CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AT A GLANCE

Governance[Note 1]	Implemented and/or Presented in Annual Report
BOARD RESPONSIBILITIES	
Board size	
■ The Board comprises 7 members	Guideline 2.1 of the Corporate Governance Report ("**CG Report**")
Board independence	
■ Independent Directors make up more than one-third of the Board ■ Comprehensive description of how the Company assesses the independence of its Directors which includes being independent from shareholders ■ Independent Directors who have served on the Board beyond 9 years	Guidelines 2.1, 2.2, 2.3 and 2.4 of CG Report
Role Separation – Chairman and CEO	
■ The Chairman is a Non-Executive Director and unrelated to the CEO ■ Roles and responsibilities of the Chairman	Directors' Profile and Guideline 3.1 of CG Report Guideline 3.2 of CG Report
Board competencies	
■ The Board comprises members with diverse qualifications and backgrounds ■ Directors are informed of relevant training programs, seminars and workshops organized by professional bodies and organisations ■ Appropriate induction programme was organized for new Director	Directors' Profile and Guideline 2.5 of CG Report Guideline 1.6 of CG Report
Board duties and responsibilities	
■ Roles and responsibilities of the Board	Guideline 1.1 of CG Report
Board and committee meetings and attendance during the year	
■ Board met 8 times ■ Remuneration Committee met twice ■ Nominating Committee met once ■ Audit and Risk Committee met 6 times ■ Tabulation of Directors' attendance at all meetings	Guideline 1.4 of CG Report
Nominating committee	
■ Majority of the members are independent including the Chairman	Guideline 4.1 of CG Report
Limits on the number of directorships	
■ 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
Selection of Directors	
■ The Company has in place a process seeking candidates with the relevant skills/experience	Guideline 4.6 of CG Report
Board and individual Director appraisal	
■ The process and criteria used for assessment	Guidelines 5.1, 5.2 and 5.3 of CG Report

Note 1: Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

CORPORATE GOVERNANCE AT A GLANCE

Governance[Note 1]	Implemented and/or Presented in Annual Report
Remuneration committee	
■ All members are non-executive with the majority, including the Chairman, being independent	Guideline 7.1 of CG Report
■ Remuneration committee has access to professional advice	Guideline 7.3 of CG Report
Structure for Non-Executive Directors' fees	
■ Framework for Non-Executive Directors' fees is presented	Guidelines 7.2 and 8.3 of CG Report
Remuneration structure of Executive Director & top 5 executives	
■ Fixed and variable components ■ Incentives in the form of bonus ■ Performance measures – specific key performance indicators ■ Remuneration Committee reviews and approves the remuneration of the CEO and the senior executives	Guideline 8.1 of CG Report
Disclosure of remuneration of the Directors and top 5 executives	
■ Full disclosure for remuneration of all Directors including the CEO ■ Remuneration of top 5 executives in bands of $100,000	Guideline 9.2 of CG Report Guideline 9.3 of CG Report
RIGHTS OF SHAREHOLDERS	
Fundamental shareholder right	
■ Scrip Dividend Scheme applies to our FY2016 dividend payment ■ Payment of dividend is between 30 and 35 market days from the books closure date	Corporate Governance in Action and Notice of Books Closure and Dividend Payment Dates
Rights to participate effectively and vote in general shareholder meetings	
■ Shareholders are provided with opportunity to approve amongst others, the remuneration for the Non-Executive Directors at each AGM	Guideline 8.3 of CG Report and Notice of AGM
■ Voting and vote tabulation procedures are disclosed and both declared before the meeting proceeds	Guidelines 14.2 and 16.5 of CG Report
■ Shareholders are provided with opportunities to ask questions in the latest AGM and the meeting minutes record details of shareholders' questions and answers. The minutes are posted on the website of both SGX-ST and the Company	Guidelines 15.3, 15.4 and 16.4 of CG Report
■ Appointment of an independent party to be the scrutineer to count and validate the votes at the AGM	Guideline 16.5 of CG Report
■ The attendance of the Chairman of the Board and the CEO at the latest AGM	Guideline 1.4 of CG Report
■ Poll voting is used for all resolutions at the latest AGM	Guideline 16.5 of CG Report
Conduct of interested person transactions (IPTs) and management of conflicts of interest	
■ Internal guidelines have been established for board members who have a conflict of interest in a particular item to recuse from the discussion	Guideline 1.5 of CG Report and Corporate Governance in Action
■ The Company has in place a policy to ensure that IPTs are conducted fairly and on arm's length basis	Corporate Governance in Action
Institutional investors	
■ Disclosure is made of share ownership of institutional investors, other than controlling shareholders, whose interest in the Company exceeds 5%	Shareholding Statistics

Note 1: Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

Governance[Note 1]	Implemented and/or Presented in Annual Report
Shareholder participation	
■ No limit is imposed on the number of proxies for nominee companies	Guideline 14.3 of CG Report
■ Annual Report is sent to shareholders 28 days before the AGM	Guidelines 15.2 and 16.1 of CG Report and Notice of AGM
■ Full information (including explanatory notes) is provided on each agenda item for the AGM	Notice of AGM
■ All Directors are required to stand for re-election by the shareholders at least once every 3 years	Guideline 4.2 of CG Report
Dividend payment	
■ Proposed dividend is for FY2016	Notice of AGM
■ Dividend policy is published in the Company's website and a summary of the policy disclosed in the annual report	Guideline 15.5 of CG Report and Corporate Governance in Action
■ Tuan Sing Holdings Limited Scrip Dividend Scheme implemented since 2009	Corporate Governance in Action
ENGAGEMENT OF STAKEHOLDERS	
Rights of stakeholder established through law and mutual agreements upheld	
■ In FY2016, the Company established 4 new policies, namely, Information Security Policy, Personal Data Protection Policy, Sustainability Policy and Anti-bribery and Anti-corruption Policy	Guideline 11.2 of CG Report
■ The Sustainability Policy ensures that sustainability and ecological awareness are incorporated into our business practices, processes and operations	Environment Initiatives and Supply Chain Management under Sustainability Report
■ Activities that (a) demonstrate the Company's attempts to employ eco-friendly and sustainable value chain processes; and (b) describe the Company's interaction and cooperation with the relevant communities are disclosed in the Sustainability Report	Community Involvement under Sustainability Report
■ Anti-corruption procedures are set out in the Anti-bribery and Anti-corruption Policy	Labour Practice & Conducive Workplace under Sustainability Report
Stakeholders' avenue for redress for violation of rights	
■ The Company has put in place internal guidelines to ensure the health, safety and welfare of its employees	Labour Practice & Conducive Workplace under Sustainability Report
■ Details of training and development programmes provided for the employees	
■ To safeguard the creditors' rights, the Company has in place internal guidelines to ensure that businesses with the customers, service providers, suppliers and competitors are conducted in a fair manner	Supply Chain Management under Sustainability Report
Whistle-blowing policy	
■ Disclosure on key details of the Company's Whistle-blowing Policy	Guideline 12.7 of CG Report and Corporate Governance in Action

