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CORPORATE GOVERNANCE AT A GLANCE

GOVERNANCE[Note 1]	IMPLEMENTED AND/OR PRESENTED IN ANNUAL REPORT
BOARD RESPONSIBILITIES	
Board size	
■ The Board comprises seven 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 Director who has served on the Board beyond nine 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 organised by professional bodies and organisations ■ Appropriate induction programme was organised for new Director	Directors' Profile and Guidelines 2.5 and 2.6 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 six times ■ Remuneration Committee met twice ■ Nominating Committee met once ■ Audit and Risk Committee met six 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 three 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 five 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 five executives	
■ Full disclosure for remuneration of all Directors including the CEO	Guideline 9.2 of CG Report
■ Remuneration of top five executives in bands of $100,000	Guideline 9.3 of CG Report
RIGHTS OF SHAREHOLDERS	
Fundamental shareholder right	
■ Scrip Dividend Scheme applies to our FY2017 dividend payments ■ Payment of dividend is between thirty and thirty-five market days from the books closure date	Corporate Governance in Action, Financial Calendar, Notice of AGM and Notice of Books Closure Date
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 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	Guidelines 1.4 and 16.3 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

CORPORATE GOVERNANCE AT A GLANCE

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 twenty-eight 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 three years	Guideline 4.2 of CG Report
Dividend payment	
■ Proposed dividend is for FY2017	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 implemented four 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
■ The Company provides training and development programmes for its 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	Guidelines 12.3, 12.4 and 12.6 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, 11.3, 12.3 and 12.4 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
Disclosure of related party transactions 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	Key Activities of the Board – 2017 under Guideline 1.5 of 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 three 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 thirty days of each quarter and within one 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	Guidelines 15.1 and 15.2 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	Corporate Governance in Action
■ The Company's website link and QR Code is provided in the Annual Report and a link is provided on the SGX's website	Inside cover of 2017 Annual Report and SGX's Website
■ An Investor Relations Policy is published on the Company's website	www.tuansing.com/InvestorRelations/InvestorRelations.aspx?ID=32
■ The Company's website also has a clearly dedicated "Investor Relations" link and the investor relations contact is provided	www.tuansing.com/InvestorRelations/InvestorContact.aspx
■ The latest and past five years financial results and annual report are available on the Company's website	Inside cover of 2017 Annual Report
■ Up-to-date information of the Group's corporate structure and clear vision and mission statements are found on the Company's website	www.tuansing.com/AboutUs/CorporateProfile.aspx and www.tuansing.com/AboutUs/GroupStructure.aspx
Responsiveness of Investor Relations Function	
■ The Company endeavors to respond to email enquiries within two 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	First page 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	
■ Ten 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 Business Dynamics & Risk Factors Statement
Publishing its notice of AGM (with detailed agendas and explanatory notes) at least twenty-eight days before the meeting	
■ The Company publishes its notice of AGM on 21 March 2018, twenty-eight 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 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.

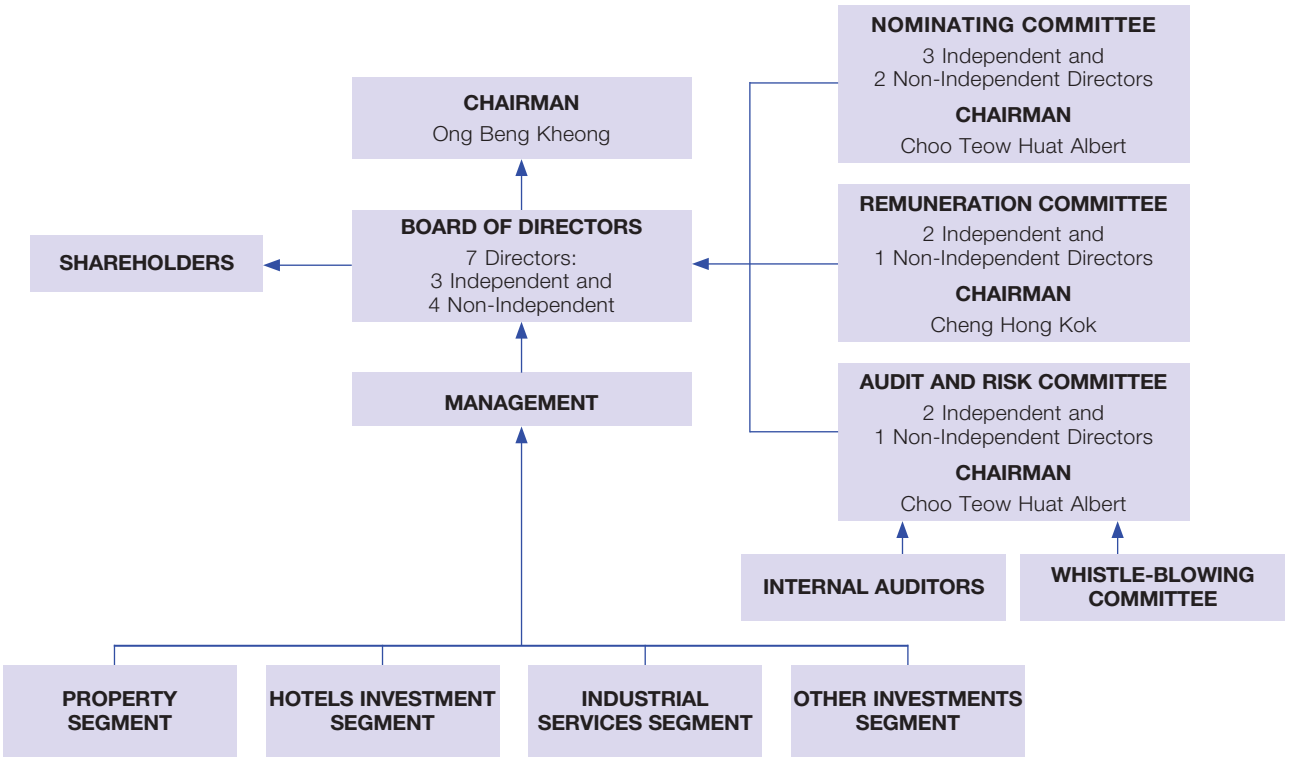
In 2017, the Group received a number of recognitions in the Group's pursuit to achieve high standards of corporate governance. Among which, the Group was ranked 7th in The Singapore Governance and Transparency Index (SGTI) 2017, out of 606 Singapore-listed companies. The Group continues to review and refine its corporate governance processes to meet with the best practices but bearing in mind the size and prevailing circumstances of the Group.

WELCOME TO THE CORPORATE GOVERNANCE SECTION OF OUR ANNUAL REPORT

This Report sets out the Company's corporate governance practices in the financial year ended 31 December 2017 ("**FY2017**") with specific reference to the Code of Corporate Governance 2012 (the "**Code**").

Other than Guidelines 2.2, 3.3 and 8.4, the Company has complied with in all material aspects, the principles and guidelines of the Code. The exception to Guideline 2.2 is related to independent directors not yet making up at least half of the Board for which the Board is well aware of the timeline. The exception to Guideline 3.3 is related to not having a Lead Independent Director as the Board is of the view that such an appointment is not necessary considering the Company's current business operations and the current size of the Board. The exception to Guideline 8.4 was that there were no contractual provisions to reclaim components of remuneration from the executive director and key management personnel if there were misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Remuneration Committee and the Board believe that the bonus payable to key management personnel has not been excessive as to require an official claw-back provision. There are no lengthy or onerous removal clauses in the employment contracts.

