

CORPORATE GOVERNANCE AT A GLANCE

Governance	Implemented and Presented in Annual Report
BOARD MATTERS	
Board size	
<ul style="list-style-type: none"> ■ The Board comprises 7 members 	Guidelines 2.1 and 2.5 of the Corporate Governance Report ("CG Report")
Board independence	
<ul style="list-style-type: none"> ■ Independent Directors make up more than one-third of the Board ■ Comprehensive description of how the Company assesses the independence of its Directors which include being independent from shareholders ■ Independent Directors who have served on the Board beyond nine years 	Directors' Profile Guidelines 2.1, 2.2, 2.3 and 2.4 of CG Report
Board competencies	
<ul style="list-style-type: none"> ■ The Board comprises members with diverse qualifications and backgrounds ■ The Chairman, an Independent Director and the Executive Director, possesses experience in the property industry 	Directors' Profile Guideline 2.6 of CG Report
Directorships or chairmanships held by the Company's Directors in listed companies	
<ul style="list-style-type: none"> ■ Information on Directors' directorships/chairmanships in listed companies, both current and those held over the preceding 3 years 	Directors' Profile Guideline 4.7 of CG Report
Role separation between CEO & Chairman	
<ul style="list-style-type: none"> ■ The Chairman is a Non-Executive Director and unrelated to the CEO ■ Roles and responsibilities of the Chairman 	Guidelines 3.1 and 3.2 of CG Report
Board/committee meetings and attendance during the year	
<ul style="list-style-type: none"> ■ Board met 6 times ■ Audit and risk committee met 8 times ■ Remuneration committee met once ■ Nominating committee met twice ■ Tabulation of Directors' attendance at all meetings 	Guideline 1.4 of CG Report
Nominating committee	
<ul style="list-style-type: none"> ■ Majority of the members are independent including the chairman 	Guideline 4.1 of CG Report
Selection of Directors	
<ul style="list-style-type: none"> ■ The Company has in place a process seeking candidates with the relevant skills/experience 	Guideline 4.6 of CG Report
Limits on the number of directorships	
<ul style="list-style-type: none"> ■ The Company has internal guidelines which stipulate that Directors should not hold more than 3 other directorships in unrelated listed companies/major corporations ■ All Directors complied with this internal policy 	Guideline 4.4 of CG Report
Board and individual Director appraisal	
<ul style="list-style-type: none"> ■ The process and criteria used for assessment 	Guidelines 5.1, 5.2 and 5.3 of CG Report

CORPORATE GOVERNANCE AT A GLANCE

Governance	Implemented and Presented in Annual Report
<p>Continuous training and development of Directors</p> <ul style="list-style-type: none"> Directors are informed of relevant training programs, seminars and workshops organised by professional bodies and organisations; some of which were attended by Directors 	Guideline 1.6 of CG Report
<p>Board's approval for matters including material transactions</p> <ul style="list-style-type: none"> Internal guidelines have been established for (a) matters requiring Board's approval (b) board members who have a conflict of interest in a particular item to recuse from the discussion Key activities of the Board during the year 	Guideline 1.5 of CG Report
<p>Information to the Board</p> <ul style="list-style-type: none"> The Company has in place a process for furnishing information to the Board Directors have separate and independent access to the Company Secretary & executives Board's access to independent professional advice 	Guidelines 6.1, 6.2, 6.3 and 6.5 of CG Report
<p>REMUNERATION MATTERS</p>	
<p>Remuneration committee</p> <ul style="list-style-type: none"> All members are non-executive with the majority, including the chairman, being independent 	Guideline 7.1 of CG Report
<p>Structure for Non-Executive Director fees</p> <ul style="list-style-type: none"> Framework for Non-Executive Directors' fees is presented 	Guideline 7.2 of CG Report
<p>Remuneration structure of Executive Director & top 5 executives</p> <ul style="list-style-type: none"> Fixed and variable components Incentives in the form of bonus Performance measures – specific key performance indicators 	Guideline 8.1 of CG Report
<p>Disclosure of remuneration of Directors & top 5 executives</p> <ul style="list-style-type: none"> Full disclosure for remuneration of all Directors including the CEO Remuneration of top 5 executives in bands of \$100,000 	Guidelines 9.2 and 9.3 of CG Report
<p>Disclosure of employee related to Directors/CEO</p> <ul style="list-style-type: none"> Disclosure is made for employees related to Directors Remuneration committee has access to professional advice 	Note (2) of Guideline 9.3 of CG Report Guidelines 7.3 and 9.4 of CG Report
<p>ACCOUNTABILITY AND AUDIT</p>	
<p>Audit and risk committee</p> <ul style="list-style-type: none"> All members are non-executive with the majority, including the chairman, being independent 	Guideline 12.1 of CG Report
<p>Competencies of audit and risk committee</p> <ul style="list-style-type: none"> Committee chairman and members have had related experience in accounting and finance 	Guideline 12.2 of CG Report Directors' Profile

Governance	Implemented and Presented in Annual Report
<p>Risk management and internal controls</p> <ul style="list-style-type: none"> ■ Assessed and managed key risks, including operational risks ■ Process and framework used to assess the adequacy of internal control systems and risk management ■ Statement by the Board on the adequacy of the internal controls and risk management systems ■ Assurance to the Board from the CEO and CFO on the Company's financial records and financial statements 	<p>Guidelines 11.1, 11.2 and 11.3 of CG Report Managing Risk in Delivering Our Strategy Business Dynamics & Risk Factors Statement Sustainability at Tuan Sing</p>
<p>Internal audit function</p> <ul style="list-style-type: none"> ■ Internal auditor complies with the PricewaterhouseCoopers Global Internal Audit Services methodology which in turn is aligned to IIA standards ■ Internal audit function and its adequacy and effectiveness ■ Breakdown of fees paid to internal auditors for audit and non-audit services 	<p>Guidelines 13.1, 13.2, 13.3, 13.4 and 13.5 of CG Report</p>
<p>Independence of external auditors</p> <ul style="list-style-type: none"> ■ Breakdown of fees paid to external auditors for audit and non-audit services 	<p>Guideline 12.6 of CG Report Note 25 of the Notes to the Financial Statements</p>
<p>Compliance with legislative and regulatory requirements</p> <ul style="list-style-type: none"> ■ Early adoption of the undertaking pursuant to Listing Rule 720(1) by Directors and executive officers 	<p>Guideline 10.2 of CG Report</p>
<p>Whistle-blowing policy</p> <ul style="list-style-type: none"> ■ Disclosure on key details of the Company's whistle-blowing policy 	<p>Guideline 12.7 of CG Report Corporate Governance in Action</p>
COMMUNICATION WITH SHAREHOLDERS	
<p>Timeliness of release of financial results</p> <ul style="list-style-type: none"> ■ Announced quarterly financial results and full-year audited results within 30 days 	<p>Guideline 15.2 of CG Report Investor Relations</p>
<p>Corporate website</p> <ul style="list-style-type: none"> ■ The Company's website is provided in the Annual Report and a link is provided on the SGX's website ■ An Investor Relations Policy has been established in 2015 and published on the Company's website ■ The Company's website also has a clearly dedicated "Investor Relations" link and the investor relations contact is provided ■ The latest financial results and annual report are available on the Company's website 	<p>Guidelines 15.1, 15.2 and 15.4 of CG Report Investor Relations</p>
<p>Briefings on results announcement</p> <ul style="list-style-type: none"> ■ Presentation materials are posted on SGXNet and the Company's website ■ Webcast of the Group's half-yearly and full-year results is available on the Company's website 	<p>Guideline 15.2 of CG Report Investor Relations</p>