Note 1: Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

CORPORATE GOVERNANCE AT A GLANCE

Governance[Note 1]	Implemented and/or Presented in Annual Report
ACCOUNTABILITY AND AUDIT	
Composition of the audit and risk committee ("ARC")	
■ All members are non-executive with the majority, including the Chairman, being independent	Guidelines 12.1 and 12.2 of CG Report
■ Chairman and members have had relevant accounting and finance background	Guidelines 12.1 and 12.2 of CG Report and Directors' Profile
Risk management and internal control systems	
■ 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 risk management and internal control systems	Guidelines 11.1, 11.2 and 11.3 of CG Report, Managing Risk in Delivering our Strategy and Business Dynamics & Risk Factors Statement Guideline 11.3 of CG Report
■ Quarterly CEO/CFO written representations given to the Board and the ARC regarding the effectiveness of the company's risk management and internal control systems and certification of financial statements	Guidelines 10.1 and 11.3 of the CG Report and CEO & CFO Responsibility Statement
Internal audit function	
■ Discloses the name of the external firm that conducts the Company's internal audit	Guidelines 13.1 and 13.2 of CG Report
■ The internal auditor complies with its own Global Internal Audit Services methodology which in turn is aligned to IIA standards	Guidelines 13.3 and 13.4 of CG Report
External auditor and auditor report	
■ ARC is primarily responsible for proposing the appointment and removal of the external auditor	Guideline12.6 of CG Report
DISCLOSURE AND TRANSPARENCY	
Transparent ownership structure	
■ Disclosures on the direct and indirect (deemed) shareholdings of Directors	Directors' Statement in the Statutory Reports and Accounts
Quality of Annual Report	
■ Disclosures on: (a) Corporate objectives (b) Financial performance indicators (c) Non-financial performance indicators (d) Key risks (including operational risks) and how these risks are assessed and managed	➢ Delivering our Strategy ➢ CFO's Review of Financial Performance ➢ Portfolio Highlights ➢ Group Property Portfolio ➢ Labour Practice & Conducive Workplace under Sustainability Report ➢ Environment Initiatives under Sustainability Report ➢ Managing Risk in Delivering Our Strategy ➢ Business Dynamics & Risk Factors Statement ➢ Guidelines 11.1, 11.2 and 11.3 of CG Report

Note 1: Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

Governance[Note 1]	Implemented and/or Presented in Annual Report
Disclosure of related party transactions (RPTs) and IPTs	
■ The Company has in place an Interested Person Transactions Policy that sets out the procedure for the review and approval of all IPTs	Corporate Governance in Action
■ For each IPT, the Company identifies all related parties and its relationship with each party and discloses the nature and value of each transaction for each IPT	SGX-ST Listing Manual Requirements
■ Type of material transactions that require Board's approval	Guideline 1.5 and Key Activities of the Board – 2016 set out in CG Report
Directorships/Chairmanships held by the Company's Directors in listed companies	
■ Information on Directors' directorships/chairmanships in listed companies, both current and those held over the preceding 3 years	Directors' Profile and Guideline 4.7 of CG Report
Timeliness of release of financial results	
■ Unaudited quarterly financial results and full-year audited results were announced within 30 days of each quarter and within 1 month from year-end (as appropriate)	Guideline 15.2 of CG Report, Investor Relations under Sustainability Report and Financial Calendar
Medium of communication	
■ The Company communicates regularly with shareholders and the investment community, with timely disclosures of material and other pertinent information, through regular dialogues and announcements to SGX-ST	Guideline 15.1 of CG Report and Investor Relations under Sustainability Report
Corporate website	
■ Description of the Company's code of conduct/ethics and practices on its website	Company's website
■ The Company's website link and QR Code is provided in the Annual Report and a link is provided on the SGX's website	Company's website and SGX's website
■ An Investor Relations Policy is published on the Company's website	Company's website
■ The Company's website also has a clearly dedicated "Investor Relations" link and the investor relations contact is provided	Company's website
■ The latest and past 5 years financial results and annual report are available on the Company's website	Annual Report and Company's website
■ Up-to-date information of the Group's corporate structure and clear vision and mission statements are found on the Company's website	Company's website
Responsiveness of Investor Relations Function	
■ The Company endeavors to respond to email enquiries within 2 working days	Guideline 15.1 of CG Report
Results briefings	
■ An adequate Investor Relations Policy is in place to ensure regular and effective convey of pertinent information to shareholders	Guideline 15.1 of CG Report
■ Steps and measures are being taken to understand shareholders' viewpoints and concerns	Guideline 15.4 of CG Report

Note 1: Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

CORPORATE GOVERNANCE AT A GLANCE

Governance[Note 1]	Implemented and/or Presented in Annual Report
ADDITIONAL GOVERNANCE PRACTICES	
Confirmation Statement	
■ The Company provides a positive confirmation statement at the start of the corporate governance report that it has adhered to the principles and guidelines of the Code, and if there is any deviation from the Code, each area of non-compliance is specified	Page 1 of CG Report
Annual Sustainability Report	
■ The Company publishes a sustainability report which forms part of the Annual Report	Sustainability Report
Percentage of share capital to be offered – S161 of the Act	
■ 10 percent	Notice of AGM
Risk management policy	
■ The Company has in place a Risk Management Policy that sets out its tolerance for various classes of risk by the Board	Managing Risk in Delivering our Strategy and Business Dynamics & Risk Factors Statement
Publishing its notice of AGM (with detailed agendas and explanatory notes) at least 28 days before the meeting	
■ The Company publishes its notice of AGM on 28 March 2017, 28 days before the date of AGM	Notice of AGM

Note 1: Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

"Tuan Sing is committed to achieving and maintaining a high standard of corporate governance to promote transparency as we believe that good governance supports long-term value creation"

The Board and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group's businesses and performance. The Board and its committees have established policies and rules on good governance, and they are guided by their respective written Terms of References. Tuan Sing will continue to review and refine its corporate governance framework based on best practices that we are aware of and which are appropriate with the needs and circumstances of the Group.