CORPORATE GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS

The Board believed that in FY2017 it led and controlled the management of the Company effectively in ensuring that the Company not only performed successfully in the year but also in the long-term.

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

Guideline 1.1
Principal Duties of the Board

During FY2017 and as was in the past years, the Board performed the following roles:

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;

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

iii. reviewing the adequacy and effectiveness of the Group's risk management and 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 the operations of the Group. Specific written approval of the Board is required on forming of all new entities, new investments, purchase of land, new banking facilities (including non-cash facilities and corporate guarantees and funding arrangement to non-wholly owned entities), business acquisitions, divestments and liquidation of entities.

Guideline 1.3
Delegation by the Board

In discharging the Board's oversight functions, it is supported/assisted by three Board committees, namely, the Audit and Risk Committee ("**ARC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). Each Board committee has its 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. Any change to the terms of reference for any Board committees requires the specific written approval of the Board.

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 and 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 one year ahead so as to ensure maximum attendance by all participants. *Ad hoc* meetings were also organised as often as it was warranted by particular circumstances. On occasions when Directors were unable to attend meetings in person, telephonic participation is allowed under the Constitution of the Company. To enable members of the Board and its committees to prepare adequately for the meetings, agenda and materials were circulated at least one 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.

From time to time and as necessary, the Board or its Committees made site visits to places where the Group operates. In September 2017, certain members of the Board went to Bali to inspect the site and its surroundings in respect of a proposed project that the Company was deliberating. In November 2017, members of the ARC made a trip to Hyatt Regency Perth and held *inter alia* an ARC meeting and an in-depth discussion with the management of Hyatt Regency Perth regarding the hotel operations, their internal controls, cyber security and IT operations.

CORPORATE GOVERNANCE REPORT

The attendance record of the Directors during FY2017 is set out below:

	BOARD[1]	ARC[2]	NC	RC[3]	GENERAL MEETING
TOTAL NUMBER OF MEETINGS HELD	6	6	1	2	1
	Total Number of Meetings attended				
EXECUTIVE DIRECTOR					
William Nursalim alias William Liem	6	N.A.	N.A.	N.A.	1
NON-EXECUTIVE DIRECTOR					
Ong Beng Kheong	6	N.A.	1	N.A.	1
Cheng Hong Kok (appointed since 15 August 2017)	3	N.A.	0	0	0
Choo Teow Huat Albert	6	6	1	2	1
Chow Kok Kee (resigned as from 1 July 2017)	2	2	1	2	1
David Lee Kay Tuan	6	5	N.A.	N.A.	1
Michelle Liem Mei Fung	6	N.A.	1	2	1
Neo Ban Chuan	6	6	1	N.A.	1

Annotations:

(1) The Board met six times in FY2017, of which five were scheduled meetings and one was an *ad hoc* meeting.

(2) The ARC met six times in FY2017, of which four were scheduled meetings and two were *ad hoc* meetings.

(3) The RC met two times in FY2017, of which one was scheduled meeting and one was an *ad hoc* meeting.

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 provision of all corporate guarantees

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

Key Activities of the Board – 2017

Standard agenda:

- Reports of the ARC, NC and RC
- Group Chief Executive Officer ("**CEO**")'s monthly management report, quarterly updates on the businesses including risk profile
- Quarterly updates on development/operations in Australia
- 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 Interested Person Transactions ("**IPTs**") Register
- Whistle-blowing Register
- Disclosure of Directors' interests pursuant to Sections 156/165 of the Companies Act, Cap. 50

Other key items deliberated during FY2017:

- Various proposed acquisition of land
- New banking relationship
- Business strategy
- Material developments relating to accounting, legal, regulatory and/or corporate governance issues
- Formation of new entities

Matters reserved for specific Board approval:

i. Documents for distribution to shareholders and the Annual Report and Accounts

ii. Annual budgets and business plan

iii. Dividend payout

iv. CEO's Key Performance Indicators ("**KPIs**") and performance review

CORPORATE GOVERNANCE REPORT

Guideline 1.6

Board Orientation and Training

It is our policy and practice 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. Mr. Cheng Hong Kok received such induction when he joined the Board as an Independent Director in August 2017.

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 operational site visit to the Company's properties, as required.

News articles and reports (including industry news and analyst reports) relevant to the Group's business are regularly circulated to the Directors. This enables the Board to be routinely updated on pertinent developments in the business. Other updates including changes in laws and regulations, code of corporate governance, and financial reporting standards are also given during Board meetings or via email 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 FY2017, Management did all the aforesaid and also invited Directors to take part in the annual Finance seminar organised by the Company for the internal staff. Certain PowerPoint presentations made during the seminar covering *inter alia*, an update on Cyber Security, Insurance on Terrorism, International Financial Reporting Statements and Transfer Pricing were also circulated to the Directors for their information.

Guideline 1.7

Appointment Letter to new Director

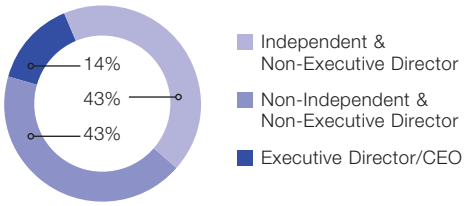
Upon appointment to the Board, all new Directors receive a formal letter of appointment together with a thumb drive containing relevant information which includes, Directors' duties and responsibilities, Board and Board committees' meetings schedule of the Company, the Company's last Annual Report, Constitution, respective Board committees' terms of reference which also set out the remuneration framework for Directors and the Group's "Guidelines for dealing in securities by Directors and Employees of Tuan Sing Group". Directors are given appropriate briefings by the Management on the business activities of the Group, its strategic directions, and the Company's corporate governance policies and practices when they are first appointed to the Board.

The Company observed the aforesaid practices when Mr. Cheng Hong Kok became a Director of the Company in August 2017.

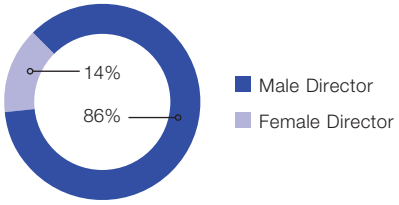
PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Board Composition at one glance

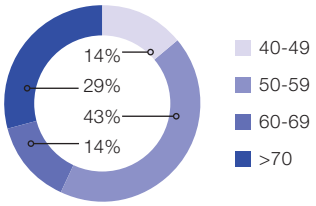
INDEPENDENCE



GENDER DIVERSITY



AGE GROUP OF OUR DIRECTORS



Guideline 2.1

Independent Element of the Board

At the beginning and at the end of FY2017, there were seven Board members – three were independent and four 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.

Each Director is required to declare his independence or otherwise in an annual declaration in the form of a questionnaire. Where a Director is not independent, a non-exclusive list of reasons is provided to assist in the Director's deliberation. During FY2017, 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.

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.

