensure that the Company and its Directors, officers, employees and agents conduct their activities in an honest and ethical manner, and that they comply with the applicable anti-bribery or anti-corruption laws and regulatory requirements in the various jurisdictions in which the Company operates.

iv. Sustainability Policy

This policy codifies the Company's commitment to reducing the impact of our business operations on the environment by ensuring that sustainability and ecological awareness are incorporated into our business practices, processes and operations.

## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

In accordance with the SGX-ST Listing Rules 711A and 711B, the Board has reviewed the Company's Sustainability Report and approved its inclusion in the Annual Report. For more details, please refer to pages 39 to 56 of this Annual Report.

As part of the Group's continuous efforts to ensure that its risk management systems and internal controls are adequate and effective, the Company is not only working towards strengthening the existing policies by conducting regular reviews to ensure that they remain relevant, but is also implementing new ones where necessary so as to meet challenges brought on by a changing business environment.

### **Provision 9.2**

#### **Assurance from CEO, CFO and other responsible KMP**

The CEO and the CFO have provided assurances to the Board that the financial records have been properly maintained and that the financial statements give a true and fair view of the Company and the Group's operations and finances for the year ended 31 December 2021.

The Company has adopted an internal annual compliance checklist on internal controls and risk management systems of the Group ("**Compliance Checklist**") which is completed and confirmed by the relevant HOD within the Group each year. The Compliance Checklist assists the Company in monitoring the compliance of the Group's internal controls (including regulatory compliance, financial, operational and information technology controls) and risk management systems.

Based on the Compliance Checklists that were confirmed and signed off by the relevant HOD within the Group, the CEO and the relevant HOD have provided assurances that the Company's risk management and internal control systems were adequate and effective as at 31 December 2021.

#### **Board's commentary, with the concurrence of the ARC, on the adequacy and effectiveness of internal controls and risk management systems**

Based on internal controls established and maintained by the Group, work performed by the Company's internal auditors ("**Internal Auditors**") and external auditors ("**External Auditors**"), reviews performed by Management, and written representations by the CEO and the CFO and various Board Committees, the Board, with the concurrence of the ARC, is of the opinion that the Group's risk management and internal control framework and systems were adequate and effective as at 31 December 2021 to address financial, operational and compliance risks including information technology controls and risk management systems, which the Group considers relevant and material to its operations.

## AUDIT AND RISK COMMITTEE

### **Principle 10: Establishment of Audit & Risk Committee which discharges its duties objectively**

#### **Provisions 10.1, 10.2 and 10.3**

#### **Composition, roles and expertise of the ARC**

As at 31 December 2021, the ARC comprises the following Directors, all of whom are non-executive and the majority, including its Chairman, are independent:

- Mr Ooi Joon Hin, Chairman  
(Non-Executive and Independent)
- Mr Richard Eu Yee Ming  
(Non-Executive and Independent)
- Ms Michelle Liem Mei Fung  
(Non-Executive and Non-Independent)

The ARC members collectively bring with them accounting, financial management and legal expertise and experience. The Board, after considering the advice from the NC, believes that members of the ARC are appropriately qualified to discharge the ARC's responsibilities as defined under its terms of reference, which have been approved by the Board.

At least two members of the ARC (including the ARC Chairman) have recent and relevant accounting or related financial management expertise or experience.

The ARC Chairman, Mr Ooi Joon Hin, is an accountant by training and has over 25 years of experience in financial management experience throughout his professional career. Mr Ooi is currently a Managing Director and Co-founder of Millenia Investment Management Pte Ltd, a registered fund management company in Singapore. He was previously with Ivory Capital Group and Lehman Brothers' Investment Banking Division and had served in Lehman Brothers' New York, Hong Kong and Singapore offices.

Mr Richard Eu Yee Ming brings with him extensive corporate expertise and knowledge, having served as Group CEO of Eu Yan Sang International for 29 years, and where he remains as Non-Executive Chairman. With various corporate leadership positions in several other organisations under his belt, Mr Eu has a wide range of experience across a variety of roles that includes corporate finance.

A successful accomplished businesswoman, Ms Michelle Liem Mei Fung is the managing director of Nuri Holdings (S) Pte Ltd, the Company's controlling shareholder. She has extensive and diverse experience in the investment, property, manufacturing, retail, and trading sectors. Ms Liem possesses wide-ranging expertise in economics, business, finance and management. Ms Liem also possesses a unique blend of private and public service experience, in her capacity as a business leader, honorary consul and community leader.

For FY2021, no former partner or Director of the Company's incumbent auditing firm or its member firms was a member of the ARC.

During FY2021, the ARC met four times, of which three were scheduled meetings and one was ad hoc. The KMP attended all the four meetings. The Internal Auditors and the External Auditors attended two and three scheduled meetings respectively.

## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

The ARC is kept abreast by Management as well as the Company's External Auditors and Internal Auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

### **Duties of the ARC**

The roles and responsibilities of the ARC as defined under its terms of reference are summarised below:

- i. Reviewing the adequacy and effectiveness of the internal controls over financial, operational, compliance, information technology, and risk management policies and systems established by Management;
- ii. Reviewing the assurance from the CEO and the CFO on the Group's financial records and financial statements;
- iii. Monitoring compliance with the laws and regulations, the SGX-ST Listing Manual and the Code;
- iv. Reviewing the principal business risks and assessing the appropriateness of the mechanisms in place to identify, preventing and minimising these business risks;
- v. Reviewing the relevance and consistency of the accounting standards used by the Group, significant financial reporting issues and judgements;
- vi. Reviewing the monthly management reports as well as the half-year and full-year financial statements, assessing and challenging where necessary, their correctness, completeness, integrity and consistency before submission to the Board or made public;
- vii. Meeting with Management and External Auditors to review the financial statements, the process and the results of the audit and other sections of the annual report including disclosure on corporate governance practices before its release;
- viii. Reviewing and recommending for the Board's approval, IPTs as defined under Chapter 9 of the SGX-ST Listing Manual and those that require the ARC's approval as specified in the general mandate approved by Shareholders ("**IPT Mandate**");
- ix. Reviewing the Internal Auditors' program with regard to the complementary roles of the internal and external audit functions; ensuring that there are no unjustified restrictions or limitations to the Internal Auditors' work scope; reviewing the Internal Auditors' reports and ensuring timely response by Management;
- x. Reviewing and recommending to the Board for approval the Whistle-blowing Policy, by which employees of the Company and/or external parties may, in confidence, raise concerns about suspected improprieties including financial irregularities;
- xi. Reviewing the audit representation letters to be issued by the Company before consideration by the Board; reviewing the contents of the External Auditors' management letters, monitoring the responsiveness of Management to the recommendations made, and ensuring that the External Auditors have direct and unrestricted access to officers of the Company and the Chairman of the ARC;

- xii. Reviewing audit fees, the terms of the audit, the nature and extent of non-audit services provided by the External Auditors, and making recommendations to the Board on the proposals to Shareholders on the appointment, re-appointment or removal of the External Auditors; and
- xiii. Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit functions.

An ARC Report is submitted to the Board at the end of each financial year, and minutes of the ARC meetings are routinely tabled at Board meetings to keep the Board apprised.

### **Activities of the ARC**

In FY2021 and as in past years, the ARC met with the Internal and External Auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the Auditors. Where relevant, the ARC makes reference to best practices and guidance in the Guidebook for Audit Committee in Singapore; practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority ("**ACRA**"); as well as guidance provided by the Singapore Exchange Regulations ("**SGX RegCo**") via its Regulator's Column and news/notices.

In FY2021, with the guidance provided by the External Auditors and the assistance given by Management, the ARC had reviewed the financial statements to ensure that any significant coronavirus (COVID-19) pandemic impacts were accounted for and treated in compliance to the Singapore Financial Reporting Standards (International) and guidance issued by the accountancy body (i.e. Financial Reporting Bulletin issued by the Institute of Singapore Chartered Accounts ("**ISCA**")).

Minutes of the ARC meetings are also routinely tabled at Board meetings for the Directors' information. When considering the IPTs, Directors who are interested in the transactions recused themselves from the deliberation and approval process in both the ARC and the Board meetings.

The ARC reviewed the External Auditor's audit plan for FY2021 and agrees with the Auditor's proposed significant areas of focus that impact the financial statements. In the ARC's review of financial statements of the Group for FY2021, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements, and also considered the clarity of key disclosures in the financial statements. The ARC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the External Auditors for FY2021:

- (1) Revenue recognition of development properties in Singapore;
- (2) Valuation of development properties; and
- (3) Valuation of investment properties, and hotel, owner-managed and owner-occupied properties

("Key Audit Matters")

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE REPORT

### Audit & Risk Committee's commentary on Key Audit Matters

The ARC discussed the Key Audit Matters for FY2021 with Management and the External Auditors, Deloitte & Touche LLP ("Deloitte"). The ARC concurred with the basis and conclusions included in the Auditors' report with respect to the Key Audit Matters for FY2021. For more information on the Key Audit Matters, please refer to pages 85 to 86 of this Annual Report.

Following the review, the ARC is satisfied that all the aforesaid Key Audit Matters have been properly dealt with and recommended the Board to approve the financial statements. The Board has on 24 March 2022 approved the Audited Financial Statements.