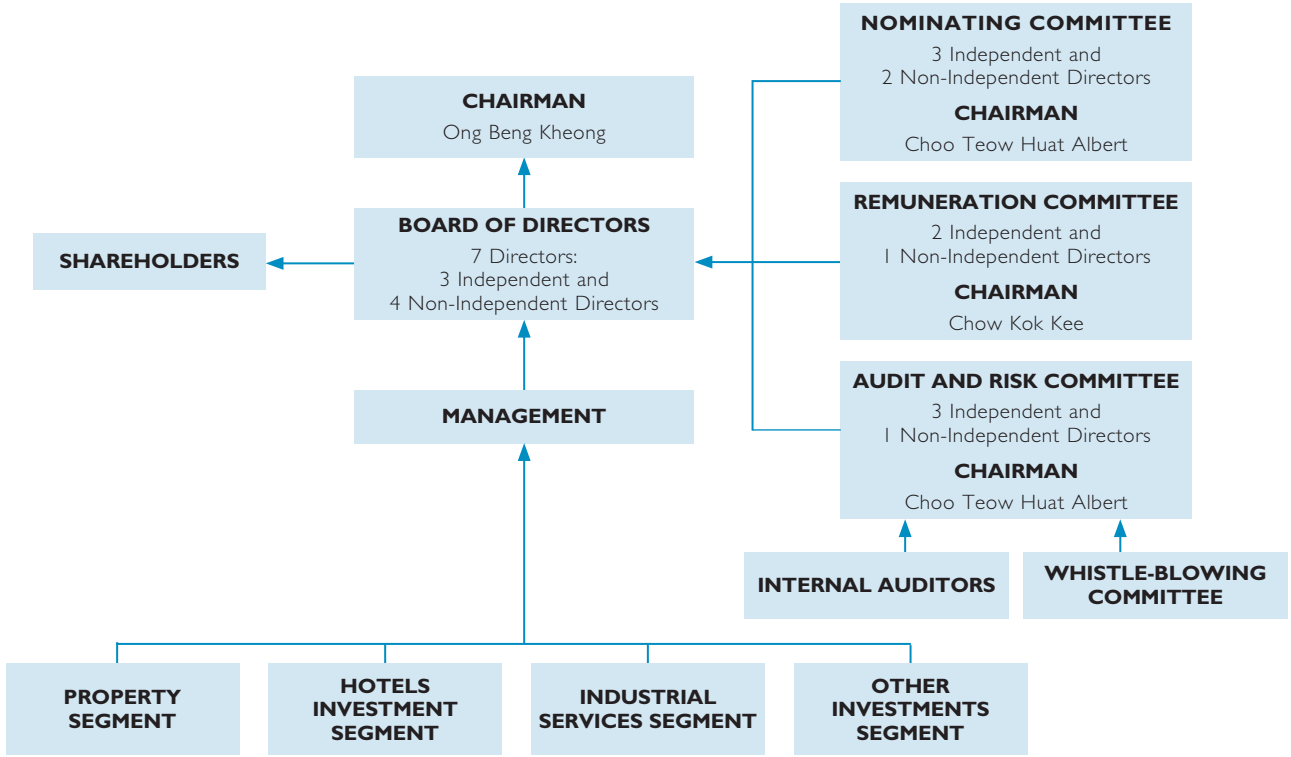
In 2016, the Group received a number of awards in recognition of the Group's commitment to adopting high standards of corporate governance. In addition, the Group was also ranked 7th in The Singapore Governance and Transparency Index (SGTI) 2016, out of 631 Singapore-listed companies.

Welcome to the Corporate Governance section of our Annual Report

This Report sets out the Company's primary corporate governance policies and practices during the financial year ended 31 December 2016 ("**FY2016**") with specific references made to each of the principles of the Code of Corporate Governance 2012 (the "**Code**").

The Board believes that the Company has complied, in all material aspects, with the principles and guidelines as set out in the Code. Insofar as any principle and/or guideline has not been complied with, the reason has been presented.

CORPORATE GOVERNANCE FRAMEWORK



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. To assist the Board in the fulfilment of their responsibilities, the Management has been providing Directors with true, fair and timely information.

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

Guideline 1.1

Principal Duties of the Board

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.

Apart from its statutory duties, during FY2016 the Board also performed the following:

i. providing entrepreneurial leadership, setting corporate strategies and ensuring that the necessary financial and human resources were in place for the Group to meet its objectives;

CORPORATE GOVERNANCE REPORT

ii. reviewing and approving the Group's annual business plan, including the annual budget, operational and capital expenditure plans as well as constructively challenged Management on the strategic options and planning process;

iii. reviewing the adequacy and effectiveness of the Group's risk management and ensuring that the Management maintained a sound system of internal controls (including financial, operational and compliance) to safeguard the shareholders' investments and the Company's assets;

iv. overseeing the conduct of the Company, evaluating and having satisfied themselves that the business was properly managed; and

v. monitoring the Group's performance, position and prospects and reviewing the performance of the Management against agreed goals and objectives.

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 require specific written approval of the Board.

Guideline 1.3

Delegation by the Board

The Board is supported/assisted by 3 Board committees, namely, the Audit and Risk Committee ("**ARC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), in the discharge of its oversight functions. 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 & revised periodically (last reviewed on 29 January 2014). More details on the Board's delegation are presented below. The Board committees and the Management remain accountable to the Board.

Guideline 1.4

Board and Board Committees Meetings and Attendance Records of the Board Members

The Board and its committees met regularly based on schedules planned 1 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 participation at the meetings is allowed under the Constitution of the Company. To enable members of the Board and its committees to prepare for the meetings, agendas and materials were circulated at least 1 week before the meetings.

To go green, the Company has since year 2014 ceased to provide hard copy meeting papers to Directors. In its stead, Directors have been provided with electronic tablet devices to enable them to access and read such 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.

The attendance of the Directors at the meetings during FY2016 is set out below:

	Board	ARC	NC	RC	General Meetings
Total Number of Meetings held	8	6	1	2	2
	Total Number of Meetings attended				
Executive Director					
William Nursalim alias William Liem	8	N.A.	N.A.	N.A.	2
Non-Executive Director					
Ong Beng Kheong	8	N.A.	1	N.A.	2
Choo Teow Huat Albert	8	6	1	2	2
Chow Kok Kee	8	6	1	2	2
David Lee Kay Tuan	8	6	N.A.	N.A.	2
Michelle Liem Mei Fung	8	N.A.	1	2	2
Neo Ban Chuan (appointed on 1 July 2016)	4	3	0	N.A.	0
Ng Siow How (resigned on 30 June 2016)	0	N.A.	1	N.A.	0

In June 2016, the Board held a Strategy Meeting to review the Company's strategic plans to ensure that the work of the Company was aligned with its short and long term objectives taking into account the challenges in the global environment in which the Company operate.

In September 2016, members of the Board and the ARC made a site visit to Grand Hyatt Melbourne and *inter alia*, held a Board meeting, an ARC meeting and an in-depth discussion session with the managers from both Grand Hyatt Melbourne and Regency Hyatt Perth regarding the hotel operations, their internal controls and IT security. These discussions enabled the Board members to gain an insight of the operations and the challenges ahead and could thus provide comments and guidance accordingly.

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:

i. material acquisition and disposal of land/assets/investments

ii. corporate/financial restructuring/corporate exercises

iii. budgets/forecasts

iv. delegation of authority matrix, policies and procedures

v. material financial/funding arrangements and providing of all 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 – 2016

Regular agenda:

- Reports of the ARC, NC and RC
- CEO's monthly management report, quarterly updates on the businesses including risk profile
- Quarterly updates on compliance of financial covenants and 16-month cash flow projection
- Review and approval of all announcements including those for quarterly results and year-end financial statements
- Conflict of interest and IPT 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 FY2016:

- Proposed acquisitions of land
- New banking relationship
- Business strategy
- Formalised policies on Information Technology, Personal Data Protection, Anti-bribery and Anti-corruption and Sustainability
- Revised dividend policy
- 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
- Dividend payout
- CEO's KPI and performance review

Guideline 1.6

Board Orientation and Training

It is our policy to provide new Directors with detailed and thorough induction, including meeting with key management personnel, an overview of their responsibility and where necessary an opportunity to visit the Company's key properties and developments. In July 2016, Mr. Neo Ban Chuan joined the Board as an Independent Director and received an appropriate induction.

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.

The Board is routinely being updated on pertinent developments in the business including changes in laws and regulations, code of corporate governance, financial reporting standards and industry-related matters so as to enable Directors to effectively discharge their duties. The Company will fund Directors' participation at industry conferences, seminars or any training programme in connection with their duties as Directors.