CORPORATE GOVERNANCE REPORT

Guideline 2.2

Composition of Independent Directors on the Board

The Board is aware of the guideline of the Code that independent directors shall make up at least half of the Board where the Chairman of the Board is not an independent director. The NC has recommended to the Board to consider increasing the representation of Independent Directors so as to comply with this guideline before the Annual General Meeting to be held in 2018. The Board has taken note of the recommendation. Currently, matters requiring the Board's approval are discussed and deliberated with participation of each Director and decisions are made collectively without any individual or small group of individuals influencing or dominating the decision-making process. Therefore, the Board is of the view that while the current composition of the Board does not meet the standard of the guideline, it is sufficient for it to exercise objective and balanced judgement. Nevertheless, the Board is committed to meeting the guideline.

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.

In deliberating Mr. Cheng Hong Kok's appointment in August 2017 as an independent director, the NC and the Board had i) noted Mr. Cheng's qualification and experience; ii) taken cognizant of a written legal advice in relation to the independence of a director who is concurrently an independent director of a listed subsidiary in which he is not a nominee of Tuan Sing; and iii) been informed of Mr. Cheng's intention to remain an independent director of SP Corporation Limited ("**SP Corp**") and his view that such status would not interfere, or be reasonably perceived to interfere with his ability to exercise independent judgement and that he would act in the best interest of the Group.

During FY2017 and as in the past years, the Company provided management support services to SP Corp. The aggregate value of the said support was not material when compared to the revenues of the Company and SP Corp. Mr. Cheng was not involved in determining the value of the support or rendering the support itself.

The NC has assessed the independence of Messrs Choo Teow Huat Albert, Neo Ban Chuan during the year, and Cheng Hong Kok (since his aforesaid appointment in the Company) and is satisfied that there is no relationship or other factors such as gifts or financial assistance, past or present association, business dealings, representative of shareholder, financial dependence, relationship with the Group or the Group's management which would impair their independent judgement.

Guideline 2.4

Independence of Directors who have served on the Board beyond 9 years

The Board recognises that Independent Directors will over time develop significant insights in the Group's business and operations, and can continue to provide valuable contribution objectively to the Board as a whole. The Board is of the view that the independence of a Director cannot be determined arbitrarily on the basis of a set period of time. Nevertheless, when there are Directors who have served beyond nine years, the Board will review rigorously their continuing contribution and independence and decide if they should continue with the appointment.

As at the end of FY2017, Mr. Choo Teow Huat Albert was the only Independent Director who had served beyond nine years. He had thus been subjected to a rigorous assessment (with Mr. Choo abstaining from the exercise). The assessment included the following:

i. Contribution: whether he offered objective and constructive opinions concerning IPTs; whether he made independent judgment or decisions or adopted an autonomous stand at meetings;

ii. Knowledge and abilities: whether he used his knowledge and abilities to challenge Management's assertions/ responses particularly on IPTs;

iii. Integrity: whether he demonstrated objective, fair and ethical behaviour in decision making and whether he acted as minority shareholders' "gatekeeper"; and

iv. Teaming: whether he respected the Board's governance role versus the Management's role and contributed as a team member without compromising his responsibilities as an Independent Director.

After the completion of the assessment, fellow Directors unanimously affirmed Mr. Choo's independence status. It is noteworthy that there had been changes to the composition of the Independent Directors in the last two years thereby allowing for progressive renewal of the Board in the Company.

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Guideline 2.5
Board Composition and Size

In FY2017 and as in the previous years, the NC conducted its annual review on the composition and size of the Board and concluded that they were appropriate, taking into account the scope and nature of the operations of the Group. The NC also noted that there was adequate diversity in that the Board comprised members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences met with the requirement of the Group. "Directors' Profile" section of this Annual Report contains such information, whereas the composition and structure of the Board and its committees is set out under "Corporate Data" section of this Annual Report.

After having served on the Board for eighteen years as Independent Director, Mr. Chow Kok Kee voluntarily stepped down in July 2017 to allow for a planned board renewal. Replacing him, Mr. Cheng Hong Kok was appointed Independent and Non-Executive Director of the Company, the RC Chairman and a NC member.

Guideline 2.6
Board Diversity and Competency of the Board

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 even though the Company does not formalise this by way of a written policy. The current composition of the Board provides diversity in terms of skills, experience, gender and knowledge of the Company.

The NC believes the merits of gender diversity in relation to the composition of the Board. In identifying suitable candidates for new appointment to the Board, the NC will ensure that female candidates are included for consideration. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on merit, taking into account the contributions the candidates can bring to the Board, as part of the process for new Board appointment and Board succession planning.

In FY2017, there was one female Director out of a total of seven Directors, namely, Ms. Michelle Liem Mei Fung, on the Board. Female Director therefore represents 14% of total Board membership which is compared favourably to the national average of 12.2%[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 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

At the beginning of the year, the Non-Executive Directors actively helped the Management in setting strategies and goals for the Company and where necessary, challenged the Management's proposals. They had also set the KPIs for the CEO. During the year, the Non-Executive Directors regularly reviewed the monthly reports submitted by the Management and monitored the Management's performance in meeting the KPIs and the long-term strategies. As Non-Executive Directors constitute a majority of the Board, objectivity on such deliberations had been assured.

Guideline 2.8
Regular Meetings of Non-Executive Directors

During FY2017, Non-Executive Directors met quarterly and on an *ad hoc* basis with the CEO and senior management 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.

At least once a year, Non-Executive Directors meet to discuss, *inter alia*, Management's performance without the presence of Management.

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 organisation including that between the Non-Executive Chairman and the CEO.

The division of responsibilities between the Chairman and the CEO is established in the Terms of Reference of the Board. The Chairman manages the business of the Board and shall lead the meetings to ensure full discussion of all agenda items whilst the CEO translates the Board's decisions into executive action 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.

Note 1 Source: Diversity Action Committee (DAC), 22 August 2017.

CORPORATE GOVERNANCE REPORT

Guideline 3.2
Roles and Responsibilities of Chairman

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

Prior to each Board meeting, Mr. Ong, in consultation with Management and the Company Secretary, sets the agenda for the meeting and ensures that Board members are provided with adequate and timely information. As a general rule, meeting papers are sent to Directors at least one week in advance in order for Directors to be adequately prepared for the meeting. He leads the meetings and ensures full discussion of each agendum and that the Board members are able to engage the Management in constructive debate on various matters including strategic issues. Management staff who had prepared the papers, or who could provide additional insights into the matters to be discussed had been 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 seven members with three 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 set aside time to meet without the presence of other Directors at least once a year. The Independent Directors did provide feedback as appropriate to the Chairman of the Board after such meetings. In addition, Independent Directors also met regularly and on *ad hoc* basis with the CEO and senior management 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 five members with the majority, including the Chairman, being independent:

- Mr. Choo Teow Huat Albert, Chairman (Independent and Non-Executive)
- Mr. Cheng Hong Kok (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 internal guidelines to address the competing time commitments 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;

CORPORATE GOVERNANCE REPORT

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

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, General Counsel, Senior Vice President, General Manager or its equivalent.

Other than as stated above, the NC is also involved in the review of training and professional development programs for the Board. For FY2017, the task of this review was assisted by the in-house corporate secretarial team.