CORPORATE GOVERNANCE AT A GLANCE

Governance	Implemented and Presented in Annual Report
<p><i>Soliciting and understanding views of shareholders</i></p> <ul style="list-style-type: none"> ■ Other than general meetings, the Company will meet analysts and fund managers as appropriate. There is also a “Feedback and Queries” template established on the Company’s website ■ The Company also attends to shareholders’ queries made via electronic mail or telephone 	Guideline 15.4 of CG Report
<p><i>Shareholder participation</i></p> <ul style="list-style-type: none"> ■ No limit is imposed on the number of proxies for nominee companies ■ Annual Report is sent to shareholders 28 days before the AGM ■ Full information is provided on each agenda item for the AGM ■ Voting on all resolutions is conducted by poll at the AGM and the results are announced via SGXNet and posted on the Company’s website under “Investor Relations” 	Guidelines 14.3, 15.2 and 16.5 of CG Report Notice of AGM
<p>ADDITIONAL GOVERNANCE PRACTICES</p> <p><i>Risk committee</i></p> <ul style="list-style-type: none"> ■ Risk management is overseen by the audit and risk committee with the assistance of the internal auditor <p><i>CEO and CFO certification of financial statements</i></p> <ul style="list-style-type: none"> ■ Representation issued by the CEO and CFO <p><i>Code of conduct and practices</i></p> <ul style="list-style-type: none"> ■ Description of the Company’s code of conduct and practices <p><i>Percentage of share capital to be offered – S161 of the Act</i></p> <ul style="list-style-type: none"> ■ 10 percent <p><i>Policy on dealings in securities</i></p> <ul style="list-style-type: none"> ■ Directors and staff are prohibited to deal in the Company’s securities one month and two weeks before the announcement of full-year results and the first, second and third quarter financial results till the day of such announcements <p><i>Dividend policy</i></p> <ul style="list-style-type: none"> ■ Is published in the website and in the annual report ■ Established the Tuan Sing Holdings Limited Scrip Dividend Scheme 	<p>Guideline 11.4 of CG Report</p> <p>Guideline 10.1 of CG Report CEO & CFO’s Responsibility Statement</p> <p>Corporate Governance in Action</p> <p>Notice of AGM</p> <p>Corporate Governance in Action</p> <p>Guideline 15.5 of CG Report Corporate Governance in Action</p>

CORPORATE GOVERNANCE REPORT

“Tuan Sing is committed to achieving a high standard of corporate governance as we believe that good governance supports long-term value creation. Here you will find examples of our governance in action.”

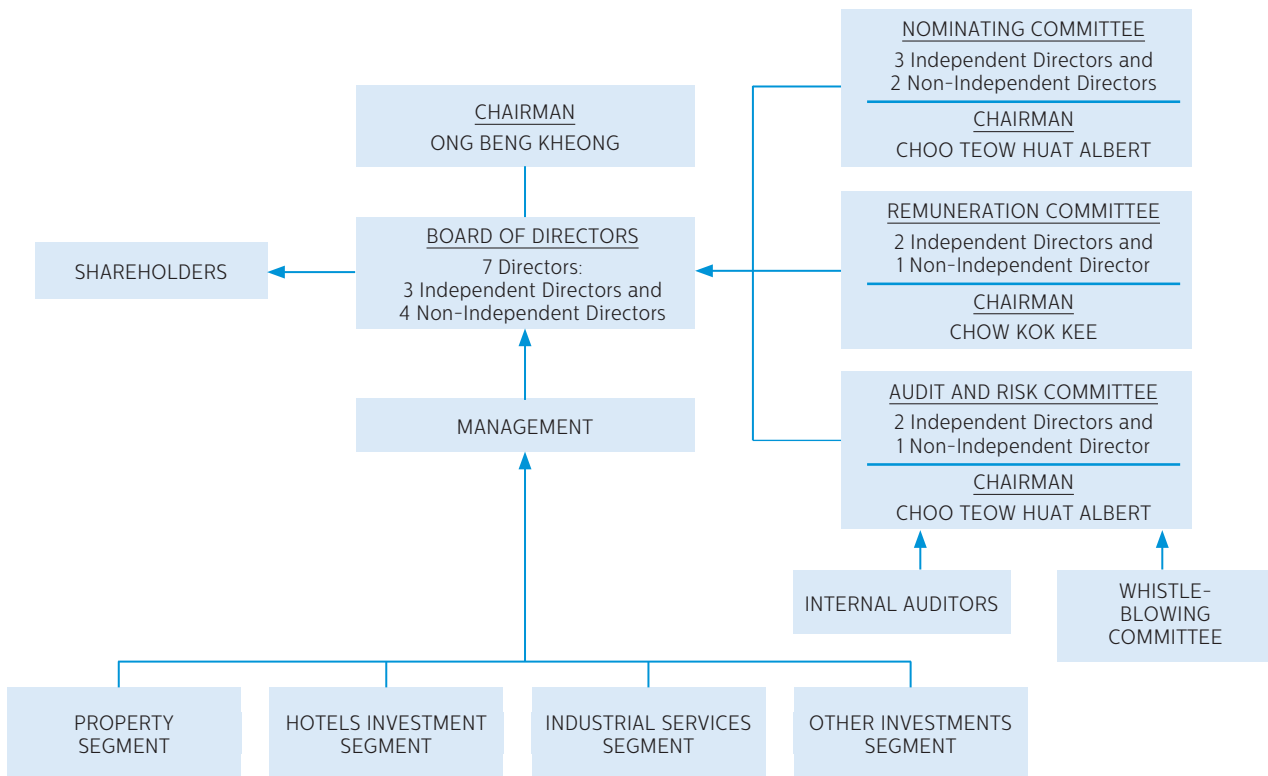
The Board and Management firmly believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group’s businesses and performance. The Board and its committees have established policies and rules on good governance, and they are guided by their respective written Terms of References.

Welcome to the Corporate Governance section of our Annual Report COMPLIANCE WITH THE CODE

The Board, after making due inquiries, believes that the Company has complied in all material aspects with the principles and guidelines as set out in the Code of Corporate Governance 2012 (the “Code”). We show details of our compliance in this report.

As required by the Listing Manual of the Singapore Stock Exchange Securities Trading Limited (“SGX-ST”), this report has been prepared with specific reference to each Guideline of the Code.

CORPORATE GOVERNANCE STRUCTURE



I. BOARD MATTERS

The Board plays a pivotal role in overseeing the Group’s overall strategy and business direction and is collectively responsible for the Group’s long-term success. The Management has been providing Directors with full and timely information to assist the Directors in the fulfilment of their responsibilities.

PRINCIPLE 1: EFFECTIVE BOARD TO LEAD AND CONTROL THE COMPANY

Guideline 1.1

Board’s Role

The Board oversees the effectiveness of the Management as well as the corporate governance of the Company with the objective of maximising long-term shareholder’s value and protecting the

Company’s assets. Every Director acts in good faith and exercises independent judgement in the best interests of shareholders.

The key roles of the Board include, *inter alia*, providing entrepreneurial leadership, setting corporate strategies and objectives, monitoring Management’s performance, reviewing the Group’s financial performance, risk management processes and systems, human resource requirements, and sustainability considerations including corporate governance practices to ensure improvement of the Company’s businesses as well as to safeguard shareholders’ interests. The Board is also responsible to set values and standards (including ethical standards) for the Company and is mindful of the Company’s social responsibilities; more details of which are presented in the “Sustainability Report” section of this Annual Report.

CORPORATE GOVERNANCE REPORT

Guideline 1.2

Objective Decision Making

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and works with the Management to make objective decisions in the interest of the Group.

The Company has in place a financial authority matrix and approval guidelines for investments, divestments, corporate exercises and arrangements. New investments and banking facilities (including non-cash facilities and corporate guarantees and funding arrangement to non-wholly owned entities), business acquisitions and divestments exceeding certain thresholds limits require the approval of the Board.

Guideline 1.3

Delegation Of Authority To Board Committees

The Board is supported by a number of committees to assist it in the discharge of its responsibilities and to enhance the Company's corporate governance framework. These committees include the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit and Risk Committee ("ARC"). Each Board committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board approves transactions exceeding certain thresholds, while delegating authority for transactions below those limits to

Board committees and the Management via a structured Delegation of Authority matrix. This matrix is reviewed on a regular basis and accordingly revised when necessary. More details on the Board's delegation are presented below. The Board committees and the Management remain accountable to the Board.

Guideline 1.4

Meetings Of Board And Board Committees And Directors' Record of Attendance

The Board and its committees met regularly based on schedules planned one year ahead so as to ensure maximum attendance by all participants and as warranted by particular circumstances. On occasions when Directors were unable to attend meetings in person, telephonic means were used as allowed under the Company's Articles of Association. To enable members of the Board and its committees to prepare for the meetings, agendas were circulated at least seven days in advance and most materials dispatched one week before the meetings.

To limit paper wastage, the Company no longer provides hard copy meeting papers and Directors are instead provided with tablet devices to enable them to access and read Board and Board committee papers prior to and during meetings. This initiative also enhances information security as the documents are locked with passcodes for Directors to download to their tablet devices.