During FY2016, Management informed the Directors of relevant training programs, seminars and workshops organised by various professional bodies and organisations. Apart from the external training programmes attended by the respective Directors, the Company also invited Directors to take part in the annual Finance seminar organised by the Company for the internal staff.

Guideline 1.7

Appointment Letter to new Director

Upon appointment to the Board, all new Directors receive a formal letter of appointment setting up his/her duties and responsibilities as well as explaining the policies and practices of the Group. New Directors also receive an information pack that contains the Group's organisation structure, the Company's Annual Report, Constitution, respective Board committees' terms of reference, the Group's policy relating to disclosure of interests in securities and prohibition on dealings in the Company's securities as well as guidelines on directors' fees. Directors are given appropriate briefings by the Management on the business activities of the Group, its strategic directions,

CORPORATE GOVERNANCE REPORT

and the Company's corporate governance policies and practices when they are first appointed to the Board.

The Company observed the aforesaid practice when Mr. Neo Ban Chuan became a Director of the Company in July 2016.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Guideline 2.1

Independent Element of the Board

There were 7 Board members throughout FY2016 – 3 were independent and 4 were non-independent. Other than the CEO, all Directors were non-executive.

An Independent Director is one who has no relationship with the Company, its related companies, its 10% shareholders[Note 1] or its officers who can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgement to the best interests of the Company.

The NC 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.

Guideline 2.2

Composition of Independent Directors on the Board

As the Chairman, Mr. Ong Beng Kheong, is not an Independent Director, the NC has reviewed the percentage of Independent Directors on the Board and has recommended to the Board to consider increasing the independence element so as to be in line with Guideline 2.2 of the Code. During FY2016, Mr. Neo Ban Chuan was appointed as an additional Independent Director to the Board.

The Code provides that Independent Directors shall make up at least half of the Board where, *inter alia*, the Chairman of the Board is not an Independent Director. The NC and the Board noted that such guideline shall be complied with by not later than the date of the Company's Annual General Meeting to be held in year 2018.

Guideline 2.3

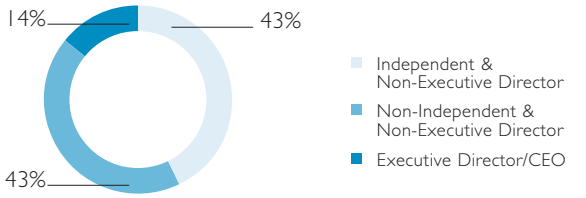
Independence of Directors

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 process includes the use of a self-assessment questionnaire which each Independent Director is required to complete and submit to the NC for review. The self-assessment questionnaire is collated and reported to the Board.

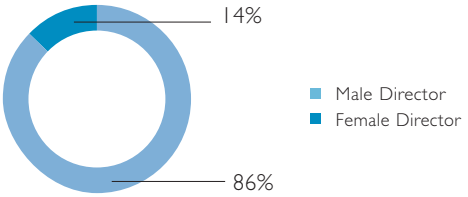
The NC has assessed the independence of Messrs Choo Teow Huat Albert, Chow Kok Kee and Neo Ban Chuan, and is satisfied that there is no relationship or other factors such as gifts or financial assistance, past association, business dealings, representative of shareholder, financial dependence, relationship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

Board Composition at one glance

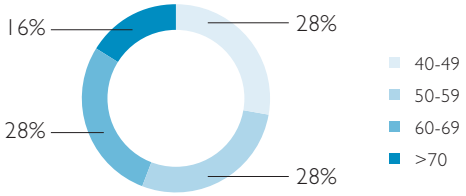
Independence



Gender diversity



Age group of our Directors



Guideline 2.4

Independence of Directors who have served on the Board beyond 9 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 Directors with long tenure, the Board will review rigorously their continuing contributions and independence and may exercise its discretion to extend the tenure of these Directors.

In subjecting the independence of Messrs Choo Teow Huat Albert and Chow Kok Kee to a particularly rigorous assessment (with both Messrs Choo and Chow abstaining from the exercise), placed more emphasis on whether they have continued to demonstrate integrity, professionalism and independent judgement and/or decisions on matters with the interests of the Company at heart without undue reliance on and influence by others. Fellow Directors also noted that there are no relationships or circumstances which affect or are likely to

Note 1: A "10% shareholder" is a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share or those shares is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

affect the 2 gentlemen's judgement and ability to discharge their responsibilities as Independent Directors.

The Board is of further view that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. Furthermore, there have been changes to the composition of the Board since their respective appointment, allowing for progressive renewal of the Board.

Guideline 2.5

Board Composition and Size

The Company recognises and embraces the benefits of diversity on the Board and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The current composition of the Board provides diversity in terms of skills, experience, gender and knowledge of the Company.

In terms of gender diversity, the Company has 1 female Director, namely, Ms. Michelle Liem Mei Fung, on the Board. Female therefore represents 14% of total Board membership which is compared favourably to the national average of 9.7%[Note 1]. Ms. Liem has been a member of the Board since 2001. The Company continues to benefit from her membership in terms of improved discussions, debates and decision-making at 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.

During FY2016, Mr. Ng Siow How stepped down from the Board due to his other personal commitments whilst Mr. Neo Ban Chuan joined and was appointed Independent and Non-Executive Director of the Company. Details of Mr. Neo's qualifications, background and working experience, principal commitments and shareholdings in related corporations are provided under the "Directors' Profile" section of this Annual Report.

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. 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 increasing the representation of Independent Directors so as to comply with the relevant guidelines of the Code.

The current composition of the Board and its committees is set out under "Corporate Data" section of this Annual Report.

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. 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 assessing 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 FY2016, Independent Directors met regularly and on an ad hoc basis with the CEO and senior management team or other Non-Executive Directors to discuss challenges facing the Group. The Company 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.

As and when warranted, the Board sets aside time to meet without the presence of the Executive Director and Management at Board meetings.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Guideline 3.1

Separation of the Role of Chairman and the 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 and the CEO 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 Beng Kheong and the CEO, Mr. William Nursalim alias William 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.

Note 1: Source: Diversity Action Committee (DAC), 5 October 2016.

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Prior to each Board meeting, the Chairman sets the agenda for the meeting and ensures that Board members are provided with adequate and timely information. As a general rule, meeting papers are sent to Directors at least 1 week in advance in order for Directors to be adequately prepared for the meeting. The Chairman leads the meetings and ensures full discussion of each agendum. He also ensures that the Board members are able to engage the Management in constructive debate on various matters including strategic issues. Management staff who have prepared the papers, or who can provide additional insights into the matters to be discussed are invited to present their papers during the meetings.

At Annual General Meetings ("**AGMs**") and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management.

Guideline 3.3

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 7 members with 3 being Independent Directors, the Board is of the view that the appointment of a Lead Independent Director is not necessary.

The Directors and Management are accessible to the Company's shareholders, and the Company has always responded to queries raised by its shareholders. The absence of a Lead Independent Director has not impacted and is unlikely to impact such accessibility or the Company's response to shareholders' queries.

Nevertheless, the Board will annually examine the need for the appointment of a Lead Independent Director.