During periodic meetings, Management reported and discussed with the ARC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. The Directors are regularly invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

In FY2021, the External Auditors briefed the ARC on (i) significant new financial reporting standards impacting the Group; (ii) Interest Rate Benchmark Reform; (iii) SORA transition milestones and key challenges and considerations; and (iv) Revisions to SGX's Listing Rules in respect of auditors, valuers, valuation reports and interim reporting, and climate and diversity.

### Whistle-blowing policy

The Group has in place a "Whistle-blowing Policy" ("Policy") so as to provide a formal avenue for employees and external parties to raise concerns. The Policy offers reassurance that they will be protected from reprisals or victimisation for whistleblowing in good faith.

A copy of the Policy has been posted on the Company's Human Resource Intranet and official website encouraging the report of any behaviour or actions that anyone reasonably believes might be suspicious, against any rules/regulations/ accounting standards as well as internal policies. In addition, a Chinese translation of the said policy has been disseminated to the Group's employees in China. A summary of the Policy is presented in the "Other Corporate Governance Matters" section of this Annual Report.

The Policy details the mechanism for which submission of issues or concerns could be made and the means of communication including a dedicated email address, [whistle-blowing@tuansing.com](mailto:whistle-blowing@tuansing.com) and the two committees handling the submissions, namely, the Whistle-blowing Committee and the ARC. The Company treats all information received confidentially and protects the identity and the interests of all whistle-blowers. Anonymous reporting will also be attended to, and anonymity honoured.

All newly recruited employees are briefed on the existence of the Policy, and a reminder is sent to all employees annually in the form of an Annual Declaration by employees requiring them to disclose any instances of conflicts of interest or raising any issues or concerns of possible irregularities of the Company or the Group's affairs. A "nil" return is required even if there is nothing to declare.

It has also been a routine item in the agenda of the periodic ARC meetings to review any entries in the register of whistle-blowing incidents, and progress of investigation, if it remains outstanding. The Policy and its accompanying procedures are periodically reviewed, updated and approved by the ARC to ensure its relevance.

The ARC has explicit authority to investigate any matter including whistle-blowing within its terms of reference. All whistle-blower complaints were reviewed by the ARC to ensure independent and thorough investigation and adequate follow-up. The Company has maintained a whistle-blowing register to record all the whistle-blowing incidents. The contents, including "nil" returns in the register, are reviewed by the ARC during its periodic meetings.

### Evaluation of External Auditors

During FY2021 and as in past years, the ARC reviewed the "Professional Services Planning Memorandum" prepared by Deloitte, the independent Auditors, discussed about the terms of engagement, materiality in auditing, significant risks assessment, areas of audit focus, internal control plans and audit quality indicators, before the commencement of their audit work.

In respect of the audit quality indicators, the ARC reviews, in particular, the following areas: audit hours spent, experience of the team, adequacy of training received by the team, results of internal and external inspection of their work, compliance with independence requirement, quality control, staff oversight, and staff attrition rate.

The ARC undertook a review of the independence and objectivity of the External Auditors, their approach of the audit work, their proposed audit fees as well as the non-audit fees awarded to them.

The ARC reviewed and concurred with the nature of non-audit work performed and fees charged by Deloitte and its member firms. A breakdown of the fees paid or payable to Deloitte and its member firms are analysed in the table below (excluding fees paid or payable by the Group's associates and joint ventures):

	FY2021		FY2020	
	S\$	% of Total Fees	S\$	% of Total Fees
Audit fees to Deloitte Singapore	470,000	42	433,000	39
Audit fees to Deloitte member firms outside Singapore	294,000	26	276,000	25
Total Audit Fees	764,000	68	709,000	64
Total Non-Audit Fees (both Singapore and member firms)	353,000	32	404,000	36
<b>Total Fees</b>	<b>1,117,000</b>	<b>100</b>	<b>1,113,000</b>	<b>100</b>

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE REPORT

On the recommendation of the ARC, the Board approved the re-appointment of Deloitte as the independent Auditors of the Group at the forthcoming AGM for Shareholders' approval. During FY2021, the Group's associates and joint ventures also engaged Deloitte and its member firms for the audit work. In view of the aforesaid, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the Company's appointment of auditing firms.

The ARC has full access to, and has the full co-operation of Management and staff. It also has full discretion to invite any Director or any member of Management to attend its meetings.

### **Provision 10.4**

#### **Internal Auditors, reporting line, compliance and function**

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the internal audit. The primary reporting line of the internal audit function, which has been outsourced to PricewaterhouseCoopers Risk Services Pte. Ltd. ("**PwC**"), is to the ARC, which also decides on the appointment, termination and remuneration of the Internal Auditor. The Internal Auditor has unrestricted access to all the Company's documents, records, properties and personnel, including the ARC, and has appropriate standing within the Company. PwC is guided by the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors.