A record of the Directors' attendance at meetings during the financial year ended 31 December 2015 is set out below:

2015 Meeting Attendance	Board		Audit and Risk Committee		Remuneration Committee	Nominating Committee		General Meeting
	Scheduled	Non-Scheduled*	Scheduled	Non-Scheduled	Scheduled	Scheduled	Non-Scheduled	Scheduled
Total Number of Meetings	5	1	4	4	1	1	1	1
Ong Beng Kheong	5	–	–	–	–	1	–	1
William Nursalim alias William Liem	5	–	–	–	–	–	–	1
Choo Teow Huat Albert	5	1	4	4	1	1	1	1
Chow Kok Kee	5	1	4	4	1	1	1	1
David Lee Kay Tuan	4	–	3	4	–	–	–	1
Michelle Liem Mei Fung	4	–	–	–	1	1	–	1
Ng Siow How	2	1	–	–	–	1	–	1

* Independent Directors' Meeting

During the year, Independent Directors also met regularly amongst themselves and on ad hoc basis with the CEO and senior management team as well as other non-executive directors to discuss challenges facing the Group. Such informal meetings are not included in the above table.

Guideline 1.5

Internal Guidelines On Matters Requiring Board Approval

The Company has established guidelines governing matters that require the Board's approval.

The Delegation of Authority matrix provides clear direction to Management on matters requiring the Board's specific approval which include:

- material acquisition and disposal of assets/investments
- corporate/financial restructuring/corporate exercises
- budgets/forecasts
- delegation of authority matrix, policies & procedures
- material financial/funding arrangements and providing of corporate guarantees

Internal guidelines have been established which require all Board members who have a conflict of interest in a particular agenda item to abstain from participating in the relevant Board discussion.

Key Activities of the Board – 2015

Regular agenda items included:

- Reports of the ARC, NC and RC
- CEO’s monthly management report, quarterly updates on the businesses including risk profile
- Quarterly updates on financing and cash flow projection
- Approval of quarterly announcements and year-end financial statements
- Conflict of interest and IPT transactions Register
- Whistle-blowing register
- Disclosure of Directors’ interests pursuant to Sections 156/165 of the Companies Act, Cap. 50

Other key agenda items considered during the year:

- Proposed acquisitions, including land and properties
- Proposed disposals, including land and properties
- Financing, new banking relationship
- Business strategy
- Investor Relations Policy
- Proposed restructuring of shareholders loan for investment in subsidiaries
- Simulated Enhanced Auditor’s Report (2015) for the early adoption of the concept
- Form of undertaking with regard to Directors and executive officers in compliance with Appendix 7.7 of the Mainboard Rules
- Material developments relating to accounting, legal, regulatory and/or corporate governance issues

Matters reserved for Board Approval:

- Documents for distribution to shareholders and the Annual Report and Accounts
- Annual budgets & business plan
- CEO’s KPIs & performance

Guideline 1.6
Continuous Training And Development Of Directors

It is our *modus operandi* to provide new Directors a detailed and thorough induction, including meeting with key management personnel, given an overview of their specific areas of responsibility within the business, and where necessary an opportunity to visit the Company’s key properties and developments. The Company also offers Directors opportunities to update and refresh their knowledge on an ongoing basis, to enable them to continue fulfilling their roles as Board members and Committee members effectively. This includes training opportunities and further visit to the Company’s properties, as required.

During the year, Management also kept the Directors up-to-date on pertinent developments in the business including changes in laws and regulations, code of corporate governance, financial reporting standards and industry-related matters. To enable the Directors

to equip themselves to effectively discharge their duties and to enhance their skills and knowledge, the Management informed the Directors of relevant training programs, seminars and workshops organised by various professional bodies and organisations. Training attended by Directors in 2015 include the “Director and CFO Forum” organised by the Institute of Singapore Chartered Accountants (“ISCA”), together with the Accounting and Corporate Regulatory Authority, the Singapore Institute of Directors, the Singapore CFO Institute and the Singapore Exchange Ltd (“SGX”) where experts shared their insights on the recent regulatory, auditing and financial reporting developments in Singapore.

Guideline 1.7
Letter To Director On Appointment

Upon appointment of each Director, a letter setting up his/her duties and responsibilities is issued to the Director. Directors are given appropriate orientation and briefings by the Management on the business activities of the Group, its strategic directions, and the Company’s corporate governance policies and practices when they are first appointed to the Board.

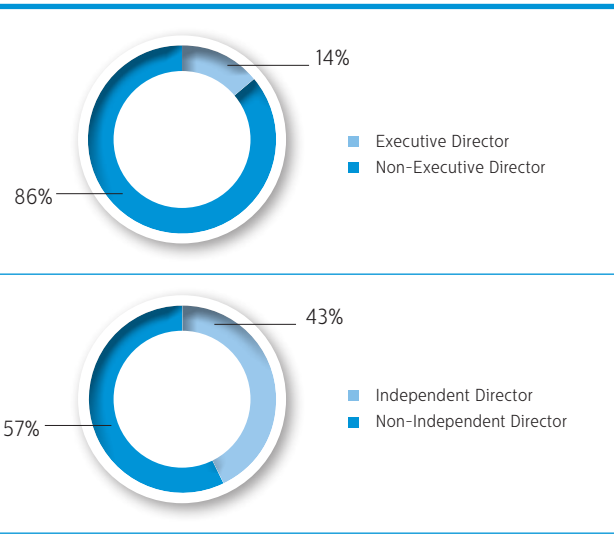
No new Director was appointed during the year under review.

PRINCIPLE 2: INDEPENDENT ELEMENT ON THE BOARD

Guideline 2.1
Independent Element Of The Board

The NC determines the independence of each Director annually. An Independent Director is one who has no relationship with the Company, its related companies, its 10% shareholders (as defined in the Code) or its officers that 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.

Currently, there are seven Directors in the Board comprising six Non-Executive Directors and one Executive Director. Amongst the Non-Executive Directors, three are independent. The NC conducted its annual review of the Directors’ independence and was satisfied that the Company complies with the guideline of the Code which provides that at least one-third of the Board is made up of Independent Directors.



CORPORATE GOVERNANCE REPORT

Guideline 2.2

Composition Of Independent Directors On The Board

As the Chairman is not an Independent Director, the NC is reviewing the composition of Independent Directors and has plans to increase the independent element so as to comply with the relevant guidelines of the Code.

Guideline 2.3

Independence Of Directors

The NC, in its deliberation as to the independence of a Director, took into account examples of relationships as set out in the Code, considered whether a Director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgements.

The NC has assessed the independence of Messrs Choo Teow Huat Albert, Chow Kok Kee and Ng Siow How, and is satisfied that there is no relationship or other factors such as gifts or financial assistance, past association, business dealings, representative of shareholder, financial dependence, relationship with the Group or the Group's management, etc. which would impair their independent judgement.

Guideline 2.4

Independence Of Directors Who Have Served On The Board Beyond Nine Years

The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. When there are such Directors, the Board will review rigorously their continuing contributions and independence and may exercise its discretion to extend the tenures of these Directors.

During the year, Messrs Choo Teow Huat Albert and Chow Kok Kee having served on the Board as Independent Directors for more than nine years, voluntarily submitted themselves for assessment

on their independence status by the other Directors. All the other Directors participated in this assessment of Mr Choo and Mr Chow. After due consideration and with the concurrence of the NC, the Board continues to regard Mr Choo and Mr Chow as independent. Both Mr Choo and Mr Chow have demonstrated the ability and preparedness to make independent judgement and/or decisions on matters with the interest of the Company at heart without undue reliance, influence or consideration of the Group/Company's interested parties such as the Chairman and CEO of the Board, other non-independent directors, controlling shareholders and/or their associates and the Group/Company's management.

Guideline 2.5

Composition And Size Of The Board

The NC conducted its annual review on the composition of the Board which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences are extensive.

Taking into account the scope and nature of the operations of the Group, it is the NC's considered opinion that the current Board composition and size are appropriate and as a group, the Directors provide relevant competencies to facilitate effective decision making for the existing needs and demands of the Group's businesses. Details of the Directors' qualifications, background and working experience, principal commitments and shareholdings in related corporations are found under the "Directors' Profile" section of this Financial Report. The Board's decision-making process is not dominated by any individual or small group of individuals.

Nevertheless, the NC has recommended to the Board to consider the appointment of additional Independent Director(s) so as to comply with the relevant guidelines of the Code.

A summary of the current composition of the Board and its committees is set out below:

No.	Name	Status	Board	Nominating Committee	Remuneration Committee	Audit and Risk Committee
1.	Ong Beng Kheong	NED, NID	C	M		
2.	William Nursalim alias William Liem	ED, NID	M			
3.	Choo Teow Huat Albert	NED, ID	M	C	M	C
4.	Chow Kok Kee	NED, ID	M	M	C	M
5.	David Lee Kay Tuan	NED, NID	M			M
6.	Michelle Liem Mei Fung	NED, NID	M	M	M	
7.	Ng Siow How	NED, ID	M	M		

Legend:

C: Chairman ED: Executive Director ID: Independent Director
M: Member NED: Non-Executive Director NID: Non-Independent Director

Guideline 2.6

Competency Of The Board

The NC conducted its annual review of 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 and finance, legal, property, strategic planning, business

and management experience. In particular, at least one Independent Director has experience in property industry. The Executive Director possesses good 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.