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 of the Board 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: BOARD MEMBERSHIP

Guideline 4.1

NC Membership and Key Terms of Reference

The NC consists of the following 5 members with the majority, including the Chairman, being independent:

- Mr. Choo Teow Huat Albert, Chairman (Independent and Non-Executive)
- Mr. Chow Kok Kee (Independent and Non-Executive)
- Mr. Neo Ban Chuan (Independent and Non-Executive)
- Ms. Michelle Liem Mei Fung (Non-Independent and Non-Executive)
- Mr. Ong Beng Kheong (Non-Independent and Non-Executive)

The NC is guided by its written Terms of Reference which stipulates its principal roles as follows:

i. nomination of new Directors to the Board and re-election of Directors at regular intervals;

ii. review annually whether or not a Director is independent;

iii. determine a suitable size of the Board;

iv. develop and maintain internal guidelines to assess a Director's ability and his/her performance in carrying out his/her duties as Director of the Company. Review the Directors' mix of skills, qualities and experiences that the Board requires;

v. recommend to the Board on appropriate internal guidelines to address the competing time commitments that are faced by Directors serving on multiple boards;

vi. 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;

vii. review, as appropriate, the independence of any Director who has served on the Board beyond 9 years from the date of his/her first appointment; and

viii. review the appointment and termination/dismissal of the following persons in the Company:

(a) the CEO and Company Secretary for recommendation to the Board for approval; and

(b) the personnel occupying key positions such as Chief Financial Officer, Chief Operating Officer, Financial Controller, Senior Vice President, General Manager or its equivalent.

When deciding on the appointment of new Directors to the Board, the NC and the Board consider a variety of factors including the relevant expertise and experience that are required on the Board and the Board committees, diversity, independence, conflicts of interest and time commitments.

Guideline 4.2

Responsibilities of NC

The 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 Constitution of the Company which stipulates that at each AGM, one-third of the Board, including the CEO who is also the sole Executive Director (or, if their number is not 3 or a multiple of 3, the number nearest to one-third), shall retire from office by rotation at least once every

3 years in accordance with the Constitution, and may stand for re-election. The NC having reviewed and has recommended and the Board has agreed for the following Directors to retire by rotation and seek re-election at the Company's forthcoming AGM:

(a) Mr. David Lee Kay Tuan; and

(b) Ms. Michelle Liem Mei Fung.

In accordance with the Constitution of the Company, newly appointed Directors by the Board during the financial year, without shareholders' approval at the AGM, shall only hold office until the next AGM, and thereafter be eligible for re-election at the AGM. They are in addition to the number of Directors to retire by rotation at the AGM. In this aspect, Mr. Neo Ban Chuan, who was appointed as Director of the Company with effect from 1 July 2016, will be eligible for re-election at the Company's forthcoming AGM.

Subject to their re-election, Mr. David Lee Kay Tuan shall continue to serve as a member of the ARC, Ms. Michelle Liem Mei Fung shall continue to serve as a member of the NC and the RC whilst Mr. Neo Ban Chuan shall continue to serve as a member of the ARC and the NC.

Guideline 4.3

Continuous Review of Directors' Independence

During FY2016, the NC conducted an annual review of the independence of the Directors based on their declarations of independence, which were drawn up in accordance with the guidelines provided under the Code. The NC is also committed to reassess the independence of each individual Director as and when warranted.

Guideline 4.4

Commitments of Directors sitting on multiple boards

There are internal guidelines 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. In this respect, the Company's current policy stipulates that if a Director is an Executive Director or key management personnel of another listed company or a major corporation, he/she should preferably not hold more than 3 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, their principal commitments and attendance and contributions to the Board. Despite the multiple directorships of 2 Directors, the NC is satisfied that the 2 Directors have discharged their duties adequately and satisfactorily for FY2016.

Guideline 4.5

Appointment of Alternate Directors

As at 31 December 2016, the Company has no alternate director on its Board.

Guideline 4.6

Nomination and Selection of Directors

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

The Company has in place a process for selecting and appointing new Directors. This process includes, *inter alia*, an evaluation of the candidate's capabilities by taking into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board. The NC may 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.

The NC confirmed that during the year it had observed the due process enumerated above which led to the appointment of Mr. Neo Ban Chuan as a Director.

Guideline 4.7

Key Information on Directors

Key information of each member of the Board including directorships and chairmanships both present and those held over the preceding 3 years in other listed companies, other principal commitments, academic/professional qualifications, memberships/chairmanships in the Company's Board committees, date of appointment, last re-election and other relevant information, are furnished under the "Directors' Profile" section of this Annual Report. Similar information is also published on the Company's website.

PRINCIPLE 5: BOARD PERFORMANCE

Guideline 5.1

Board Evaluation Process

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 other consideration of such factors as provided under the guidelines of the Code. The Board would act on the results where appropriate.

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The evaluation of individual Director is differentiated between Executive Director and Non-Executive Directors. Executive Director is evaluated by Non-Executive Directors, *inter alia*, through assessment of his performance against certain key performance indicators set by the relevant Board committees in the early part of the year.

For FY2016, due process was observed and all Directors were requested to complete a Board Performance Assessment checklist. The questionnaire included assessment criteria such as the size of the Board, the degree of independence of the Board, information flow from management, and adequacy of the Board and committees' meetings held to enable proper consideration of issues. To ensure confidentiality, the evaluation returns completed by all Directors were submitted to the Company Secretary for collation. The results of the performance evaluation on a collective basis were presented first to the NC for review and discussion and then to the Board. The Board was satisfied with the results of the assessment for FY2016.

Guideline 5.2

Board Performance Criteria

The NC has implemented a process for evaluating the effectiveness of i) the Board and its Board Committees; ii) the contribution by each individual Director; and iii) the Chairman of the Board.

The NC has also 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 5-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 5-year period. More relevant and meaningful criteria would also be used when applicable.

For FY2016, the NC duly observed the aforesaid process and criteria and was satisfied with the results of the review.

Guideline 5.3

Individual Director Evaluation

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 meetings; 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: ACCESS TO INFORMATION

Guideline 6.1

Complete, Adequate and Timely 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 the time. All scheduled Board and Board committees' meetings are planned 12 months ahead and all discussion papers are distributed to Directors at least 1 week in advance of the meetings.

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.

In line with the Company's commitment to conservation of the environment as well as sustainability efforts, the Company provides tablet devices to the Directors to enable them to access and read Board and Board committee papers prior to and during the meetings.

Guideline 6.3

Company Secretary

The role of the Company Secretary is clearly defined which includes, *inter alia*, advising the Board on all matters regarding the proper functioning of the Board, compliance with the Company's Constitution and applicable regulations, requirements of the Companies Act, Cap. 50 ("**Companies Act**"), the Securities and Futures Act and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual. She assists the Board in implementing and strengthening corporate governance policies and procedures.

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 mails, telephone and face-to-face meetings. During FY2016, 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.

Guideline 6.5

Independent Professional Advice

Directors, individually or as a group, in the furtherance of their duties and after consultation with the Chairman of the Board, may seek independent professional advice at the expense of 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 notes to the Financial Statements of the Company and of the Group.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Guideline 7.1

RC Composition

The RC comprises the following Directors, all of whom are non-executive and the majority, including the 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 stipulates its principal roles as follows:

i. 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;

ii. 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;

iii. 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;

iv. 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;

v. review and approve the compensation of key management personnel;

vi. review the appropriateness and transparency of remuneration matters for disclosure to shareholders; and

vii. have explicit authority to investigate any matter within its Terms of Reference including seeking expert advice within and/or outside the Company.