Upon the recommendation by ARC, the Board approved the re-engagement of PwC as the Internal Auditor of the Group in the ensuing year. In FY2021 and as in the past years, the ARC assessed the adequacy of the internal audit function through reviewing of PwC's audit plan submitted at the beginning of the year and the quality of its reports during the year.

The Company's internal audit function is independent of the external audit. PwC is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The Group's engagement with PwC stipulates that its work shall comply with the PricewaterhouseCoopers Global Internal Audit Services Methodology, which is aligned to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan which entails the review of selected functions or business units of the Group is developed and agreed by the ARC. The audit plan has been devised in such a way that all major functions or business units are audited within an internal-audit cycle. The ARC directs the Internal Auditor, as and when deemed necessary and important, to focus on certain aspects of an audit to be conducted as well as to audit any operational/business aspects.

In FY2021, the Internal Auditors audited, inter alia, (i) cash management, procurement, payables and payments, tenancy and rental management in respect of selected investment property; and (ii) project management and procurement, payables and payments of construction business.

Having reviewed the FY2021 audit plan and concluding audit report of PwC, the ARC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group for FY2021.

#### **ARC's commentary on the independence, adequacy and effectiveness of the internal audit function**

For FY2021, the ARC reviewed the adequacy of the internal audit function to ensure that the internal audits were conducted effectively, and that Management provided the necessary co-operation to enable PwC to perform its function. After having reviewed the PwC reports and remedial actions implemented by Management, the ARC was satisfied that the internal audit functions were independent, effective and adequately resourced.

### **Provision 10.5**

#### **Independent meeting with External and Internal Auditors**

During FY2021, the Company's External Auditors and Internal Auditors were invited to attend the ARC meetings. They also met separately with the ARC without the presence of Management.

## **IV. SHAREHOLDER RIGHTS AND ENGAGEMENT**

The Company believes in treating all Shareholders fairly and equitably by recognising, protecting and facilitating the exercise of Shareholders' rights. As such, it reviews and updates relevant arrangements regularly and embraces effective and fair communication with its Shareholders. It also encourages Shareholders to raise questions and to participate in discussions at general meetings.

### **SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS**

**Principle 11: Fair and equitable treatment of shareholders, enabling them to exercise shareholder rights and communicate their views. Providing shareholders with balanced and understandable assessment of the Company's performance, position and prospects**

#### **Provision 11.1**

##### **Providing opportunity for Shareholders to participate and vote at general meetings**

Shareholders are entitled to attend the general meetings and are given opportunities to participate effectively in, and vote at, the general meetings of the Company.

Shareholders are informed of annual general meetings at least twenty-one days in advance through reports/circulars/letters or notices published in the newspapers, Company announcements via SGXNet and the Company's website. General meetings are usually held at venues within the central business district and which are easily accessible by Shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll, through which procedures are clearly explained by the scrutineers at the beginning of the voting in such general meetings.

An AGM presentation on the performance, position and prospects of the Group are given to Shareholders at the start of the AGM. In addition, a presentation deck accompanies each financial results announcement to give Shareholders and investors a better understanding of the Group's performance. The presentation documents are also announced via SGXNet and available on the Company's corporate website.

## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

In an attempt to facilitate Shareholders' effective participation at AGMs, the Company has done the followings:

- i. posted under the "Investor Centre" section of the Company's website, two documents prepared by SGX, titled "An Investor's Guide to Preparing for Annual General Meetings" and "An Investor's Guide to Reading Annual Reports" (in English and Chinese) so as to assist Shareholders in gaining a more comprehensive understanding of the annual reports read and framing pertinent questions at the AGMs; and
- ii. ensured that Shareholders are given notice of AGMs twenty-one days in advance.

Pursuant to the provisions in the Company's Constitution, Shareholders who are not "relevant intermediaries" may appoint up to two proxies to attend, speak, and vote on his/her behalf at general meetings. Shareholders who are "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board ("CPF"), are allowed to appoint more than two proxies. This is to facilitate the participation of indirect Shareholders, including CPF investors, in general meetings. Such indirect Shareholders where so appointed as proxies will have the same rights as direct Shareholders to attend, speak and vote at general meetings.

In order to have a valid registration of a proxy, an instrument appointing a proxy must be deposited at a place or places specified in the notice convening the general meetings at least 72 hours before the time appointed for the general meeting.

The Company has been using electronic poll voting for a number of years so as to promote greater transparency in the voting process. Such process includes:

- Registering electronically Shareholders and proxies attending the meeting, and issuing an electronic token to each of them.
- Reviewing the robustness of the system by an appointed scrutineer who is an independent external party prior to the commencement of the meeting.
- Verifying proxies and poll voting information by the appointed scrutineer, ensuring that the polling process is properly carried out.
- Giving instructions on the use of the electronic token for polling.
- Putting each and every resolution to electronic polling.
- Flashing the results of the voting on the screen including the number and the percentage of votes cast for and against.
- Releasing voting results via SGXNet on the same day after the conclusion of the meeting.