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

In discharging its key responsibilities, the NC reviewed the following in FY2017:

i. the independence of Directors, particularly those who have served more than nine years;

ii. the size of the Board and its composition;

iii. the commitment of Directors serving on multiple boards;

iv. the performance of the Board as a whole;

v. contribution by each individual Director to the effectiveness of the Board;

vi. the Directors' continued training and professional development;

vii. the disclosure of Board matters in the Annual Report; and

viii. Board succession and renewal plans.

The NC also considered the appointment and re-appointment of Directors so as to ensure compliance with the Constitution of the Company which stipulates that at each AGM, one-third of the Board (inclusive of the CEO, the sole Executive Director), or, if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office by rotation at least once every three 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. Ong Beng Kheong; and

(b) Mr. Choo Teow Huat Albert.

In addition, the Constitution of the Company stipulates that Directors appointed 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. This stipulation is in addition to the number of Directors to retire by rotation at the AGM. In this aspect, Mr. Cheng Hong Kok, who was appointed as Director of the Company on 15 August 2017, will be eligible and offered himself for re-election at the forthcoming AGM.

Subject to their re-election, Mr. Ong Beng Kheong shall continue to serve as Chairman of the Board as well as a member of the NC, Mr. Choo Teow Huat Albert shall continue to serve as Chairman of both the ARC and the NC and a member of the RC whilst Mr. Cheng Hong Kok shall continue to serve as Chairman of the RC and a member of the NC.

Guideline 4.3

Continuous Review of Directors' Independence

During FY2017, the NC conducted *inter alia* an annual review of the independence of the Directors based on their declaration which was drawn up in accordance with the guidelines provided under the Code. 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 three other directorships on unrelated listed companies and/or major corporations.

For the year under review, no Director has exceeded such stipulation. For the Directors who have been holding executive directorship in other companies, the NC is satisfied that they have discharged their duties adequately and satisfactorily.

Guideline 4.5

Appointment of Alternate Directors

During FY2017, the Company had 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 if there is a need to appoint additional directors to fill the competency gap in the Board or for any other reasons as identified by the NC. The potential candidate may be proposed by existing Directors, the Management or through third party referrals.

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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. Cheng Hong Kok as a Director.

Guideline 4.7

Key Information on Directors

All the information of each member of the Board as required under the Guideline has been 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 i) the performance of the Board and its Board committees; and ii) the contribution by individual Director including the Chairman to the effectiveness of the Board.

In FY2017, the Board did not engage an independent external consultant to facilitate the annual review of the performance of the Board and the Board committees.

In FY2017 and as in the previous years, the Board conducted an annual evaluation of the performance of the Board and individual Directors in the following manner:

i. Each Director is to complete the questionnaire for "Board Performance Assessment" with comments where necessary; and

ii. Self-assessment by the individual Directors, with comments where necessary.

In evaluating the board performance, following areas were assessed:

(a) Board Structure, including independent element on the Board, working partnership between the Board and the management, and Board size;

(b) Conduct of meetings including their regularity, adequacy of notice, leadership of the chair, quality of discussion and consensus of decision;

(c) Corporate Strategy and Planning including provision of entrepreneurial leadership to the management, resources allocation and approval of annual business plan;

(d) Risk Management and Internal Control including its framework and a review of their implementation effectiveness;

(e) Measuring and monitoring of management's performance including monthly and quarterly reviews and as compared against previous year performance and budget;

(f) Recruitment, evaluation and Compensation including approval for senior level appointments, remuneration framework and annual compensation and bonus for senior management;

(g) Succession planning for the Board and management;

(h) Financial Reporting including its integrity, principles applied and approval for announcements; and

(i) Shareholders Communication.

In the self-assessment of individual Directors, a Board Competency Matrix has been used to assess Directors' respective areas of specialisation and expertise, and other factors as provided under the guidelines of the Code. The Board would act on the results where appropriate.

During the evaluation process, the NC also assesses each Director's contribution, his/her ability to devote sufficient time and attention to the Company's affairs as well as his/her participation in discussions at meetings. Executive Director and Non-Executive Directors are evaluated using different criteria in that the Executive Director is evaluated by Non-Executive Directors, *inter alia*, through assessment of his performance against certain KPIs set by the Board in the early part of the year. KPIs include both financial and non-financial criteria and short and medium-term goals.

To ensure confidentiality, evaluation returns completed by all Directors were submitted to the Company Secretary for collation. The results of the evaluation on a collective basis were presented first to the NC for review and discussion and then to the Board for a further discussion.

The Board was satisfied with the results of the assessment for FY2017.

Guideline 5.2

Board Performance Criteria

In FY2017 and as in the previous years, the NC evaluated the effectiveness of the Board and its Committees.

In evaluating the Board's performance, the NC has reviewed the Company's five-year share price performance against certain market indexes, five-year financial indicators such as Return on Assets, Return on Equity and Economic Value Added of the Group. The NC had also used the data obtained from the "Real Estate Development & Holding Company – market capitalisation of $300 million – $3 billion" (source: Bloomberg) as a benchmark to assess the Company's past year performance. Where there was material divergence, underlying reasons were sought, recorded and action taken where necessary.

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Guideline 5.3
Individual Director Evaluation

Evaluation of individual Director's performance is a continuous process. Evaluation criteria include: 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; functional expertise and his/her commitment of time to the Company.

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

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, Management provides complete, accurate and adequate information in a timely manner. A system of communication between Management and the Board and Board committees has been established and improved over the time. All scheduled Board and Board committees' meetings are planned twelve months ahead and all discussion papers are distributed to Directors at least one 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, share price movements, utilisation of bank facilities, benchmarking with other listed real estate entities, Board memoranda and related materials. All Internal Auditors' reports are sent directly to members of ARC for review. PowerPoint presentations are sent to the Board for approval before any bidding of land or properties or engaging in new projects complete with detailed qualitative and financial analysis, cash flow forecast and financing requirements.

In FY2017, members of ARC and the Board were also briefed by the Management on the application of the Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), the implications of all the transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, and the Group's process of preparing for the SFRS(I) convergence in 2018. The SFRS(I) framework is to be adopted from 1 January 2018 with retroactive application, unless a specific exemption or relief is provided in SFRS(I) 1.

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 committees papers prior to and during the meetings.

Guideline 6.3
Company Secretary

The role of the Company Secretary has been 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 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 FY2017, the Company Secretary attended all meetings of the Board and its committees and the minutes of such meetings were promptly circulated to all members of the Board and Board committees.

Guideline 6.4
Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary are subject to the approval of the Board as stipulated in the Company's Terms of Reference of the Board. The last resignation and appointment of the Company Secretary was in November 2016. The incumbent appointment was with an unanimous consent from members of the Board.

Guideline 6.5
Independent Professional Advice

The Company allows for Directors, individually or as a group, to seek independent professional advice at the expense of the Company, in the furtherance of their duties and after consultation with the Chairman of the Board.

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II. REMUNERATION MATTERS

Matters concerning remuneration of the Board, senior executives and other employees who are related to the controlling shareholders and/or Directors 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. Cheng Hong Kok, 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 stipulate its principal responsibilities as follows:

i. offers 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. establishes 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. develops 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. determines 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. reviews and approves the compensation of key management personnel;

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

vii. has 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, additional fees for serving on any of the Board committees and attendance fees for participation in meetings of the Board and the Board committees.