Guideline 2.7**Role Of Non-Executive Directors**

The Non-Executive Directors actively participate in setting strategies and goals for the Company and regularly assess the performance of Management. As Non-Executive Directors constitute a majority of the Board, objectivity on such deliberations is assured.

Guideline 2.8**Regular Meetings Of Non-Executive Directors**

During the year, Independent Directors met regularly and on an ad hoc basis with the CEO and senior management team as well as other Non-Executive Directors to discuss challenges facing the Group. The Company also benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committees meetings.

PRINCIPLE 3: CLEAR DIVISION OF RESPONSIBILITIES AND BALANCE OF POWER AND AUTHORITY**Guideline 3.1****Separate Role Of Chairman And CEO**

The Company has a clear division of responsibilities at each level of the Company, with the non-executive Chairman and the CEO having separate roles to ensure an appropriate balance of power, increased accountability and a greater capacity of the Board for independent decision-making.

The division of responsibilities between the Chairman, Mr Ong Beng Kheong and the CEO, Mr William Nursalim alias William Liem, is also clearly established in the Terms of Reference of the Board. The Chairman manages the business of the Board whilst the CEO and his management team translate the Board's decisions into executive action. The CEO has executive responsibilities for the Group's businesses and is accountable to the Board.

There is no familial relationship between the Chairman, Mr Ong and the CEO, Mr Liem.

Guideline 3.2**Roles And Responsibilities Of Chairman**

The Chairman is responsible for the management of the Board. He leads the Board, encourages Board's interaction with Management, facilitates effective contribution of Non-Executive Directors, encourages constructive relations among the Directors, and promotes corporate governance.

Prior to each Board meeting, the Chairman determines the agenda for the meeting and instructs the Company Secretary to disseminate it to all Directors at least 7 days before the meeting. He leads the meetings and ensures full discussion of each agenda item, as appropriate. The Chairman ensures that Board members engage the Management in constructive debate on various matters including strategic issues. He also oversees the quality and timeliness of information flow between the Management and the Board.

Guideline 3.3**Appointment Of Lead Independent Director**

The Lead Independent Director may be appointed by the Board to serve in a lead capacity to coordinate the activities of the Non-Executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity. The Lead Independent Director also assists the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company.

Considering the Company's current business operations and a board size of only seven members with three being Independent Directors, the appointment of a Lead Independent Director for the year under review is not necessary. Nevertheless, the Board will annually examine the need for such appointment.

Guideline 3.4**Lead Independent Director To Lead In Periodical Meetings Amongst Themselves**

Although no Lead Independent Director has been appointed, the Company's Independent Directors conferred among themselves when necessary, without the presence of the other Directors, and the Independent Directors did provide feedback to the Chairman after such meetings as appropriate. In addition, Independent Directors also met regularly and on ad hoc basis with the CEO and senior management team as well as other Non-Executive Directors to discuss challenges facing the Group.

PRINCIPLE 4: FORMAL AND TRANSPARENT PROCESS FOR THE APPOINTMENT OF DIRECTORS TO THE BOARD**Guideline 4.1****NC Membership And Key Terms Of Reference**

The NC consists of the following five members with the majority, including its chairman, being Independent Directors:

- Mr Choo Teow Huat Albert, chairman (Independent and Non-Executive)
- Mr Chow Kok Kee (Independent and Non-Executive)
- Mr Ng Siow How (Independent and Non-Executive)
- Mr Ong Beng Kheong (Non-Independent and Non-Executive)
- Ms Michelle Liem Mei Fung (Non-Independent and Non-Executive)

The NC is guided by its written Terms of Reference which stipulates that its principal roles include, *inter alia*, maintaining a formal and transparent process for the appointment of new Directors to the Board, determining the independence of Directors and the appropriate Board size, reviewing and approving the appointment of key management personnel of the Group.

Key Terms of Reference of the NC are listed in the Appendix to this Report. During the year, the NC held two meetings including one non-scheduled meeting for the selection and appointment of a new Company Secretary.

Guideline 4.2**Responsibilities Of NC**

Key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board as a whole. It also ensures compliance with the Company's Articles of Association which stipulates that at each AGM, one-third of the Board is required to retire and that every Director (including the CEO who is the sole Executive Director) shall retire from office at least once every three years. In this aspect, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming AGM:

- (a) Mr William Nursalim alias William Liem
- (b) Mr Chow Kok Kee

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Upon re-election, Mr William Nursalim alias William Liem shall remain as the CEO of the Company whilst Mr Chow Kok Kee shall remain as chairman of the RC and a member of the ARC and NC.

The NC has also endorsed the provision of training and professional development programs for the Board in the manner as described under Guideline 1.6.

Guideline 4.3

NC To Determine Directors' Independence

The NC conducted an annual review of the independence of the Directors as mentioned under Guidelines 2.3 and 2.4 above based on their declarations of independence (or otherwise), which were drawn up based on the guidelines provided under the Code. As and when circumstances require, the NC will also assess and determine a Director's independence.

Guideline 4.4

Commitments Of Directors Sitting On Multiple Boards

In assisting the NC to determine whether Directors who sit on multiple boards have committed adequate time to discharge their responsibilities towards the Company's affairs, internal guidelines have been established to address the competing time commitments faced by Directors serving on multiple boards. In this respect, the Company's current policy stipulates that if a Director is an executive director or a key management personnel of another listed company or a major corporation, he/she should preferably not hold more than three other directorships on unrelated listed companies and/or major corporations. For the year under review, no director has exceeded this stipulation.

The NC has reviewed each Director's outside directorships and their principal commitments as well as each Director's attendance and contributions to the Board. Despite the multiple directorships of some Directors, the NC is satisfied that the Directors spent adequate time on the Company's affairs and have carried out their responsibilities.

Guideline 4.5

Appointment Of Alternate Directors

Currently, the Company does not have any alternate director.

Guideline 4.6

Process For The Selection And Appointment Of New Directors

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 and how the candidate fits into the overall desired competency matrix of the Board. The NC may recourse to both internal sources as well as external sources to draw up a list of potential candidates. Short-listed candidates would be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, in addition to completing certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines.

For the year under review, no new Director was appointed to the Board.

Guideline 4.7

Information On Directors

Key information of each member of the Board including directorships and chairmanships both present and those held over the preceding three years in other listed companies, other major appointments,

academic/professional qualifications, memberships/chairmanships in the Company's Board committees, date of first appointment, last re-election and other relevant information, can all be found under the "Directors' Profile" section of this Annual Report.

All Directors, including the Chairman of the Board and CEO, submit themselves for re-election at regular intervals of about once every three years. One-third of the Directors will retire at the Company's AGM each year. Profile of the Directors seeking election or re-election is provided on the notice of AGM.

PRINCIPLE 5: ASSESSMENT OF THE EFFECTIVENESS OF THE BOARD

Guideline 5.1

Board Performance

The Company has implemented a formal process to evaluate the performance of the Board as a whole and its ability to discharge its responsibilities in providing stewardship, corporate governance and oversight of Management's performance.

The annual process of evaluating the performance of the Board and individual Directors is as follows:

- The questionnaire for the annual evaluation of the Board is completed by all Board members;
- The evaluation of individual Directors' performance is also performed at the same time by Directors based on, amongst others, a Board Competency Matrix to assess Directors' respective areas of specialisation and expertise, and general consideration of such factors as mentioned under Guideline 5.3.

The evaluation of individual Directors is differentiated between Executive Directors and Non-Executive Directors. Individual Executive Directors are evaluated by Non-Executive Directors, *inter alia*, through assessment of their performance against certain key performance indicators set by the relevant Board Committees.

For the year under review, all Directors participated in the evaluation by providing feedback to the NC in the form of completing a Board Performance Assessment checklist. To ensure confidentiality, the evaluation returns completed by all Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year.

Guideline 5.2

Performance Criteria For Board Evaluation

The NC has implemented a process for evaluating the effectiveness of the Board as a whole and its Board Committees, the contribution by each individual Director to the effectiveness of the Board, and the effectiveness of the Chairman of the Board.