In FY2021, due to the unprecedented pandemic crisis and in line with the initiatives implemented by the regulatory bodies (i.e. the Joint Guidance issued by the ACRA, the Monetary Authority of Singapore and the SGX RegCo) the Company successfully conducted a virtual AGM via a "live" webcast for the second time.

The virtual AGM was conducted on 23 April 2021 in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Ministry of Law (the "Meeting Order"). The "live" webcast AGM was made available to participating Shareholders who had registered and were assigned a unique link to access the audio and visual streaming.

At the start of the virtual AGM, the CFO gave a presentation on the Group's financial performance for FY2021. This was followed by the Executive Director/CEO's presentation on the Group's businesses. The presentation session ended with a Question & Answer section on replies to address certain substantial questions received from Shareholders before the AGM in accordance with the prescribed guidelines.

The AGM presentation slides together with the results of the poll votes on each resolution tabled at the AGM (including the total number of votes cast for or against each resolution) were announced after the said meeting via SGXNet.

### **Provision 11.2** **Separate resolutions at general meetings**

The Board ensures that separate resolutions are proposed for approval on each issue at general meetings. There is no bundling of the resolutions as they are not interdependent nor linked to each other. Detailed explanatory notes on each item of the agenda are also provided to the Notice of AGM in the Annual Report.

### **Provision 11.3** **Attendees at general meetings**

In FY2021, due to the COVID-19 safe distancing restrictions continued being imposed by the authorities and the evolving COVID-19 situation, only the Directors and KMP attended the virtual AGM in person. The External Auditors participated by virtual means by accessing the assigned link to the "live" webcast.

The Company had allowed a period of 7 calendar days for Shareholders to submit questions in advance of the AGM held on 23 April 2021 via various means including submission by post, via dedicated email address and via AGM pre-registration website. For the upcoming AGM to be held in April 2022, the Company will continue to allow such avenues to its Shareholders. In addition, the Company will be publishing its responses for AGM's questions no later than 72 hours before the proxy cut-off to enable Shareholders to make sound voting decisions.

### **Provision 11.4** **Absentia voting at general meetings**

Provision has been made under Article 76 of the Constitution, allowing for Shareholders to vote in absentia. Examples of absentia voting are voting via mail, electronic mail or facsimile at the general meetings. For purpose of the virtual AGM held in 2021 and for AGM to be held in 2022, Shareholders were allowed to send in their votes by mailing the proxy form to the Company's registered office or via electronic mail. Such Shareholders could only appoint the Chairman of the meeting as their proxy to vote on their behalf in accordance with the prescribed guidelines.

#### **Provision 11.5**

##### **Minutes of general meetings**

The Company prepares minutes of general meetings with details of the proceedings, questions raised by Shareholders, and answers given by the Board and Management and the voting results of each resolution. Minutes of the AGM are published via the Company's website.

Following the virtual AGM held in 2021, the minutes of AGM were announced via SGXNet and posted on the Company's website within the prescribed timeframe (i.e. within one month of the AGM).

#### **Provision 11.6**

##### **Dividend Policy**

The Company has established a dividend policy which attempts to balance on one hand, the need to conserve cash for working capital and investment for the future, and on the other hand, Shareholders' desire to receive dividends arising from their investments in the Company. The dividend policy is presented in the "Other Corporate Governance Matters" section of this Annual Report.

## **ENGAGEMENT WITH SHAREHOLDERS**

### **Principle 12: Regular communication with shareholders and facilitation of shareholders' participation at general meetings**

#### **Provisions 12.1, 12.2 and 12.3**

##### **Communication with Shareholders**

The Company has an investor relations section in its corporate website: [www.tuansing.com](http://www.tuansing.com) under "Investor Centre". The "Investor Centre" contains information on the Company's announcements and publications. There is also a "Stock Information" page which provides up to date information of the Company's current and historical share prices. Shareholders can also access the FAQs posted at "Investor Centre" for frequently asked information about the Company.

Since November 2015, an Investor Relations Policy ("IR Policy") has been established, setting out the principles to provide Shareholders and prospective investors with information necessary to make well-informed investment decisions. This IR Policy is published on the Company's website at [www.tuansing.com](http://www.tuansing.com) at the "Investor Centre" section.

The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. The Company's announcements are as descriptive, detailed and forthcoming as possible. Hence, the Company's results announcements contain much useful information and analysis. In addition, press releases and presentation slides are provided and posted in the Company's website.

An investor relations contact has been provided at "Investor Centre" which stakeholders can use to voice their concerns or feedbacks. In the event that Shareholders or investors make any enquiries to the Company, Management endeavours to respond within two working days.