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.

Non-Executive Directors receive remuneration packages consisting of Directors' fees and attendance fees which are based on a scale of fees divided into basic retainer fees as Director, an additional fees for serving on any of the Board committees and attendance fees for participation in meetings at the Board and any of the Board committees.

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	

In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of Non-Executive Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account. The Chairman and members of the ARC receive higher additional fees to take into account the nature of their responsibilities. The current remuneration framework for the Non-Executive Directors remains unchanged from that of the previous financial year ended 31 December 2015.

The CEO, being an Executive Director, does not receive Director's fee.

The determination of the remuneration of the Directors is the purview of the Board as a whole; individual Directors do not participate in discussion regarding their own remuneration.

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Guideline 7.3

RC's access to advice on remuneration matters

The RC has direct access to the Company's Head of Human Resources should they have any queries on human resources matters. 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, at the Company's expense. In this regard, the RC draws on a pool of independent consultants for diversified views and specific expertise to ensure that existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

In FY2016, the Company took part in Mercer's Singapore Total Remuneration Survey (Property). The results of the survey are being perused and where applicable, they would be used in updating the Company's remuneration framework for implementation in 2017 and onwards.

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 approves the overall annual increment and bonus of the Company and 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, key performance indicators ("**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.

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

Throughout FY2016, the Board has only 1 Executive Director, namely the CEO. 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 nominated and appointed to these boards.

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 also reviewed the performance of the Group's senior executives (excluding those employed by the listed subsidiary which has its own remuneration committee), after taking into consideration the CEO's assessment of and recommendation for bonus and remuneration.

Guideline 8.2

Long-term Incentive Scheme

Currently, the Company does not have any long-term incentive scheme or schemes involving the offer of shares or grant of options or any other forms of deferred remuneration. The Board is of the view that such long-term incentive plan is not effective and that it is difficult to determine how much such long-term incentive plan contributes to the retention of employees and/or motivating desired performance. The employees might not view it as "long-term" – disposing of shares when they are vested, rather than holding the shares and receiving dividend payments and enjoying future share price appreciation.

Guideline 8.3

Remuneration of Non-Executive Directors

Non-Executive Directors have no service contracts with the Company and their terms are specified in the Constitution. Non-Executive Directors are paid a basic fee, an additional fee for serving on any of the committees and an attendance fee for participation in meetings of the Board and any of the Board committees. The fee structure for Non-Executive Directors is presented under Guideline 7.2 of this Report.

The Board concurred with the RC's proposal for Non-Executive Directors' fees for FY2016. 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 aggregate fees of the Non-Executive Directors are subject to the approval of the shareholders at each 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 OF REMUNERATION

Guideline 9.1

Remuneration Report

Details on remuneration of Directors and key management personnel for FY2016 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

The remuneration of the Executive Director and Non-Executive Directors which is paid or payable by the Company for FY2016 is set out below:

Name of Directors	Directors' Fees[1]	Salary[2]	Benefits[3]	Variable Bonus	Total
Executive Director					
William Nursalim alias William Liem[4]	–	$672,000	$45,626	$290,000	$1,007,626
Non-Executive Directors					
Ong Beng Kheong	$97,000	–	–	–	$97,000
Choo Teow Huat Albert	$109,000	–	–	–	$109,000
Chow Kok Kee	$94,000	–	–	–	$94,000
David Lee Kay Tuan	$73,000	–	–	–	$73,000
Michelle Liem Mei Fung	$63,000	–	–	–	$63,000
Neo Ban Chuan[5]	$41,668	–	–	–	$41,668
Ng Siow How[6]	$25,873	–	–	–	$25,873
Total Directors' Remuneration	**$503,541 33.32%**	**$672,000 44.47%**	**$45,626 3.02%**	**$290,000 19.19%**	**$1,511,167 100%**

Annotations:

(1) If approved, the aggregate amount of Directors' fees of $503,541 will be paid to the Non-Executive Directors upon approval by shareholders at the forthcoming AGM.

(2) Salary refers to basic salary (CPF contribution is not applicable).

(3) Benefits refer to car benefits.

(4) As an Executive Director, Mr. William Nursalim alias William Liem does not receive Director's fees.

(5) Pro-rated fees as Mr. Neo Ban Chuan was appointed as a Director and a member of the ARC and the NC effective 1 July 2016.

(6) Pro-rated fees as Mr. Ng Siow How stepped down from the Board and from the NC on 30 June 2016.

During the year 2016, there was no change in the fee structure for Directors. The total Directors' fees proposed this year of $503,541 is 8% higher than that for year 2015 reflecting solely an increase in the number of overseas engagements, meetings held during the year and the appointment of an additional ARC member mid-year.

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Guideline 9.3

Remuneration of Top 5 Key Management Personnel

The table below sets out the range of gross remuneration of the top 5 key management personnel (excluding the Executive Director) of the Group including those in the Company's listed subsidiary, SP Corporation Limited ("**SP Corp**") but excluding those in associated companies:

Name of Top 5 Key Management Personnel	Designation	Salary[1]	Benefits[2]	Bonus[3]	Remuneration Bands of $100,000
Chong Chou Yuen[4]	Group Chief Financial Officer	72%	1%	27%	$700,000 – $799,999
Ilan Weill	General Manager, Grand Hyatt Melbourne	78%	8%	14%	$600,000 – $699,999
Boediman Gozali (alias Tony Wu)[5]	Managing Director & Chief Executive Officer, SP Corp	90%	2%	8%	$500,000 – $599,999
Sholto Smith	General Manager, Hyatt Regency Perth	89%	10%	1%	$400,000 – $499,999
Ng Choong How Nick	Senior Vice President (Business Development)	72%	1%	27%	$300,000 – $399,999

Annotations:

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

(2) Benefits refer to car benefits and taxable health insurance.

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

(4) In accordance with the Company's Group Policy, Mr. Chong Chou Yuen does not receive Director's fees acting as Non-Executive Director in SP Corp.

(5) Mr. Boediman Gozali (alias Tony Wu) is an uncle of Ms. Michelle Liem Mei Fung, a Non-Executive Director of the Company, and of Mr. William Nursalim alias William Liem, the CEO and an Executive Director of the Company.

The aggregate remuneration paid to the above key management personnel in FY2016 was $2,854,399.

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

Guideline 9.4

Employee related to Directors or CEO

Save as disclosed above, Mr. Lee Kay Chen, General Manager 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 a brother-in-law of Ms. Michelle Liem Mei Fung (Non-Executive Director and deemed substantial shareholder), whose remuneration exceeded $50,000 for FY2016.

Guideline 9.5

Employee Share Schemes

The Company has no employees share/stock options scheme nor long-term incentive scheme.

Guideline 9.6

Link between remuneration and performance

The information on the link between remuneration paid to the Executive Director and key management personnel, and performance is set out under Guideline 8.1 of this Report.

III. ACCOUNTABILITY AND AUDIT

The Board recognises the importance of providing accurate and relevant information on a timely basis to all stakeholders. In this respect, the ARC reviews all financial statements and results announcements and recommends them to the Board for approval. The ARC also ensures that the Company maintains a sound system of internal controls over financial reporting, operational risks and compliance risks and that all areas of weaknesses identified in internal audit reports are properly dealt with in a timely manner.