The NC has established objective criteria to evaluate the Board's performance. This includes comparing the Company's share price performance with its peers in the industry, the Singapore Straits Times Index and a benchmark index of its industry peers over a five-year period. Other performance criteria employed are financial indicators such as Return on Assets, Return on Equity and Economic Value Added of the Group over a five-year period. More relevant and meaningful criteria would also be used when applicable.

Guideline 5.3**Evaluation Of Individual Director**

Evaluation of individual Director's performance is a continuous process. For the year under review, the NC took note of each individual Director's attendance at meetings of the Board, Board committees and at general meeting(s); participation in discussions at meetings; knowledge of and contacts in the regions where the Group operates; the individual Director's functional expertise and his/her commitment of time to the Company and took such factors into consideration in the annual process of evaluating the performance of the individual Directors.

PRINCIPLE 6: BOARD MEMBERS SHOULD BE PROVIDED WITH COMPLETE, ADEQUATE AND TIMELY INFORMATION**Guideline 6.1****Board's Access To Information**

To enable the Board to make informed decisions and to fulfil its responsibilities, the Management provides complete, accurate and adequate information in a timely manner. A system of communication between the Management and the Board and Board committees has been established and improved over time.

The Board, its committees and every Director have separate and independent access to the Management and are free to request for additional information as needed to make informed decisions.

Guideline 6.2**Provision Of Information To The Board**

In addition to the annual budget and business plans submitted to the Board for approval, the Board was provided with monthly management reports analysing operational performance complete with variances between the actual results, corresponding period of the previous year and the budget, with appropriate explanation. Further, there were periodic reports on cash flow forecast, performance forecast, risks assessment, scenarios analysis, Board memoranda and related materials.

Guideline 6.3**Board's Access To The Company Secretary**

The role of the Company Secretary is clearly defined which includes, *inter alia*, advising the Board on all governance matters as well as ensuring that all Board procedures are followed and that applicable rules and regulations are complied with.

Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and its committees and between the Management and Non-Executive Directors.

Directors have separate and independent access to the Company Secretary through electronic mail, telephone and face-to-face meetings. During the year, the Company Secretary attended all meetings of the Board and its committees and the minutes of such meetings were promptly circulated to all members of the Board and Board committees.

Guideline 6.4**Appointment And Removal Of Company Secretary**

The appointment and removal of the Company Secretary are subject to the approval of the Board as stipulated in the Company's Terms of Reference of the Board. The former Company Secretary who was appointed in November 2005 resigned on 5 June 2015.

With the recommendation by the NC and approval by the Board, the Company has outsourced the role of Company Secretary on even date. The newly appointed Company Secretary is supported by the Company's in-house corporate secretarial team.

Guideline 6.5**Board's Access To Independent Professional Advice**

In the furtherance of their duties, Directors may seek independent professional advice, where appropriate, with such expense borne by the Company.

II. REMUNERATION MATTERS

Matters concerning remuneration of the Board, senior executives and other employees who are related to the controlling shareholders and/or our Directors (if any) are handled by 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 Financial Statements of the Company and of the Group.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**Guideline 7.1****Remuneration Committee**

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

- Mr Chow Kok Kee, chairman (Independent and Non-Executive)
- Mr Choo Teow Huat Albert (Independent and Non-Executive)
- Ms Michelle Liem Mei Fung (Non-Independent and Non-Executive)

The RC is guided by its written Terms of Reference, which clearly set out its authority and duties. Key Terms of Reference are listed in the Appendix to this Report.

During the year under review, the RC held one scheduled meeting.

Guideline 7.2**Remuneration Framework**

To attract, retain and motivate Directors and employees, the RC establishes appropriate remuneration frameworks for the Directors and employees of the Company. Such frameworks are being reviewed periodically to ensure that they remain relevant.

The framework for Non-Executive Directors' fees (on per annum basis unless otherwise indicated) is as follows:

Roles	Members (per annum)	Chairman (per annum)
Board of Directors	\$40,000	Additional \$40,000
Audit and Risk Committee	\$15,000	Additional \$15,000
Other Committees	\$6,000	Additional \$6,000
Attendance Fee	\$1,000 per meeting	
Overseas Engagement Fee	\$2,000 per trip	
Special or Ad-hoc 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	

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Directors' fees are established annually for the Chairman and the other Directors. Additional fees are paid for participation in Board Committees. The level of fees takes into account the size and complexity of the Company's operations, and the responsibilities and workload requirements of Directors. The fees are submitted to shareholders for approval at each AGM. The CEO, being an Executive Director, does not receive Director's fee.

The RC reviewed and approved the remuneration package (which includes salaries, allowances, bonuses and benefits-in-kind) of the Executive Director after considering *inter alia* the achievement of his KPIs. In addition, the RC reviewed the performance of the Group's senior executives (excluding those employed by the listed subsidiary which has its own remuneration committee), taking into consideration the CEO's assessment of and recommendation for bonus and remuneration.

No member of the RC was involved in deciding his own remuneration.

Guideline 7.3

RC's Access To Advice On Remuneration Matters

The RC has access to the advice of the Company's Head of Human Resources, who attended the RC meetings held during the year. It did not require the services of an external remuneration consultant during the year but has purchased the Hay Group's January 2015 Issue on Board Remuneration and Practice in Singapore and the Hay Group's Singapore Top Executive Remuneration Report 2015. During the year, the RC also reviewed remuneration reports prepared by some major consulting groups. Nevertheless, the RC has explicit authority to investigate any matter within its Terms of Reference and to seek external expert advice should such need arise.

Guideline 7.4

Service Contract

The Company's obligations in the event of termination of service of Executive Director and key management personnel are contained in their respective employment letters. The RC was satisfied that termination clauses therein are fair and reasonable to the respective employment class and are not overly generous.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

Guideline 8.1

Remuneration Of Executive Director And Key Management Personnel

The RC reviews and approved the overall annual increment and bonus of the Company. It also approved the remuneration of key management personnel annually. The Company's remuneration structure for its Executive Director and key management personnel comprises both fixed and variable components with an aim to attract, retain and motivate talent on a sustainable basis. The variable component is performance related and is linked to the Company's performance as well as the individual's performance. This is designed to align 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.

For the purpose of assessing the performance of the Executive Director and key management personnel, KPIs in both financial and non-financial targets are clearly set out at the beginning of each financial year. Financial targets 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 are those related to reputation, customers, employees, environment, community and sustainable future. Such KPIs comprise also both quantitative and qualitative factors as well as short and medium term targets.

As stipulated in the Company's remuneration framework, Executive Director and key management personnel of the Group do not receive directors' fees from the Company or from its subsidiaries/associated entities if they are appointed to these boards.

In addition, the Company's remuneration structure takes into consideration benchmarks in comparable size of entities in similar industries.

Guideline 8.2

Long-term Incentive Scheme

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

Guideline 8.3

Remuneration Of Non-Executive Directors

The Board concurred with the RC's proposal for Non-Executive Directors' fees for the year ended 31 December 2015. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors.

The fees for Non-Executive Directors are subject to shareholders' approval at the AGM.

Guideline 8.4

Contractual Provisions To Reclaim Incentive Components Of Remuneration

Having reviewed and considered the variable components of the Executive Director and key management personnel, which are moderate, 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.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Guideline 9.1

Remuneration Report

Details on the remuneration of Directors and key management personnel for the year under review are reported below. During the year, there was no termination, retirement or post-employment benefits granted to any Director or key management personnel.

Guideline 9.2

Remuneration Of Directors

A summary of the remuneration of each Director and the CEO which is paid or payable by the Company for FY2015 is set out below:

Name of Directors	Status	Breakdown of Remuneration				
		Directors' Fees	Salary	Benefits	Variable Bonus	Total
Ong Beng Kheong	NED, NID	\$92,000	–	–	–	\$92,000
Choo Teow Huat Albert	NED, ID	\$107,000	–	–	–	\$107,000
Chow Kok Kee	NED, ID	\$92,000	–	–	–	\$92,000
David Lee Kay Tuan	NED, NID	\$66,000	–	–	–	\$66,000
Michelle Liem Mei Fung	NED, NID	\$58,000	–	–	–	\$58,000
Ng Siow How	NED, ID	\$51,000	–	–	–	\$51,000
William Nursalim alias William Liem ⁽¹⁾	ED, NID	–	\$629,040	\$45,626	\$370,000	\$1,044,666
Total Directors' Remuneration		\$466,000 30.9%	\$629,040 41.6%	\$45,626 3.0%	\$370,000 24.5%	\$1,510,666 100%

Legend:

NED: Non-Executive Director ID: Independent Director
ED: Executive Director Salary: Basic Salary; CPF contribution not applicable
NID: Non-Independent Director Benefits: Car benefits

Note (1): William Nursalim alias William Liem is the Group CEO. In accordance with Tuan Sing's Group Policy, full time employees are not paid Director's fees.