In January 2018, the Company conducted a survey of such fees disclosed by property companies listed in Singapore in their 2016 annual reports. Using the data from the survey as well as taking into consideration, the increasingly onerous responsibilities placed on the Directors and in particular, to reflect the time and contribution of each Director towards the improved performance of the Company, the RC proposed and the Board consented that the framework for Non-Executive Directors' fees be revised as follows:

ROLES	MEMBERS (PER ANNUM)	CHAIRMAN (PER ANNUM)
Board of Directors	$50,000	Additional $50,000
Audit and Risk Committee	$20,000	Additional $20,000
Other Committees	$7,500	Additional $7,500
Attendance Fee	$1,000 per meeting	
Overseas Engagement Fee	$2,000 per trip	
Special or *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 CEO, being an Executive Director, does not receive Director's fee.

The current remuneration framework for the key management personnel was the result of the last review in 2016; the Non-Executive Directors' fee framework was recently revised in January 2018 as aforementioned. Determining 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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In FY2017 as in the previous years, the RC reviewed and recommended to the Board the remuneration package of the CEO and the Group Chief Financial Officer ("**CFO**"). The RC also reviewed and endorsed the Management's recommendation of the other employees' bonus for year 2017 and salary increment for year 2018.

Guideline 7.3

RC's access to advice on remuneration matters

The RC has direct access to the Comp 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.

Based on the results of the Mercer's Singapore Total Remuneration Survey (Property) which the Company participated in 2016, the Company had updated the Company's remuneration framework for implementation in FY2017.

Guideline 7.4

Service Contract

The Company's obligations in the event of termination of service of Executive Director and key management personnel are enumerated 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 Company's remuneration structure for the Executive Director/CEO, key management personnel and others has been benchmarked against entities of comparable size and in similar industries. It consists of both fixed and variable portions with the aim to attract, retain and motivate appropriate talents on a sustainable basis. The fixed compensation comprises base salary and fixed allowances. The variable component, on the other hand, is a cash-based short-term incentive that is performance-related which is linked to the performance of the Company as well as the individual. This is designed to align the employees' remuneration with the interests of shareholders and to link rewards to corporate and individual performance so as to promote the long-term success of the Group.

Throughout FY2017, the Board had only one 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.

For the purpose of assessing the performance of the Executive Director and key management personnel, KPIs with 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 also comprise both quantitative and qualitative factors as well as short and medium term targets. The RC believes that the KPIs enable the Company to monitor its success in achieving its strategy and the progress of the Group in delivering high-quality sustainable growth.

The RC reviewed and approved the remuneration package (which includes salaries, allowances, bonuses and benefits-in-kind) of the Executive Director and the CFO after considering *inter alia* the achievement of their 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.

For FY2017, the RC is satisfied that the adjustments made to the salaries as well as the performance-related bonuses granted to the Executive Director and key management personnel were reflective of their performance and contribution made by them taking into account the extent to which their KPIs were met.

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 may not be effective and that it is difficult to determine how such long-term incentive plan contributes to the retention of employees and/or motivating desired performance.

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 retainer fee for serving as Director, an additional fee for serving on Board committees and an attendance fee for participation in meetings of the Board and any of the Board committees. In order not to compensate the Non-Executive Directors excessively, the RC takes into consideration factors such as frequency of meetings, time spent, responsibilities of Non-Executive Directors and the need to stay competitive with industry practices.

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The remuneration framework for Non-Executive Directors was last reviewed in January 2018 using data obtained from a survey of such fees disclosed by property companies listed in Singapore in their 2016 annual reports. After such review, the RC recommended and the Board approved the revised framework that is presented under Guideline 7.2 of this Report.

The Board concurred with the RC's proposal for Non-Executive Directors' fees for FY2017 which are computed in accordance with the current framework. The RC and the Board collectively are of the view that the remuneration of the Directors for FY2017 is appropriate and not excessive and would accordingly table it for the shareholders' approval at the forthcoming AGM. The Chairman and Non-Executive Directors will abstain from voting in respect of the resolution.

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 not excessive, the RC is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years. There are no lengthy or onerous removal clauses in the employment contracts.

PRINCIPLE 9: DISCLOSURE OF REMUNERATION

Guideline 9.1

Remuneration Report

Details on remuneration of Directors and key management personnel for FY2017 are reported below. During FY2017, there was no termination, retirement or post-employment benefits granted to any of them.

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 FY2017 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]	–	$700,008	$45,626	$408,338	$1,153,972
Non-Executive Directors					
Ong Beng Kheong	$114,500	–	–	–	$114,500
Cheng Hong Kok[5]	$32,609	–	–	–	$32,609
Choo Teow Huat Albert	$131,500	–	–	–	$131,500
Chow Kok Kee[6]	$53,124	–	–	–	$53,124
David Lee Kay Tuan	$83,000	–	–	–	$83,000
Michelle Liem Mei Fung	$74,000	–	–	–	$74,000
Neo Ban Chuan	$94,500	–	–	–	$94,500
Total Directors' Remuneration	**$583,233 34%**	**$700,008 40%**	**$45,626 3%**	**$408,338 23%**	**$1,737,205 100%**

Annotations:

(1) If approved, the aggregate amount of Directors' fees of $583,233 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. Cheng Hong Kok was appointed as a Director, Chairman of RC and a member of the NC effective 15 August 2017.

(6) Pro-rated fees as Mr. Chow Kok Kee stepped down from the Board and ceased as the Chairman of RC as well as a member of the ARC and the NC on 1 July 2017.

During the year 2017, there were revisions in the fee structure for Directors. The total Directors' fees proposed this year of $583,233 is 15.83% higher than that for year 2016 reflecting mainly an increase in the overall fees based on the revised fee structure.

CORPORATE GOVERNANCE REPORT

Guideline 9.3
Remuneration of Top Five Key Management Personnel

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

NAME OF TOP 5 KEY MANAGEMENT PERSONNEL	DESIGNATION	SALARY[1]	BENEFITS[2]	BONUS[3]	TOTAL	REMUNERATION BANDS OF $100,000
Chong Chou Yuen[4]	Group Chief Financial Officer	69%	1%	30%	100%	$700,000 – $799,999
Boediman Gozali (alias Tony Wu)[5]	Managing Director & Chief Executive Officer, SP Corp	98%	2%	0%	100%	$500,000 – $599,999
Ilan Weill	General Manager, Grand Hyatt Melbourne	82%	8%	10%	100%	$500,000 – $599,999
Ng Choong How Nick	Senior Vice President, (Business Development)	69%	0%	31%	100%	$400,000 – $499,999
Sholto Smith	General Manager, Hyatt Regency Perth	86%	9%	5%	100%	$400,000 – $499,999
Total Remuneration of Top 5 Management Personnel		**$2,286,330 80%**	**$118,561 4%**	**$457,604 16%**	**$2,862,495 100%**	

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 FY2017 was $2,862,495. The Company discloses the above information using a narrower band of $100,000 to improve the transparency as compared to the $250,000 band indicated in the Code.