During the year, quarterly unaudited results and the audited full-year results of the Group have all been announced within 1 month after the end of each period.

PRINCIPLE 10: ACCOUNTABILITY

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 to shareholders on a timely manner.

The business and finance heads of individual subsidiaries and strategic business units are 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 i) the financial statements present a true and fair view of the financial position of the Group and of the Company as of the date; ii) the financial processes and controls, and the integrity of the Group's financial statements are in place. In addition, the CEO and CFO's quarterly written representations highlight, *inter alia*, material financial risks, their impact and provide updates on significant financial issues of the Group.

Based on the CEO and CFO's representation, enquiries made thereof and 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 its attention which might render the financial statements false or misleading in any material aspect.

Guideline 10.2

Compliance with Legislative and Regulatory Requirements

During FY2016, the Board reviewed quarterly representation letters from the Management regarding compliance by strategic business units of the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements.

The Company has on 28 April 2016 received signed undertakings from all its Directors and executive officers based on the revised form of Appendix 7.7, pursuant to Listing Rule 720(1) of the SGX-ST Listing Manual. The undertakings replaced and superseded the ones previously signed by the Directors and executive officers which were announced by the Company on 29 October 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 framework which is in line with ISO 31000 – Risk Management Principles and Guidelines and the recommended best practices.

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. In addition, the Group's risk appetite and risk tolerance are being classified into 4 acceptable categories, namely, Business & Strategy Risks, Financial Risks, Operational Risks and Compliance Risks 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 provided in "Managing Risk in Delivering Our Strategy" and "Business Dynamics and Risk Factors Statement" sections of this Annual Report.

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

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

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.

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.

As part of the Group's continuous effort to ensure that its risk management and internal control systems are adequate and effective, the Company has implemented the following new policies during FY2016:

i. Information Security Policy

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

ii. Personal Data Protection Policy

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

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iii. Anti-bribery and Anti-corruption Policy

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

iv. Sustainability Policy

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

Guideline 11.3

Board's Comment on Adequacy and Effectiveness of Internal Controls

The Board, with the concurrence of the ARC, is of the view that the Group's risk management and internal control systems were effective and adequate as at 31 December 2016 to address the financial, operational, compliance and information technology risks of the Group. In arriving at this view, the Board had considered the following: the risk management evaluation, internal controls implementation, internal auditors' reports, statutory audit undertaken by the external auditors, and the written representation issued by the CEO and CFO.

In this respect, the CEO and CFO have provided assurance to the Board that the financial records have been properly maintained and that the financial statements give a true and fair view of the Company and the Group's operations and finances for the year ended 31 December 2016 and financial position as of the date and that the Company's risk management and internal control systems are adequate and effective for the purpose. The CEO and CFO's Responsibility Statement published in this Annual Report explicitly acknowledged these points in details.

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 and operations as well as its existing internal control and risk management systems, the Board is of the view that currently a separate Risk Committee is not 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: AUDIT & RISK COMMITTEE

Guidelines 12.1 & 12.2

ARC Composition and Expertise of ARC Members

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. Neo Ban Chuan (Independent and Non-Executive)
- Mr. David Lee Kay Tuan (Non-Independent and Non-Executive)

The ARC members bring with them professional expertise and experience in the accounting, financial management and legal domains. The NC is of the view that the members of the ARC 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 its principal roles as follows:

i. assist the Board in fulfilling its responsibilities for the Company's financial reporting, management of financial 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;

ii. 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;

iii. 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;

iv. review the activities 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;

v. satisfies itself that adequate countermeasures are in place to identify and mitigate any material business risks associated with the Company. Review the adequacy and effectiveness of the Company's internal controls over financial, operational, compliance, information technology, and risk management policies and systems established by the Management;

vi. 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 internal control and risk management systems. Recommend to the Board its findings and proposed course of actions to be taken by Management;

vii. review the relevance and consistency of the accounting standards used by the Group, significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and the Group and any announcements relating to the Company's financial performance; and

viii. review and recommend for the Board's approval, all Interested Person Transactions, as specified under Chapter 9 of the SGX-ST Listing Manual.

Minutes of the ARC meetings are routinely tabled at Board meetings for information.

On a quarterly basis, Independent Directors who formed majority of the ARC also reviewed and if appropriate, approved all disclosable interested person transactions. Directors who are interested in the transaction had recused themselves from the deliberation and approval process in both the ARC and Board deliberation.

In the review of the financial statements for FY2016, the ARC has discussed with the Management and the Independent Auditors on significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the members under "Key Audit Matters". Following the review, the ARC is satisfied that those matters, including the revenue recognition of development properties, valuation of completed properties held for sale and valuation of investment properties, have been properly dealt with and recommended the Board to approve the financial statements. The Board has on 26 January 2017 approved the financial statements.

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 FY2016 and as in the past years, the Company's external and internal 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 oversees the Group's relationship with its external auditors. It reviews the selection of the external auditors and recommends to the Board the appointment, re-appointment or removal of the external auditors as well as the remuneration and terms of engagement of the external auditors. The appointment of the external auditors is subject to shareholders' approval at each AGM of the Company.

The ARC reviewed the independence and objectivity of the external auditors through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors.

During FY2016, the ARC is satisfied with the independence and objectivity of the external auditors. A breakdown of the fees paid to the Group's external auditors (including its member firms) is disclosed in the table below:

FY2016	S$	% of Total Fees
Total Audit Fees	499,274	85.62
Total Non-Audit Fees	83,862	14.38
Total Fees	583,136	100

The Company has complied with SGX-ST Listing Rules 712 and 715 in relation to the Company's appointment of auditing firms.

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 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 from the employees.

CORPORATE GOVERNANCE REPORT

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

Disclosure on ARC's activities and measures taken by ARC to keep abreast of changes to Accounting Standards

The ARC met 6 times during FY2016 consisting of 4 scheduled meetings and 2 ad hoc meetings. The CEO, CFO, Company Secretary, external and internal auditors were invited to attend these meetings. 1 of the ARC meetings was held in Melbourne, Australia during a Directors' visit to review the Group's operations there. In the said meeting, remedial action for points highlighted in a recent internal audit report, internal controls in general, and information technology security in particular were discussed with the Hyatt representatives.

The ARC has been 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 incumbent auditing firm or its member firms is a member of the ARC.

PRINCIPLE 13: INTERNAL AUDIT

Guidelines 13.1 & 13.2

Internal Auditors and Compliance

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 Risk Services Pte. Ltd. ("**PwC**"). Upon the recommendation by ARC, the Board approved the re-engagement of PwC as IA of the Group. The ARC assesses the adequacy of the IA function through the review of PwC's audit plan and the quality of its reports. The IA has unrestricted access to the ARC and access to the Company's documents, records, properties and personnel, where relevant to their work. 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 external audit. The IA, PwC, is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The Group's engagement with PwC stipulates that its work shall comply with the PricewaterhouseCoopers Global Internal Audit Services Methodology which is aligned to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan entails the review of selected functions or business units of the Group is developed and agreed by the ARC. Having reviewed the audit plan of PwC, 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. As such, it reviews and updates relevant arrangements regularly and embraces effective and fair communication with its shareholders. It also encourages shareholders to participate at general meetings. Fuller discussion can be found in "Investor Relations" section of this Annual Report.