Guideline 9.3

Remuneration Of Top 5 Key Management Personnel

Remuneration Of Key Management Personnel (Other than the Company's Executive Director)

The table below sets out the ranges of gross remuneration received by the top 5 key management personnel (excluding the Executive Director) of the Group excluding those in associated companies.

Name of Top 5 Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Total remuneration in compensation bands of \$100,000
		Salary	Benefits	Bonus	Total	
Chong Chou Yuen ⁽¹⁾	Group Chief Financial Officer	64%	1%	35%	100%	\$800,000 – \$899,999
Boediman Gozali (alias Tony Wu) ⁽²⁾	Managing Director & Chief Executive Officer, SP Corp	90%	2%	8%	100%	\$500,000 – \$599,999
Ilan Weill	General Manager, Grand Hyatt Melbourne	82%	8%	10%	100%	\$500,000 – \$599,999
Adam Myott ⁽³⁾	General Manager, Hyatt Regency Perth	72%	12%	16%	100%	\$400,000 – \$499,999
Ng Choong How Nick	Senior Vice President (Business Development)	63%	0%	37%	100%	\$400,000 – \$499,999
Total Remuneration of Top 5 Management Personnel		\$2,109,139 74.0%	\$122,776 4.3%	\$619,339 21.7%	\$2,851,254 100%	

Legend:

Salary: Basic salary, allowance and employer's provident fund or equivalent contribution thereof
Benefits: Including mainly car benefits and taxable health insurance
Bonus: Ex-gratia payment, variable bonus and employers' provident fund or equivalent contribution thereof

Note (1): In accordance with Tuan Sing's Group Policy, Chong Chou Yuen is not paid director's fee for his services as a non-executive director in SP Corp.

Note (2): Boediman Gozali (alias Tony Wu) is an uncle of Michelle Liem Mei Fung who is a Non-Executive Director of the Company. He is also an uncle of William Nursalim alias William Liem, the Chief Executive Officer/Executive Director of the Company.

Note (3): Adam Myott left GHG and joined another hotel within Hyatt International on 27 October 2015. He was replaced by Sholto Smith whose remuneration range is the same as that of Adam Myott.

The Company discloses the above information using a narrower band of \$100,000 to improve transparency as compared to the \$250,000 band stipulated in the Code.

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Guideline 9.4

Employee Related To Directors/CEO

Save as disclosed above, Mr Lee Kay Chen, General Manager, Operations, of Globaltraco International Pte Ltd (a subsidiary of SP Corp which is in turn a subsidiary of the Company), is a brother of Mr David Lee Kay Tuan (Non-Executive Director) and brother-in-law of Ms Michelle Liem Mei Fung (Non-Executive Director and deemed substantial shareholder), whose remuneration exceeded \$50,000 for the financial year ended 31 December 2015.

Guidelines 9.5 and 9.6

Employee Share Scheme

The Company does not have any employee share/stock options scheme or any other long-term incentive scheme.

III. ACCOUNTABILITY AND AUDIT

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the ARC reviews all financial statements and recommends them to the Board for approval. In addition, the ARC ensures that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks.

PRINCIPLE 10: PRESENTATION OF A BALANCED AND UNDERSTANDABLE ASSESSMENT OF THE COMPANY'S PERFORMANCE, POSITION AND PROSPECTS

Guideline 10.1

Accountability For Accurate Information

In discharging its responsibility, the Board ensures that the Group's financial results provide a balanced and understandable assessment of its performance, position and prospects and that the results are released in a timely manner.

The business and finance heads of individual subsidiaries and business units are also required to provide quarterly written representation, in specific template, to the CEO and CFO who would in turn furnish an overall representation to the ARC and the Board confirming, *inter alia*, that the financial processes and controls, and the integrity of the Group's financial statements are in place, highlighting material financial risks and impacts and providing updates on significant financial issues of the Group.

In accordance with SGX-ST's requirements, the Board issued negative assurance statements in its quarterly financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

Guideline 10.2

Compliance With Legislative And Regulatory Requirements

During the year, the Board reviewed quarterly reports from the Management regarding compliance by business units with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements.

With effect from the third quarter 2015, the Company had, pursuant to Listing Rule 720(1), received undertakings from all its Directors and executive officers in the form set out at Appendix 7.7 of the Listing Manual, *inter alia*, that they each shall, in the exercise of their powers and duties as directors and officers (as the case may be) comply to the best of their abilities with the provisions of the Exchange's listing rules, the Securities and Futures Act, the Code on Takeovers & Mergers, and the Companies Act and will also procure the Company to do so. This is ahead of the mandatory compliance date of 7 December 2015.

Guideline 10.3

Management Accounts

The Management updated the Board on the Group's business activities and financial performance through monthly operations reports. Such reports compare the Group's actual performance against the approved budget and results of the previous year and where appropriate, against forecast. They also highlighted key business indicators and major issues that are relevant to the Group's performance from time to time in order for the Board to make balanced and informed assessments of the Company's performance, position and prospects.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

Guideline 11.1

Risk Management And Internal Control Systems

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets. The ARC oversees and ensures that such system has been appropriately implemented and monitored.

The Group has been carrying out its risks management functions using the Enterprise Risk Management ("ERM") framework which is in line with ISO 31000 – Risk Management Principles and Guidelines and the recommended best practices standard. The framework is reviewed regularly taking into account changes in the business and operation environments as well as evolving corporate governance requirements. 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 which currently comprises a total of 24 risks that have been identified and are being plotted according to their aggregated likelihood and consequential impact to the Group as a whole. In addition, the Group's risk appetite and risk tolerance are being classified into 4 acceptable categories entailing the tolerable exposures as well as those requiring close attention. The Board also reviewed the individual business unit's key risk profiles and their potential impact to the Group. Details on risk management and internal controls are presented in the "Managing Risk in Delivering Our Strategy" as well as the "Business Dynamics & Risk Factors Statement" sections of this Annual Report.

The Group has also in place the Employees' Code of Conduct and Practices, Dealing in Securities, Interested Person Transactions and Whistle-blowing Policy which are set out in the "Corporate Governance in Action" section of this Annual Report so as to mitigate the risk of fraud, corruption and misconduct by employees.

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 in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Guideline 11.2

Adequacy And Effectiveness Of Risk Management And Internal Control Systems

The risk management system has become an essential part of the Group's business planning and monitoring process. On an annual basis, Management reports to the Board on the Group's risk profile, evaluates their potential impact and proposes countermeasures to mitigate or transfer identified risks so as to bring such risks to acceptable level.

During the year, the ARC also reviewed 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 would be subject to an internal audit in a cycle. This is to ensure the effectiveness of the Group's internal controls on all aspects of the Group including financial, operations, compliance and information technology usage.

Guideline 11.3

Board's Comment On Adequacy And Effectiveness Of Internal Controls

Based on the risk management evaluated, internal controls maintained, work performed by the internal auditors, statutory audit review undertaken by the external auditors, and the written representation from the CEO and CFO, the Board is of the view that the Group's risk management and internal control systems are effective. The CEO and CFO's Responsibility Statement in this Annual Report explicitly acknowledged that they are responsible for maintaining the ERM framework and the internal control system so as to address the financial, operational and compliance risks of the Group.

For the financial year under review, the CEO and CFO have provided assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and its risk management and internal control systems are effective.

The Board, with the concurrence of the ARC, is satisfied that adequate and effective internal controls have been in place to address the risks relating to financial, operational, compliance and information technology controls for the financial year ended 31 December 2015.

Guideline 11.4

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 & 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 currently required. In October 2014, the Audit Committee was renamed as Audit and Risk Committee. The ARC reviews key risk categories on a quarterly basis to ensure that the activities of the business remain within the Group's risk appetite.

PRINCIPLE 12: ESTABLISHMENT OF AUDIT AND RISK COMMITTEE WITH WRITTEN TERMS OF REFERENCE

Guideline 12.1

ARC Membership

The ARC comprises the following Directors, all of whom are non-executive and the majority, including its chairman, being independent:

- Mr Choo Teow Huat Albert, chairman
(Independent and Non-Executive)
- Mr Chow Kok Kee
(Independent and Non-Executive)
- Mr David Lee Kay Tuan
(Non-Independent and Non-Executive)

During the year, the ARC held four scheduled and four non-scheduled meetings. In November 2015, the ARC members went to Perth, Australia to conduct a review of the hotel and related business operations with the management of Hyatt Regency Perth and other relevant parties. The ARC members also took the opportunity to gain a better insight of the macroeconomic environment there.