Guideline 9.4
Employee related to Directors or CEO

In addition to the disclosure under the top five key management personnel wherein a key management person was related to certain Directors during FY2017, there was another employee related to certain Directors whose remuneration exceeded $50,000. He was Mr. Jason Lee Kay Chen, employed by SP Corp, a listed subsidiary of the Company and 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).

Guideline 9.5
Employee Share Schemes

The Company has no employee share/stock options scheme nor long-term incentive scheme. The explanation for not having such schemes is presented under Guideline 8.2 of this Report.

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 FY2017, quarterly unaudited results and the audited full-year results of the Group had all been announced within one 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. Quarterly financial results announcement together with the associated press releases and presentation slides are released to SGX-ST via SGXNet on the same evening of announcement.

CORPORATE GOVERNANCE REPORT

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 the requirements of the SGX-ST Listing Manual, 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.

The contents of the annual report are approved by the Board and contain relevant and useful information of the Company. They include Company's vision and mission, corporate profile, its business strategy, philosophy, highlights of the year, message to shareholders, profiles of the Directors and management, discussion and analysis of the year's results, the Company's portfolio of properties, sustainability report and corporate governance report.

Guideline 10.2

Compliance with Legislative and Regulatory Requirements

During FY2017, 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 received signed undertakings from all its Directors and executive officers based on the revised form of Appendix 7.7, pursuant to Rule 720(1) of the SGX-ST Listing Manual.

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. Major variances are analysed, investigated and explained accordingly. The monthly reports also contain banking facilities utilised, bank covenants compliance and highlighted key business indicators and major issues that are relevant to the Group's performance so as to allow 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

During FY2017 and as in the previous years, the ARC assisted the Board to oversee the Management's risk management and internal control and reported to the Board on risks facing the Group, suggested level of risk tolerance and risk policies.

A detailed Risks Report prepared by the Management and reviewed by the ARC had also been presented to the Board for the latter's review. The Report identified twenty-six risks and ways to manage them. Two risks, namely, cyber-security risk and terrorism risk have been identified recently because of the increase in the scale and level of sophistication of cyber-attacks and terrorism that happen globally and near-misses regionally. The Board had since endorsed the contents and its conclusion. A summary of the contents may be referred to under "Business Dynamics and Risk Factors Statement" section of this Annual Report.

The Group's risks management had been based on the Group's Enterprise Risks Management framework which is in turn designed to be in line with ISO 31000 – Risk Management Principles and Guidelines" and the recommended practice under "Risk Governance Guidance for Listed Boards" issued by the Corporate Governance Council on 10 May 2012.

The last review of the framework by the ARC and the Board was in 2016 taking into account changes in the business and operation environments as well as evolving corporate governance requirements. The framework outlines the principles, process, tools, risk categories and types, key responsibilities, reporting requirements and communication timelines within the Group and intends to provide reasonable insurance that the Group's objectives can be achieved and its obligations to customers, shareholders, employees and community can be met.

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

In order to mitigate the risk of fraud, corruption and misconduct by employees, the Group had also implemented the following practices: Employees' Code of Conduct and Practices, Dealing in Securities, IPTs and Whistle-blowing Policy, all of which are set out in the "Corporate Governance in Action" section of this Annual Report.

CORPORATE GOVERNANCE 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 submitted to ARC and the Board the "Risks Report" detailing the Group's risk profile, evaluating their potential impact and proposing countermeasures to mitigate or to transfer identified risks so as to bring them to an acceptable level.

The ARC also 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.

In FY2016, the Company implemented the following policies:

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.

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.

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

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 internal controls, including financial, operational, compliance and information technology controls, and risk management systems of the Group were adequate and effective as of 31 December 2017. 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 an assurance to the Board that i) 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 2017 and financial position as of the date; and ii) that the Company's risk management and internal control systems were adequate and effective as of the same date. 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.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 12: AUDIT AND 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. Neo Ban Chuan (Independent and Non-Executive)
- Mr. David Lee Kay Tuan (Non-Independent and Non-Executive)

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

Guidelines 12.3 & 12.4

Roles, Responsibilities and Authority of ARC

The roles and responsibilities of ARC as defined under its Terms of Reference are summarised below:

i. Reviewing the adequacy and effectiveness of the internal control over financial, operational, compliance, information technology, and risk management policies and systems established by the Management;

ii. Monitoring compliance with the laws and regulations, the SGX-ST Listing Manual and the Code;

iii. Reviewing the principal business risks and assessing the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks;

iv. Reviewing the relevance and consistency of the accounting standards used by the Group, significant financial reporting issues and judgements;

v. Reviewing the monthly management reports, quarterly and annual financial statements, assessing and challenging where necessary, their correctness, completeness, integrity and consistency before submittal to the Board or made public;

vi. Meeting with the Management and the external auditors to review the financial statements, the process and the results of the audit and other sections of the annual report including disclosure on corporate governance practices before its release;

vii. Reviewing and recommending for the Board's approval IPTs at least quarterly;

viii. Reviewing the Internal Auditors' program with regard to the complementary roles of the internal and external audit functions; ensuring that there are no unjustified restrictions or limitations to the Internal Auditors' work scope; reviewing the Internal Auditors' reports and ensuring timely response by the Management;

ix. Reviewing and recommending to the Board for approval the Whistle-blowing Policy, by which employees of the Company and/or external parties may, in confidence, raise concerns about suspected improprieties including financial irregularities;

x. Reviewing the audit representation letters to be issued by the Company before consideration by the Board; reviewing the contents of the external auditors' management letter and monitoring the responsiveness of the Management to the recommendations made and ensuring that the external auditors have direct and unrestricted access to officers of the Company and the Chairman of the ARC; and

xi. Reviewing the audit fee, the terms of the audit, the nature and extent of non-audit services provided by the external auditors and making recommendation to the Board on the proposals to the shareholders on the appointment or re-appointment of the external auditors.

In FY2017 and as in the past years, the ARC met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best practices and guidance in the Guidebook for Audit Committee in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

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

CORPORATE GOVERNANCE REPORT

The ARC had reviewed the external auditor's audit plan for FY2017 and had agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In ARC's review of the financial statements of the Group for FY2017, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the external auditors for FY2017:

KEY AUDIT MATTERS	HOW THESE ISSUES WERE ADDRESSED BY THE ARC
Valuation of development properties	The ARC considered the approach and methodology applied to the valuation of completed properties held for sale, focusing on projects with slower-than-expected sales or with low margins. The ARC was periodically briefed on the development of all projects. It also discussed with, and challenged Management, as appropriate, about the market trends and the strategies and timing to sell the inventories. The ARC received detailed reporting from Deloitte & Touche LLP on their assessment of the estimation of net realisable value and allowances for foreseeable losses to form a view on the appropriateness of the level of provisioning adopted by Management. The ARC was satisfied with the valuation approach and the estimation of net realisable value for development projects as adopted and disclosed in the financial statements.
Valuation of investment properties and hotel properties	The ARC reviewed the outcomes of the yearly valuation process and discussed the details of the valuation with Management. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties and hotel properties. The ARC was satisfied with the valuation process, the methodologies used and the valuation for investment properties and hotel properties as adopted and disclosed in the financial statements.