The Company's investor relations function is led by its General Counsel and the function is primarily outsourced to August Consulting, a public relations consulting firm. They work closely with the CEO/Executive Director and other senior management to address investor relations enquiries and related activities.

##### **Avenues of communication**

The Company communicates with Shareholders and the investment community on a non-selective basis through timely release of announcements to the public via SGXNet and the Company's corporate website. Should an inadvertent disclosure be made to a selected group, the Company will make the same disclosure publicly as soon as is practicable. The Company's website also allows the public to have access to its past years' announcements.

The Company believes in providing forthcoming disclosures, if deemed beneficial to its Shareholders and the general public. In this respect, the Company has been disclosing the Company's broad strategy, business developments and financial performance through appropriate media. For developments that could have a material impact on the share price, the information is despatched as soon as it is available. The Company has been utilising news releases, annual reports, Shareholder circulars, Shareholders' meetings, announcements through SGXNet, webcasts and the Company's website for the purpose of communication.

The planned dates of release of financial results were disclosed twelve months ahead in the annual report of the preceding year. Such dates were confirmed approximately two weeks prior to the actual dates of announcement via SGXNet. Following the lifting of quarterly financial reporting by the SGX-ST, the Company has adopted half-yearly reporting for FY2021.

For FY2021, the financial results were announced within the prescribed timeline. The financial results for the half year ended 30 June 2021 were announced on 6 August 2021. The full-year results were released on 25 February 2022. Each results announcement was accompanied by a press release and a PowerPoint presentation. The 2021 Annual Report will be distributed to Shareholders twenty-one days before the AGM scheduled to be held on 28 April 2022.

General meetings have been and are still the principal forum for dialogue with Shareholders. At AGMs, Shareholders are given a PowerPoint presentation by the CEO and the CFO on the Group's past performance and outlook. Shareholders are invited to raise questions, express any concerns or give suggestions at the AGM. Before the voting of each resolution, Shareholders are also given opportunities to raise queries.

In view of the COVID-19 situation, the Board has decided to conduct its forthcoming 2022 AGM by "live" webcast in accordance with the Meeting Order announced by the authorities on 6 April 2021 and extended beyond 30 June 2021. For purpose of the "live" webcast AGM, Shareholders are invited to send in their queries before the closing date as set out in the Company's SGXNet announcement of 5 April 2021 (accompanying the release of the Notice of AGM) on the alternative arrangements relating to the 2022 AGM.

Other communication platforms are used to solicit and understand the views of investors and Shareholders. These include analysts and fund managers' briefings, roadshows and investor conferences attended by Management.

To enhance the process of soliciting inputs from Shareholders and members of the investment community, a "Get In Touch" link and "Feedback and Queries" template are made available at "Investor Centre" for Shareholders to communicate with the Company. The Company also attends to Shareholders' queries made via telephone and email with the contact details listed on the corporate website.

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE REPORT

### V. MANAGING STAKEHOLDER RELATIONSHIPS

The Board believes in adopting an inclusive approach by considering and balancing the needs and interests of material stakeholders as part of its overall responsibility to ensure that the best interests of the Company are served.

#### ENGAGEMENT WITH STAKEHOLDERS

**Principle 13: Managing stakeholder relationships, balancing the needs and interests of material stakeholders for the Company's best interests**

##### *Provisions 13.1, 13.2 and 13.3*

Managing stakeholder relationships

The Company has appropriate channels in place to identify and engage with its material stakeholder groups. It recognises the importance of having intimate knowledge of its business and regular interactions with its stakeholders to determine material issues for its business.

The Company's approach to stakeholder engagement and materiality assessment can be found under the "Sustainability Report" section of this Annual Report. The Sustainability Report is also available on the Company's corporate website which serves as a useful platform to communicate and engage with all stakeholders.

#### OTHER CORPORATE GOVERNANCE MATTERS

To maintain a high standard of corporate governance, the Company has in place various policies and practices to be observed by its Directors and employees.

#### INTERESTED PERSON TRANSACTIONS

*Listing Manual Rule 907*

The Company has obtained a Shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual ("**IPT Mandate**") at an extraordinary general meeting held on 24 April 2019. Interested Person Transactions ("**IPTs**") are executed on fair terms and at arm's length regardless of their nature and size. When a potential conflict of interest arises, the Director concerned neither takes part in the discussions nor exercises any influence over other members of the Board. The Board last revised the IPT policy and procedures in 2019. A Review Committee has been tasked by the Board to assist the ARC in reviewing and approving IPTs exceeding \$100,000 but below 3% of the Group's latest audited net tangible assets. For clarity, a separate register of IPTs carried out pursuant to the IPT Mandate is maintained for such purpose. Minutes of the Review Committee meetings are also circulated to the ARC and Board for their information.