Guideline 12.2

Expertise Of ARC Members

The ARC members bring with them professional expertise and experience in the accounting, financial management and legal domains. The Board is satisfied that the ARC members are appropriately qualified to discharge their responsibilities.

Guidelines 12.3 & 12.4

Roles, Responsibilities And Authority Of ARC

The ARC is guided by its Terms of Reference which stipulate that its principal functions include, *inter alia*, reviewing the annual audit plans (internal and external), the system of internal controls and management of financial risks, the effectiveness and adequacy of the internal audit function which is outsourced to an international auditing firm, regulatory compliance matters, the risk management framework, the recommendation of appointment/re-appointment/removal of external auditors and their remuneration. Key Terms of Reference of the ARC are listed in the Appendix to this Report.

During the year, the ARC reviewed the interested person transactions and on a quarterly basis, the ARC reviews the financial results announcements of the Company before their submission to the Board for approval.

The ARC (except for any ARC member who is interested in the transaction shall recuse himself from the deliberation and approval process) also reviewed and approved with the Independent Director(s) for all disclosable interested person transactions of the nature as detailed below:—

- 1) as specified under Listing Rule 905 of the SGX-ST Listing Manual, the Company must release an immediate announcement of:—
 - (i) any interested person transaction of a value equal to, or more than 3% of the Group's latest audited net tangible assets.
 - (ii) the latest transaction and all future transactions entered into with that same interested person during that financial year, where the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the Group's latest audited net tangible assets.

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- 2) as specified under Listing Rule 906 of the SGX-ST Listing Manual, where the shareholders' approval is required for any interested person transaction of a value equal to, or more than:-
- (i) 5% of the Group's latest audited net tangible assets; or
 - (ii) 5% of the Group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year.

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 is reviewed by the ARC at its quarterly meetings.

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

Guideline 12.5

External And Internal Auditors

During the year, the Company's internal and external auditors were invited to attend the ARC meetings and make presentations as appropriate. They also met separately with the ARC without the presence of Management.

Guideline 12.6

Independence Of External Auditors

The ARC reviewed the non-audit services provided by the external auditors as part of the ARC's assessment of the external auditors' independence. A breakdown of the fees paid to the external auditors for audit and non-audit services can be found in the Notes to the Financial Statements in this Annual Report and as disclosed in the table below:

External Auditor Fees for FY2015	\$'000	% of Total Fees
Total Audit Fees	507	45.07
Total Non-Audit Fees	618	54.93
Total Fees Paid	1,125	100

The ARC is of the view that the non-audit services (mainly as tax consultancy) provided by the external auditors did not impair their objectivity and independence. Accordingly, the Company has complied with the Listing Rule 1207(6).

Guideline 12.7

Whistle-blowing Policy

To encourage proper work ethics and eradicate internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has a Whistle-blowing Policy in place. The policy provides mechanisms by which concerns about plausible improprieties in matters of financial reporting and others may be raised. A Whistle-blowing Committee had been established for this purpose.

The Group takes concerns with the integrity and honesty of its employees very seriously. A copy of the Whistle-blowing 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 reminder on Whistle-blowing Policy is issued to all staff annually.

Every year, employees are also required to submit an Annual Declaration Form requiring disclosure of any conflicts of interest or raising any issues or concerns of possible irregularities of the Company or the Group's affairs. A "nil" return is also required.

The Company treats all information received confidentially and protects the identity and the interest of all whistle-blowers. Anonymous reporting will also be attended to and anonymity honoured.

A summary of the Company's Whistle-blowing Policy is presented in the "Corporate Governance in Action" section of this Annual Report.

Guideline 12.8

ARC To Keep Abreast Of Changes To Accounting Standards

In addition to the activities undertaken to fulfil its responsibility, the ARC is kept abreast by the Management, external 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.

Guideline 12.9

Cooling-off Period For Partners Or Directors Of The Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARC.

PRINCIPLE 13: INTERNAL AUDIT

Guidelines 13.1 & 13.2

Internal Auditors

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the internal auditors ("IA").

The Company has outsourced its internal audit function to PricewaterhouseCoopers LLP ("PwC"). The Board has approved the recommendation of the ARC to re-engage PwC as IA of the Group. The IA has unrestricted access to all the Company's documents, records, properties and personnel, including access to the ARC. The IA's primary line of reporting is to the chairman of the ARC.

Guidelines 13.3 & 13.4

Internal Audit Function

The Company's internal audit function is independent of the activities it audits. The IA, PwC, is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. Our 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 ("IIA Standards") 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 ARC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

Guideline 13.5

Adequacy And Effectiveness Of Internal Audit Function

The ARC reviews the adequacy of the internal audit function to ensure that the internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The ARC also reviews the IA reports and remedial actions implemented by the Management to address any internal control inadequacies identified.

IV. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

The Company believes in treating all shareholders fairly and equitably by recognising, protecting and facilitating the exercise of shareholders' rights and continuously reviewing and updating such governance arrangements. In addition, the Company embraces effective as well as fair communication with its shareholders and encourages shareholders to participate at general meeting(s).

PRINCIPLE 14: SHAREHOLDER RIGHTS

Guideline 14.1

Sufficient Information To Shareholders

The Company believes in providing sufficient and regular information to its shareholders beyond the mere compliance of prevailing statutory or professional standards, if it deems beneficial to its shareholders. In this respect, the Board adopts a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance that could have a material impact on the price or value of its shares.

Guideline 14.2

Providing Opportunity For Shareholders To Participate And Vote At General Meetings

Shareholders are informed of general meetings through reports/circulars sent to all shareholders in addition to notices published in the newspapers, Company's announcements via SGXNET and the Company's website. General meetings are usually held at venues within the central business district and easily accessible by the shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the scrutineers at such general meetings.

Guideline 14.3

Proxies For Nominee Companies

Since 2006, the Company adopted a new set of Articles of Association which provided therein that no limit shall be imposed on the number of proxies for nominee companies. This is to facilitate shareholders holding shares through nominee companies to attend any general meeting as proxies.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Guideline 15.1

Communication With Shareholders

The Company places strong emphasis on strengthening relationships with its shareholders and the investment community. In this respect, an Investor Relations Policy ("IR Policy") was formally established during the year setting out principles to provide shareholders and prospective investors with information necessary to make well-informed investment decisions. The IR Policy is published on the Company's website at www.tuansing.com.

The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. An investor relations contact was provided via the Company's website which stakeholders can use to voice their concerns or complaints about possible violation of their rights. Material information is communicated to shareholders on a timely and non-selective basis. Should an inadvertent disclosure be made to a selected group, the Company will make the same disclosure publicly as soon as practicable. The Company disseminates all announcements, press releases and presentation slides through the SGX-ST via SGXNET and its corporate website at www.tuansing.com.

Guideline 15.2

Timely Information To Shareholders

The Company communicates with shareholders and the investment community through timely release of announcements to the SGX-ST via SGXNET. Audited results for the financial year ended 31 December 2015 were released within 30 days from the year end. Unaudited quarterly results were also announced within the same time frame of 30 days. Each quarterly announcement is accompanied by a press release in both the English and Chinese languages, and a PowerPoint presentation. In addition, two webcasts on the results were posted on the same evening of the announcement of the Group's half-yearly and full year results announcements. The 2015 Annual Report will be distributed to shareholders 28 days before the AGM scheduled to be held on 29 April 2016.

To further enhance its communication with investors, the Company's website (www.tuansing.com) allows the public to access information on the Group and investors may also subscribe for the Company's announcements made to the SGX-ST. This enables investors to gain access to the latest material developments of the Company in a timely manner.

Guideline 15.3

Regular Dialogue With Shareholders

General meetings have been and are still the principal forum for dialogue with shareholders. At these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or input and address shareholders' concerns at general meetings.

Guideline 15.4

Soliciting And Understanding Views Of Shareholders

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on value creation. Further, Management would meet analysts and fund managers as appropriate.

CORPORATE GOVERNANCE REPORT

To enhance the process of soliciting input from shareholders and members of the investment community, a “Feedback And Queries” template has been established in the Company’s website. The Company’s website also has an “Investor Contact” link which gives contact details for shareholders to voice their concerns. The Company also attends to shareholders’ queries made via electronic mail or telephone.