The Management reported to and discussed with the ARC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

Following the review, the ARC is satisfied that all the aforesaid matters have been properly dealt with and recommended the Board to approve the financial statements. The Board has on 26 January 2018 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 during 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 FY2017 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 the Management.

Guideline 12.6

Independence of External Auditors

During FY2017 and as in the past years, the ARC reviewed the "Professional Services Planning Memorandum" prepared by Deloitte & Touche LLP ("**Deloitte**"), the independent auditors, discussed about the terms of engagement, materiality level of their work, significant risks assessment, areas of audit focus, internal control plan and the internal auditors' report, and audit quality indicators, before the commencement of their audit work.

In respect of the audit quality indicators, the ARC had reviewed, in particular, the following areas: audit hours planned, experience of the team, adequacy of training received by the team, results of internal and third party's inspection of their work, compliance with independence requirement, quality control, staff oversight, and staff attrition rate.

After the review, the ARC is satisfied with the independence and objectivity of the external auditors, their approach of the audit work and their proposed audit fees.

CORPORATE GOVERNANCE REPORT

The ARC had reviewed and concurred with the nature of non-audit work performed and fees charged by Deloitte and its member firms. A breakdown of the fees paid or payable to Deloitte and its member firms are analysed in the table below (excluding fees paid or payable by Tuan Sing's associates, i.e., Gul Technologies Singapore Pte. Ltd. and Pan-West (Private) Limited):

	FY2017		FY2016	
	S$	% OF TOTAL FEES	S$	% OF TOTAL FEES
Audit fees to Deloitte Singapore	330,600	46	325,970	56
Audit fees to Deloitte member firms outside Singapore	177,450	25	173,304	30
Total Audit Fees	508,050	71	499,274	86
Total Non-Audit Fees (both Singapore and member firms)	208,001	29	83,862	14
Total Fees	**716,051**	**100**	**583,136**	**100**

The ARC had recommended and the Board had accepted proposing to shareholders, the re-appointment of Deloitte as the independent auditors for the Group in the ensuing year. During FY2017 and as in the past years, the Company's associates also engaged Deloitte and its member firms for the audit work. In view of the aforesaid, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the Company's appointment of auditing firms.

Guideline 12.7

Whistle-blowing Policy

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

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

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

All newly recruited employees are briefed of the existence of the Policy and a reminder is sent to all employees annually in the form of an Annual Declaration by the employees requiring them to disclose any instances of conflicts of interest or raising any issues or concerns of possible irregularities of the Company or the Group's affairs. A "nil" return is also required for the purpose.

It has also been a standard item in the agenda of the quarterly meeting of the ARC to review any entries in the register of whistle-blowing incidents, and progress of investigation, if it remains outstanding.

Guideline 12.8

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

The ARC met six times during FY2017 consisting of four scheduled meetings and two *ad hoc* meetings. The CEO, CFO and Company Secretary attended all the six meetings while the external and internal auditors attended all the scheduled meetings. One of the ARC meetings was held in Perth, Australia during an ARC's 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, network security and information technology operations 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.

CORPORATE GOVERNANCE REPORT

In FY2017, members of ARC and the Board were also briefed by the Management on the application of the SFRS(I), the implications of all the transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, and the Group's process of preparing for the SFRS(I) convergence in 2018. The SFRS(I) framework is to be adopted from 1 January 2018 with retroactive application, unless a specific exemption or relief is provided in SFRS(I) 1. The ARC and the Board were provided with an impact analysis of the adoption of the SFRS(I) on the Group's financial statements, summarised below:

MANDATORY ADJUSTMENTS	
STANDARDS	**FINANCIAL IMPACT**
SFRS(I) 15 – Revenue from Contracts with Customers has specific requirements on how revenue should be recognised and also introduces other new requirements such as accounting for commissions paid to salesmen, additional disclosures, and so on. The standard provides a single, principles based five-step model to be applied to all contracts with customers: 1. Identify the contract 2. Identify performance obligations 3. Determine transaction price 4. Allocate transaction price 5. Recognise revenue when performance obligation is satisfied.	The financial impact on FY2018 would be mainly on the timing of revenue recognition. There will be restatements to the comparative as at 31 December 2017: Statement of Profit or Loss and Other Comprehensive Income (i) Commission & Legal Expense: $51,000 (ii) Tax credit: $8,700 Statement of Financial Position (i) Contract Asset: $285,800 (ii) Income tax recoverable: $8,700 (iii) Opening Retained Earnings: $336,800
SFRS(I) 16 – Leases requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months on the Statement of Financial Position.	This is effective 1 January 2019. As the Group is not early adopting this standard, there is no financial impact to the comparative as at 31 December 2017.
SFRS(I) INT 22 – Foreign Currency Transactions and Advanced Consideration A first-time adopter need to apply to assets, expenses and income within the scope of SFRS(I) INT 22 initially recognised on or after the date of transition to SFRS(I) i.e. 1 January 2017.	This is effective 1 January 2018. The Group has assessed that there will be no financial impact to the comparative as at 31 December 2017.
SFRS(I) 9 – Financial Instruments In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.	This is effective 1 January 2018. Based on 3-year historical trend on the Group's provision for doubtful debt, which has been consistently less than 1% of the total receivable balance, we do not expect the implementation of SFRS(I) 9 to have any significant impact to the comparative as at 31 December 2017.
OPTIONAL ADJUSTMENTS	
STANDARDS	**FINANCIAL IMPACT**
SFRS(I) – 1 First-time Adoption of Singapore Financial Reporting Standards (International)/SFRS(I) 1-16 – Property, Plant and Equipment ("PPE") Under SFRS(I) 1:D5, the Company has the option to measure PPE at the date of transition to SFRS(I)s i.e. 1 January 2017 at its fair value and use that fair value as its deemed cost at that date	This is effective 1 January 2018. The Group has opted to restate certain PPE resulting in an asset revaluation gain of S$3.6 million. Its financial impact for FY2018 financial statements with the restatements to the comparative as at 31 December 2017 are: Statement of Profit or Loss and Other Comprehensive Income (i) Depreciation Expense: $60,800 (ii) Tax credit: $10,300 Statement of Financial Position (i) Property, plant and equipment: $3,592,000 (ii) Deferred tax: $10,300 (iii) Asset revaluation reserve: $3,652,800
SFRS(I) – 1 First-time Adoption of Singapore Financial Reporting Standards (International)/SFRS(I) 1-21 – The Effects of Changes in Foreign Exchange Rates Under SFRS(I) 1, it allows the cumulative translation reserve to be reset to zero balance on 1 January 2017.	This is effective 1 January 2018. As this is an optional adjustment involving a reclassification within the Reserves, the Group is not adopting this new standard. Hence, there is no financial impact to the comparative as at 31 December 2017.

CORPORATE GOVERNANCE REPORT

Guideline 12.9

Cooling-off Period for Partners or Directors of the Company's Auditing Firm

During FY2017, no former partner or Director of the Company's incumbent auditing firm or its member firms was 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 audit.