For IPTs outside the ambit of the IPT Mandate, a list of IPTs including those less than \$100,000 and their aggregate is submitted quarterly/half-yearly to the ARC for its review. For any IPT exceeding \$100,000, the ARC's recommendation and the Board's approval must be sought before it is entered into. Where an IPT or its aggregate reached 3% of the Group's latest audited net tangible assets, an immediate announcement is made after the Board's approval. Where an IPT or its aggregate reached 5% of the Group's latest audited net tangible assets, Shareholders' approval will be sought through a general meeting, while the interested Shareholder (and any associate) will abstain from voting. In FY2021, the aforesaid 3% and 5% thresholds were about \$34.7 million and \$57.9 million respectively based on the Company's audited consolidated balance sheet as at 31 December 2020.

Details of IPTs for FY2021 and FY2020 are presented in the "SGX-ST Listing Manual Requirements" section of this Annual Report.

#### DEALINGS IN SECURITIES

*Listing Manual Rule 1207(19)*

The Company has a formal insider trading policy whereby all Directors and employees of the Group are prohibited from dealing in the securities of the Company and its listed subsidiary (i.e. SP Corporation Limited) (collectively the "**listed entities**") while in possession of price-sensitive information and during the period commencing one month before the announcement of the listed entities' full-year results, and two weeks before the announcement of the first three quarters financial results till the day of such announcements. In line with the discontinuation of quarterly reporting, a window closing period of one month before the Company's half-year and full-year financial result announcements applies. This policy discourages all Directors and employees of the Group from dealing in the listed entities' securities for short-term considerations and reminds them of their obligations under insider trading laws.

#### CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of maintaining a high level of integrity and professionalism by its Directors and officers in the conduct of the Group's business. Hence, the Company's code of conduct and practices is entailed in the Employees' Handbook. The Handbook is stored electronically in the Company's Intranet and is introduced to all new employees during their induction.

This code enumerates, at the employee level, the standard of acceptable and unacceptable behaviour as well as issues of workplace harassment. On the business front, the code addresses the standard of business behaviour pertaining to the offering and receiving of business courtesies as well as issues of conflicts of interest.

The code of conduct has been strengthened since 2016 with the implementation of the Information Security Policy, Personal Data Protection Policy as well as the Anti-bribery and Anti-corruption Policy.

#### WHISTLE-BLOWING POLICY

The Company is committed to a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements and any legislation relating thereto. In line with this commitment, the Whistle-blowing Policy aims to provide an avenue for employees and external parties to raise concerns and offer assurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

While the Whistle-blowing Policy is meant to protect genuine whistle-blowers from any unfair treatment as a result of their report, it strictly prohibits frivolous and bogus complaints. The policy is also not a route for taking up personal grievances.

There may be circumstances where there is insufficient evidence for the Whistle-blowing Committee ("**WBC**") to proceed with the investigation, particularly in situations of anonymous reporting or in cases where the reliability and/or credibility of the reported concern is questionable.

A mechanism for the submission of issues/concerns has been established. This includes a dedicated email address allowing whistle-blowers to contact the WBC and the ARC Chairman directly, and in confidence so that his/her identity will be protected from reprisals within the limits of the law. The Whistle-blowing Policy also requires that the identity of the whistle-blower is kept confidential at all times. Where the whistle-blower has disclosed his/her identity, such disclosure and/or the issues submitted by the whistle-blower will be kept confidential and within the knowledge of the WBC and/ or the ARC only (as the case maybe). In addition, there may be exceptional circumstances where the identity of the whistle-blower(s) or the issues raised could/ would not be kept confidential and will need to be disclosed. In such circumstances, the WBC and/ or ARC will endeavour to discuss the need for such disclosures with the whistle-blower(s) first, if it is appropriate to do so. More information on the Whistle-Blowing Policy may be found on the Company's website at the following URL: <https://www.tuansing.com/whistle-blowing-policy/>.

Assisted by the WBC, the ARC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action and reports to the Board accordingly. Should the ARC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to appropriate external professional advice. Where appropriate or required, a report will be made to the relevant governmental authorities for further investigation.

#### ➤ **Whistle-blowing Committee**

The WBC consists of:

- CEO;
- CFO;
- General Counsel; and
- Director, Group Human Resources

The Board believes that the earlier an issue/concern is raised, the easier it would be for the Group to take the necessary action as appropriate.

During FY2021, there was no incident reported to the WBC.

#### **DIVIDEND POLICY**

The Company's priority is to achieve long-term capital growth for the benefit of Shareholders. Most of its profits, when made, shall therefore be retained for investment into the future.

Tuan Sing recognises, however, the desire of some of our Shareholders to receive income out of their investments in the Company. Tuan Sing therefore strives to distribute, year after year and when its cash flow permits, an appropriate sum of dividend so that its medium-term dividend yield would be better than the first quartile of the benchmarked group of Real Estate Development and Holding Companies. For the avoidance of doubt, the first quartile is defined as the middle number between the smallest number and the median of the data set.