Guideline 15.5 **Dividend Policy**

The Company has established a policy on payment of dividends which takes into consideration the need to conserve cash for its working capital and the retention of profits for investment into the future for long-term capital growth as well as shareholders’ desire to receive returns from their investment in the Company. A summary of the Company’s Dividend Policy is presented in the “Corporate Governance in Action” section of this Annual Report.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Guideline 16.1

Effective Shareholders Participation

To facilitate shareholders’ effective participation at AGMs, SGX-ST’s investor guides “An Investor’s Guide to Preparing for Annual General Meetings” and “An Investor’s Guide to Reading Annual Reports” have been posted on the Company’s website under “Investor Relations” with an aim to assist shareholders in gaining more from reading annual reports and frame pertinent questions at the AGMs.

Shareholders are informed of these meetings 28 days in advance through notices published in the newspapers and annual reports or circulars sent to them. Shareholders are encouraged to participate in such meetings by raising relevant questions or seeking clarification on the motions to be debated and decided upon.

Guideline 16.2

Separate Resolutions At General Meetings

The Board ensures that separate resolutions are proposed for approval on each distinct issue at general meetings. Shareholders can vote either in person or through proxies.

Guideline 16.3

Attendees At General Meetings

The Chairmen of the Board and its committees and the CEO and CFO are required to attend all general meetings to address issues raised by shareholders. The Company’s external auditors and its legal advisers are also present to address any relevant queries from shareholders.

Guideline 16.4

Minutes Of General Meetings

The Company prepares minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon written request. The Company is also exploring the feasibility of publishing such minutes, together with voting and vote tabulation procedures used in the general meetings via SGXNET.

Guideline 16.5

Voting By Poll At General Meetings

To promote greater transparency and effective participation, the Company conducted electronic poll voting for all resolutions passed at its last AGM held on 9 April 2015. Via the service provider’s poll voting system, the votes cast for and against and the respective percentages on each resolution were tallied and instantaneously displayed live on screen at the AGM. The external auditors had been appointed to validate and/or count the votes at AGMs. The results of the electronic poll voting on each resolution tabled at the last AGM, including the total number of votes cast for or against each resolution, were also announced after the said meeting via SGXNET.

Appendix – Key Terms of Reference

Nominating Committee

1. Nomination of new Directors to the Board and re-election/re-appointment of Directors at regular intervals, having regard to provisions in the Articles of Association of the Company and the Code.
2. Review annually whether or not a Director is independent, having regard to the guidelines of the Code and other factors that the NC considers salient.
3. Determine a suitable size of the Board which facilitates effective decision-making, after taking into consideration the scope and nature of the operations of the Company.
4. 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. Review the Directors’ mix of skills, qualities and experiences that the Board requires to function competently and efficiently.
5. Recommend to the Board on appropriate internal guidelines to address the competing time commitments that are faced by Directors serving on multiple boards.
6. Develop and maintain, as appropriate, a formal assessment process to evaluate the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board, as appropriate.
7. To rigorously 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.
8. Review the appointment and termination/dismissal of the Company’s CEO and Company Secretary for recommendation to the Board for approval. In addition, review and approve the appointment and termination/dismissal of personnel occupying key positions in the Company such as CFO, Chief Operating Officer, Financial Controller, Senior Vice President, General Manager or its equivalent.

Remuneration Committee

1. Offer an independent perspective in assisting the Board in the establishment of a formal and transparent procedure for developing policy on remuneration matters for the Directors and key management personnel of the Company.
2. Establish appropriate remuneration framework to motivate and retain Directors and executives, and ensure that the Company is able to attract appropriate talent from the market in order to maximise value for shareholders.
3. Develop remuneration policy for the Executive Director and key management personnel (or executive of equivalent rank), structuring it to link rewards to corporate and individual performance.
4. Determine specific remuneration packages for the Executive Director and key management personnel (or executive of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company.
5. Review and approve the compensation of key management personnel.
6. Review the appropriateness and transparency of remuneration matters for disclosure to shareholders.
7. Have explicit authority to investigate any matter within its Terms of Reference including seeking expert advice within and/or outside the Company.

Audit and Risk Committee

1. Assist the Board in fulfilling its responsibilities for the Company's financial reporting, management of financial and control risks and monitoring of the internal control systems. Review the financial reporting process, the system of internal controls and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct.
2. Ensure that arrangements are in place for the independent investigation of possible improprieties in matters of financial reporting or other matters raised by staff of the Company and that appropriate follow up action has been taken.
3. Review the external auditors' proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope. Review the nature and extent

of non-audit services provided by the external auditors. Monitor and assess the independence of the external auditors and their performance. Ensure significant findings and recommendations made by the external auditors are received and discussed in a timely manner. Ensure that Management responds to recommendations made by the external auditors.

4. Review the activities and organisational structure of the internal audit function and ensure that there are no unjustified restrictions or limitations. Review the internal audit program with regard to the complementary roles of the internal and external audit functions. Ensure significant findings and recommendations made by the internal auditors are received and discussed in a timely manner. Ensure that Management responds to recommendations made by the internal auditors.
5. Satisfies itself that adequate countermeasures are in place to identify and mitigate any material business risks associated with the Company. Review the adequacy of the Company's internal financial controls, operational, compliance and information technology controls, and risk management policies and systems established by the Management. Ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually.
6. Evaluate how Management is reviewing the principal business risks and assess the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks. Ensure an appropriate system is established to identify and report areas of potential business risk promptly in order for remedial actions to be taken. Assess at least annually the effectiveness of the control and risk management systems. Recommend to the Board its findings and proposed course of actions to be taken by Management to ensure controls are put in place to address these risks. Management is responsible for the actions to be taken.
7. Review the relevance and consistency of the accounting standards used by the Company and the Group, significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance.
8. Review and recommend for the Board's approval, all Interested Person Transactions, as specified under Chapter 9 of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE IN ACTION

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities. In addition, the Company has established a Whistle-blowing Policy and a policy on payment of dividends.

INTERESTED PERSON TRANSACTIONS – Listing Manual Rule 907

Interested Person Transactions (“IPT”) are executed on fair terms and at arm’s length regardless of nature and size. Disclosure of IPTs is presented in the “SGX-ST Listing Manual Requirements” section of this Annual Report. When a potential conflict of interest arises, the Director concerned neither takes part in discussions nor exercises any influence over other members of the Board.

DEALINGS IN SECURITIES – Listing Manual Rule 1207(19)

The Company had a formal insider trading policy whereby its Directors and officers are prohibited from dealing in the securities of the Company and listed entity (i.e., SP Corp) within the Group (collectively the “listed entities”) while in possession of price-sensitive information as well as during the period commencing one month before the announcements of the listed entities’ full-year results, and two weeks before the announcements of the first, second and third quarter financial results till the day of such announcements. The Company’s Directors and officers are also made aware of the applicability of the insider trading laws and are refrained from dealing in the listed entities’ securities for short-term considerations. The said policy also requires Directors to seek the Board’s approval before trading in the Company’s shares.

During the year under review, there was no trading of the Company’s shares by insiders.

CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of integrity and professionalism in the conduct of its business. To build a culture of high integrity and to reinforce ethical business practices, the Company has in place an employee code of conduct.

The Company’s code of conduct and practices are detailed in the Employees Handbook which is presented to new employees during induction and can be easily accessed by all employees via the Company’s Human Resource Intranet. 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 on conflict of interests. The code also prohibits employees from disclosing confidential information or knowledge obtained by him during his employment with the Group, and requires all staff to avoid any conflict between their own interests and the interests of the Company in dealing with its suppliers, customers and other third parties.

Employees are expected to embrace, practise and adopt these values while performing their duties and always to act in the best interest of the Group and avoid situations that may create conflicts of interest.

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 reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

A mechanism for the submission of issues/concerns has been established which includes a dedicated secured e-mail address allowing whistle-blowers to contact the Whistle-blowing Committee (“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.

Assisted by the WBC, the ARC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARC reports to the Board any issues/concerns received by it and the WBC, at the ensuing Board meeting. Should the ARC or WBC receives reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report is made to the relevant governmental authorities for further investigation/action.

▶ Whistle-blowing Committee

The WBC consists of:

- CEO
- CFO &
- a member of the in-house corporate secretarial team

The WBC is empowered to:

- look into all issues/concerns relating to the Group (except for those directed specifically to or affecting any member of the WBC which are dealt with by the ARC);
- make the necessary reports and recommendations to the ARC or the Board for their review and further action, if deemed required by them; and
- has access to the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

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.

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 investment 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 when required, tabled at the AGM of the Company for shareholders’ approval.

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 them could grow with the Company.

The Scheme was announced on 18 December 2009 and allows shareholders of the Company 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 cost will be incurred by shareholders when electing to invest in the Company through the Scheme. By 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 www.tuansing.com.