The Company has in the past years 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 the Internal Auditor ("**IA**") of the Group in the ensuing year. In FY2017 and as in the past years, the ARC assessed the adequacy of the internal audit function through reviewing of PwC's audit plan submitted at the beginning of the year and the quality of its reports during the year. The IA has unrestricted access to the ARC and 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. 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. The audit plan has been devised in such a way that all the major functions or business units would be audited within an internal-audit cycle. 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

In FY2017 and as in the other years, the ARC reviewed the adequacy of the internal audit function to ensure that the internal audits were conducted effectively and that the Management provided the necessary co-operation to enable the PwC, the IA, to perform its function. After having reviewed the IA reports and remedial actions implemented by the Management, the ARC was satisfied that the internal control functions were adequate and effective.

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 raise questions and to participate in discussions 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 information beyond the mere compliance of prevailing statutory or professional standards, if it deems beneficial to its shareholders and the general public. In this respect, the Company has been disclosing clear and fair information about the Company's broad strategy, business developments and financial performance through appropriate media. For developments that could have a material impact on the share price, the information were dispatched as soon as it was available. The Company has been using news releases, annual reports, shareholder circulars, shareholders' meetings, announcements through SGXNet, webcasts and the Company's website for the purpose of communication.

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 amble opportunity to participate effectively in and vote at the general meetings of the Company. Because of the PowerPoint presentation of results and outlooks and dialogue with shareholders, the Company's typical annual general meeting lasts more than two hours.

Shareholders are informed of general meetings at least twenty-eight days in advance through reports/circulars/letters or 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 the beginning of the voting in such general meetings.

Guideline 14.3

Proxies for Nominee Companies

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

CORPORATE GOVERNANCE REPORT

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

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. The Company's announcements are as descriptive, detailed and forthcoming as possible. Hence, the Company's quarterly results announcements contain much of useful information and analysis. In addition, press releases in English and Chinese languages and PowerPoint slides are provided and posted in the Company's website.

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 two working days.

Guideline 15.2

Disclosure of Information on a Timely Basis

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

The planned date of release of quarterly financial results is disclosed twelve months ahead in the Annual Report of the preceding year and confirmed approximately two weeks prior to the actual date of announcement via SGXNet.

For FY2017, quarterly results were announced within twenty-eight days of the succeeding month; and full-year audited results (full set; inclusive of notes to accounts) were released on 26 January 2018. Each results announcement is accompanied by a press release and a PowerPoint presentation. The 2017 Annual Report will be distributed to shareholders twenty-eight days before the AGM scheduled to be held on 19 April 2018.

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 given a PowerPoint presentation by the CFO on the Group's past performance and outlook or the purpose of any extraordinary meetings. Shareholders are then invited to raise questions, express any concern or give suggestions. Before the voting of each resolution, shareholders are again given ample opportunities to raise queries. For shareholders not used to raising questions in public, they are encouraged to have a private chat with any Director or the senior management after the general meetings who stay back for the purpose.

Guideline 15.4

Soliciting and Understanding Views of Shareholders

The Company has stated in the "Investor Relations" section of the Annual Reports, steps it has taken to solicit and understand the views of the shareholders. During the year, the Management also entertained analysts and fund managers' requests for dialogue. The Company also had a series of roadshow in May 2017 to drum up support for the Company's issue in June 2017 of the $150 million Notes under Medium Term Note programme to potential investors.

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 dividend policy which attempts to balance on the one hand, the need to conserve cash for working capital and investment into the future and on the other hand, shareholders' desire to receive dividends arising from their investment in the Company. The 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

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

i. posted under "Investor Relations" section of the Company's website, two documents prepared by SGX, titled "An Investor's Guide to Preparing for Annual General Meetings" and "An Investor's Guide to Reading Annual Reports" so as to assist shareholders in gaining more from reading annual reports and frame pertinent questions at the AGMs;

ii. in the Annual Report, there is an eight-page bilingual "Glossary" section explaining in laymen's language, terms used therein;

iii. Shareholders are given notice of AGMs twenty-eight days in advance; and

CORPORATE GOVERNANCE REPORT

iv. Provision has been made under Article 76 of the Constitution, allowing for shareholders to vote *in absentia*. Examples of *absentia* voting are voting via mail, electronic mail or facsimile at the general meetings. However, such methods may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web is not compromised. Therefore, at this point in time, the Company does not allow a shareholder to vote *in absentia* at general meetings, except through the appointment of a proxy, attorney or in the case of a corporation, a corporate representative, to cast their vote in their stead.

Guideline 16.2

Separate Resolutions at General Meetings

The Board ensures that separate resolutions are proposed for approval on each issue at general meetings. There is no bundling of the resolutions as they are not interdependent and linked to each other. Detailed explanatory note on each item of the agenda is also provided 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 committees, CEO and CFO have all attended all the general meetings to address issues raised by shareholders. The Company's external auditors and 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, questions raised by shareholders and answers given by the Board and Management and the voting result of each resolution. The minutes of the last AGM held on 26 April 2017 together with the Directors' attendance sheet were published via SGXNet and the Company's website on 5 May 2017, i.e., within five working days from the date of the general meetings.

Guideline 16.5

Voting By Poll at General Meetings

The Company has been using electronic poll voting for a number of years so as to promote greater transparency in the voting process. In the Company's last AGM held on 26 April 2017, following had been implemented with the satisfaction of shareholders:

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

CORPORATE GOVERNANCE IN ACTION

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

INTERESTED PERSON TRANSACTIONS
– Listing Manual Rule 907

The Group does not have shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual. Interested Person Transactions ("**IPTs**") are executed on fair terms and at arm's length regardless of their nature and size. When a potential conflict of interest arises, the Director concerned neither take part in the discussions nor exercise any influence over other members of the Board. The Board last revised the IPTs policy and procedures in 2011.

List of IPTs including those less than $100,000 and their aggregate is submitted quarterly to the ARC for its review. Any IPT exceeding $100,000 must get the ARC's recommendation and the Board's approval before it is entered into. Where an IPT or its aggregate exceeded 3% of the Group's latest audited net tangible assets, an immediate announcement is made after the Board's approval. Where an IPT or its aggregate exceeded 5% of the Group's latest audited net tangible assets, shareholders' approval will be sought through a general meeting, while the interested shareholder will abstain from voting. In FY2017, the aforesaid 3% threshold was about $27.5 million using the audited 31 December 2016 balance sheet.

Details of IPTs for FY2017 and FY2016 are presented in the "SGX-ST Listing Manual Requirements" section of this Annual Report.

DEALINGS IN SECURITIES
– Listing Manual Rule 1207(19)

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

CODE OF CONDUCT AND PRACTICES

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

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

The code of conduct has been strengthened since FY2016 with the implementation of the following: Information Security Policy, Personal Data Protection Policy as well as the Anti-bribery and Anti-corruption Policy.

WHISTLE-BLOWING POLICY

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

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

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

A mechanism for the submission of issues/concerns has been established 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 and reports to the Board accordingly. Should the ARC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to appropriate external professional advice. Where appropriate or required, a report will be made to the relevant governmental authorities for further investigation.

➢ Whistle-blowing Committee

The WBC consists of:

- CEO;
- CFO; and
- the Company Secretary.

CORPORATE GOVERNANCE IN 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.

During FY2017, there was no incident of genuine concern reported to the WBC.

DIVIDEND POLICY

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

Tuan Sing recognises, however, the desire of some of our shareholders to receive income out of their 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 at www.tuansing.com.