The actual dividend payout shall be recommended by the Board at the end of each year, and tabled at the AGM of the Company for Shareholders' approval. The Board may, at its absolute discretion, consider recommending a special dividend to commemorate the Company having achieved exceptional operational performance in a particular year or in a major investment sale.

The Tuan Sing Holdings Limited Scrip Dividend Scheme (the "Scheme") shall be an integral and important component of the dividend policy, so that Shareholders who opt for it may grow with the Company.

The Scheme was announced on 18 December 2009, and allows Shareholders of the Company who are entitled to dividends to elect to receive either cash or an allotment of ordinary shares in the Company credited as fully-paid, in lieu of the cash amount of the dividend to which the Scheme applies. The Scheme will provide Shareholders with greater flexibility in meeting their investment objectives.

No transaction costs will be incurred by Shareholders when electing to invest in the Company through the Scheme. Through the issuance of ordinary shares pursuant to the Scheme, the Company benefits from greater share liquidity in the market and conservation of cash, which could be used to strengthen the Company's working capital.

Full details of the Tuan Sing Holdings Limited Scrip Dividend Scheme Statement are available on the Company's website at [www.tuansing.com](http://www.tuansing.com).

## CORPORATE GOVERNANCE

### ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

The information required under Rule 720(6) and Appendix 7.4.1 of the SGX-ST Listing Manual in respect of the Directors seeking re-election at the 52nd Annual General Meeting is set out below.

<b>Name of Director and appointment</b>	<b>WILLIAM NURSALIM ALIAS WILLIAM LIEM Chief Executive Officer and Executive Director</b>
Date of appointment	15 January 2004
Date of last re-appointment (if applicable)	24 April 2019
Age	48
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board concurred with the Nominating Committee's recommendation for the re-appointment of William Nursalim Alias William Liem.
Whether appointment is executive, and if so, the area of responsibility	Chief Executive Officer and Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc)	Chief Executive Officer
Professional qualifications	Refer to "Directors' Profile" on page 8 of this Annual Report.
Working experience and occupation(s) during the past 10 years	Refer to "Directors' Profile" on page 8 of this Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interests in 638,956,697 ordinary shares in the Company and 28,146,319 ordinary shares in SP Corporation Limited by virtue of his interest in Nuri Holdings (S) Pte Ltd.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Liem is deemed to be a substantial shareholder of the Company by virtue of his interests in Nuri Holdings (S) Pte Ltd. Mr Liem is the brother of Ms Michelle Liem Mei Fung, a Non-Independent and Non-Executive Director of the Company. He is also the brother-in-law of Dr Tan Enk Ee, a substantial shareholder of the Company.
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer.	Yes
Other Principal Commitments including directorships <ul style="list-style-type: none"> <li>Past (for the last 5 years)</li> </ul>	SP Corporation Limited (Director) Gul Technologies Singapore Pte. Ltd. (Director) Nuri Holdings (S) Pte Ltd (Director)
Other Principal Commitments including directorships <ul style="list-style-type: none"> <li>Present</li> </ul>	Refer to "Directors' Profile" on page 8 of this Annual Report.
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	Mr Liem's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".

## ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

<b>Name of Director and appointment</b>	<b>Ooi Joon Hin Non-Executive &amp; Independent Director</b>
Date of appointment	7 May 2021
Date of last re-appointment (if applicable)	N.A.
Age	56
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board concurred with the Nominating Committee's recommendation for the re-appointment of Mr Ooi Joon Hin.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc)	Chairman of Audit and Risk Committee
Professional qualifications	Refer to "Directors' Profile" on page 9 of this Annual Report.
Working experience and occupation(s) during the past 10 years	Refer to "Directors' Profile" on page 9 of this Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Except as disclosed under Provision 2.1 of the Corporate Governance Report on page 63, there is no relationship to be disclosed.
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer.	Yes
Other Principal Commitments including directorships <ul style="list-style-type: none"> <li>Past (for the last 5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Millennia Investment Management Pte. Ltd. (Managing Director and Co-founder)</li> <li>Areca Partners Limited (Director)</li> <li>Millennia China Technology Pte. Ltd. (Director)</li> <li>Millennia-VFT Ventures Pte. Ltd. (Director and Investment Committee member)</li> <li>NACT Engineering Pte Ltd (Director)</li> <li>Millennia Capital Limited (Director)</li> <li>Millennia Asset Management (Wuhan) Co., Ltd (Director)</li> </ul>
Other Principal Commitments including directorships <ul style="list-style-type: none"> <li>Present</li> </ul>	Refer to "Directors' Profile" on page 9 of this Annual Report.
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	Mr Ooi's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".