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 through the appropriate media that could have a material impact on the price or value of its shares. Such channels include news releases, annual reports, shareholder circulars, shareholders' meetings and announcements through SGXNet.

Guideline 14.2

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

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

Shareholders are informed of general meetings through reports/circulars/letters 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 which are 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's Constitution provided that no limit shall be imposed on the number of proxies for indirect investors who hold the Company's shares through a nominee company or custodian bank or through CPF agent bank. This is to facilitate shareholders holding shares through nominee companies to attend general meeting as proxies. This practice is therefore well ahead of the introduction of the multiple proxies under the amended Companies Act (effective 3 January 2016).

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Guideline 15.1

Communication with Shareholders

Since November 2015, an Investor Relations Policy ("**IR Policy**") had been established setting out the principles to provide shareholders and prospective investors with information necessary to make well-informed investment decisions. This IR Policy is published on the Company's website at www.tuansing.com.

The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. An investor relations contact has been provided in the Company's website which stakeholders can use to voice their concerns or feedbacks about possible violation of their rights. In the event that the shareholders make any enquiries to the Company, Management endeavours to respond within 2 working days. 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 is practicable. The Company disseminates all announcements, press releases and presentation slides to SGX-ST via SGXNet as well as through its corporate website.

Guideline 15.2

Disclosure of Information on a Timely Basis

The Company communicates with shareholders and the investment community through timely release of announcements to SGX-ST via SGXNet. The planned date of release of quarterly financial results is disclosed in the Annual Report of the preceding year and confirmed at least 2 weeks prior to the actual date of announcement via SGXNet.

During the year, unaudited quarterly results were announced within 28 days of the succeeding month; and full-year audited results were released on 26 January 2017. Each results announcement is accompanied by a press release in both the English and Chinese languages, and a PowerPoint presentation. In addition, webcasting on the results were posted in the same evening of the announcement of the Group's half-yearly and full-year results. The 2016 Annual Report will be distributed to shareholders 28 days before the AGM scheduled to be held on 26 April 2017.

To further enhance its communication with the investors, the Company's website allows the public to have access to information on the Group including the Company's announcements made to the SGX-ST.

Guideline 15.3

Interaction with Shareholders

General meetings have been and are still the principal forum for dialogue with shareholders. During 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. Simultaneously, the Company is also able to gather views or input and address shareholders' concerns at general meetings.

Guideline 15.4

Soliciting and Understanding Views of Shareholders

In order to have a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. Further, Management would meet analysts and fund managers as appropriate.

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 communicate with the Company. The Company also attends to shareholders' queries made via telephone.

Guideline 15.5

Dividend Policy

The Company has established a policy on payment of dividends which attempts to balance the need to conserve cash for working capital and investment into the future for long-term capital growth as well as shareholders' desire to receive returns from their investment in the Company. 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, investor guides, prepared by SGX, titled "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 encouraged to participate in such meetings by raising relevant questions or seeking clarification on the motions to be debated and decided upon.

Shareholders are informed of these meetings 28 days in advance through notices in the annual reports or circulars. These notices are also released via SGXNet, published in the newspapers and posted on the Company's website. In line with the Company's commitment towards environment responsibility, the Company's annual reports and circulars are sent to shareholders in the form of a CD-ROM. The annual reports and circulars may also be viewed on the Company's website. However, we are mindful that some shareholders may prefer to receive a printed copy and this will be provided upon request.

CORPORATE GOVERNANCE REPORT

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. Detailed information on each item in the AGM agenda is also provided in the explanatory notes to the Notice of AGM in this Annual Report.

Guideline 16.3

Attendees at General Meetings

In the past years, the Chairman of the Board and the Chairman of each of the Board committee, CEO and CFO have all had attended all the general meetings to address issues raised by shareholders. The Company's external auditors and its legal advisers were also present to address relevant queries from shareholders.

Guideline 16.4

Minutes of General Meetings

The Company prepares minutes of general meetings detailing the proceedings and questions raised by shareholders and answers given by the Board and Management. The minutes of the last AGM and EGM held on 29 April 2016 were published via SGXNet and the Company's website on 4 May 2016 within 2 working days from the date of the general meetings.

Guideline 16.5

Voting By Poll at General Meetings

To promote greater transparency in voting process and effective participation, the Company conducted electronic poll voting for all resolutions passed at its last AGM and Extraordinary General Meeting ("**EGM**") held on 29 April 2016. Through 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 the screen at the meeting site.

An independent scrutineer firm was present to validate the votes at the last AGM and EGM. The results of the electronic poll voting on each resolution tabled at the last AGM and EGM, including the total number of votes cast for or against each resolution, were also announced after the said meetings via SGXNet.

CORPORATE GOVERNANCE IN ACTION

The Company has in place internal codes of conduct and practices for its Board members and employees to observe on i) securities transactions while in possession of price-sensitive information and ii) their conduct of business activities. In addition, the Company has a Whistle-blowing Policy and a Dividend Policy.

INTERESTED PERSON TRANSACTIONS
– Listing Manual Rule 907

Interested Person Transactions ("**IPTs**") are executed on fair terms and at arm's length regardless of nature and size. Quarterly report on IPTs entered into by the Group is submitted to the ARC for review. Under the SGX listing rules, where any IPT requires shareholders' approval, the interested person will abstain from voting and the decision will be made by disinterested shareholders. When a potential conflict of interest arises, the Director concerned neither take part in discussions nor exercise any influence over other members of the Board.

The Board has adopted an IPT policy and last revised the IPT procedures in 2011 that sets out the procedure of monitoring, reviewing and approving IPTs in the Group.

Disclosure of IPTs is presented in the "SGX-ST Listing Manual Requirements" section of this Annual Report.

DEALINGS IN SECURITIES
– Listing Manual Rule 1207(19)

The Company has a formal insider trading policy whereby 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 and during the period commencing 1 month before the announcements of the listed entities' full-year results, and 2 weeks before the announcements of the first three quarters 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 have refrained from dealing in the listed entities' securities for short-term considerations.

During FY2016, 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's 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 which 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/her during his/her 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 to always 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.

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

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

A mechanism for the submission of issues/concerns has been established which includes a dedicated e-mail address allowing whistle-blowers to contact the WBC and the ARC Chairman directly, and in confidence so that his/her identity will be protected from reprisals within the limits of the law.

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 receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to appropriate external professional advice. Where appropriate or required, a report will be made to the relevant governmental authorities for further investigation.

➢ Whistle-blowing Committee

The WBC consists of:

- CEO;
- CFO; and
- 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

CORPORATE GOVERNANCE IN ACTION

- 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 Board may at its absolute discretion, consider recommending a special dividend to commemorate the Company having achieved exceptional operational performance in a particular year or in a major investment sale.

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 who are entitled to dividends, to elect to receive either cash or an allotment of ordinary shares in the Company credited as fully-paid, *in lieu* of the cash amount of the dividend to which the Scheme applies. The Scheme will provide shareholders with greater flexibility in meeting their investment objectives.

No transaction 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.