CORPORATE GOVERNANCE

"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."

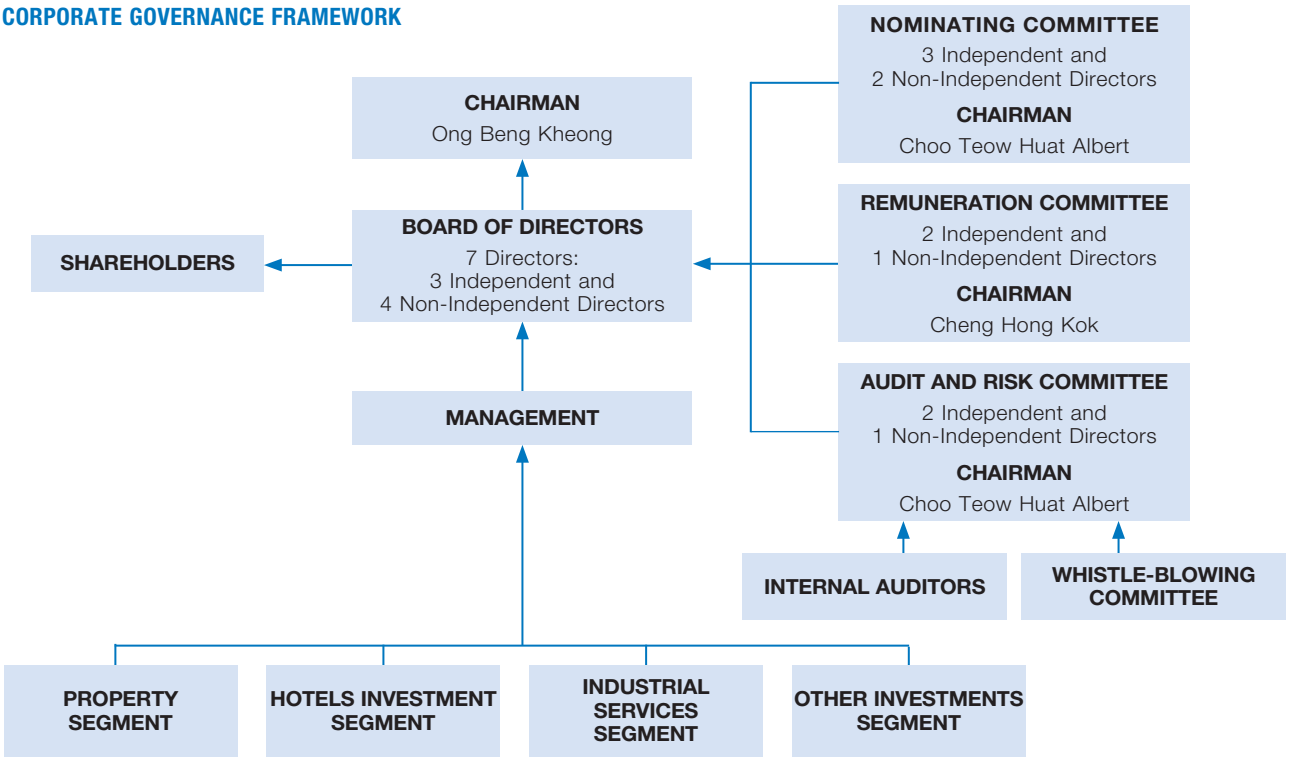
The Board and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group's businesses and performance. The Board and its Board Committees have established policies and rules for good governance, and they are guided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

In 2018, the Group was recognised for its pursuit of high standards in corporate governance. Notably, the Group was ranked 12th in The Singapore Governance and Transparency Index (SGTI) for 2018, out of 589 locally listed companies. The Group continues to review and refine its corporate governance processes to meet industry best practices while 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 2018 ("**FY2018**") with specific reference to the Code of Corporate Governance 2012 ("**CG 2012**"). The Board also considered the new Code of Corporate Governance issued in August 2018 (the "**CG 2018**") wherever appropriate and relevant. (Collectively, the CG 2012 and CG 2018 will be referred to as "**the Code**".)

CORPORATE GOVERNANCE FRAMEWORK



Apart from Guidelines 2.2, 3.3 and 8.4 of the CG 2012, 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, who do not yet make up at least half of the Board – the Board is well aware of the timeline and is reviewing the composition mix of the Board. 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 is related to not having contractual provisions to reclaim components of remuneration from the executive director and key management personnel should there be any misstatement of financial results, or misconduct resulting in financial losses to the Company. The Remuneration Committee and the Board believe that the bonuses payable to key management personnel have not been excessive and thus an official claw-back provision is not required. There are no lengthy or onerous removal clauses in the employment contracts.

CORPORATE GOVERNANCE

I. BOARD MATTERS

The Board believes that, in FY2018, it led and controlled the management of the Company effectively in ensuring that the Company not only performed successfully during the year but could continue to do so over the long-term.

PRINCIPLE 1. BOARD'S CONDUCT OF ITS AFFAIRS

Guideline 1.1

Principal Duties of the Board

During FY2018 and as was the case in 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 and operational and capital expenditure plans, and constructively challenging Management on the strategic options and planning process;

iii. reviewing the adequacy and effectiveness of the Group's risk management and internal controls framework (including establishing risk appetite, parameters and internal control systems, which include financial, operational compliance and information technology controls) to safeguard the shareholders' investments and the Company's assets;

iv. overseeing the conduct of the Company, conducting evaluations and satisfying themselves that the business was properly managed;

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

vi. reviewing and approving the release of the Group's quarterly and year-end financial results and a variety of other strategic initiatives tabled by Management.

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 Management to make objective decisions that are in the interest of the Group and that which maximises value for shareholders.

The Company has in place a financial authority matrix and approval guidelines for the Group's operations. Specific written approval of the Board is required on information of all new entities acquired/incorporated, new investments, purchase of land, new banking facilities (including non-cash facilities and corporate guarantees and funding arrangements to non-wholly owned entities), business acquisitions, divestments and liquidation of entities.

Guideline 1.3

Delegation by the Board

To assist the Board in discharging its functions and to optimise operational efficiency, the Board has delegated certain of its functions to various Committees, namely, the Audit and Risk Committee ("**ARC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (each, a "**Board Committee**" and collectively, the "**Board Committees**"). Each Board Committee has its own specific Terms of Reference that set 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 Committee requires the specific written approval of the Board.

The Board approves transactions exceeding certain thresholds, while delegating authority for transactions below those limits to the Board Committees and Management via a structured Delegation of Authority matrix. This matrix is reviewed and revised periodically. More details about Board delegation are presented below. The Board Committees and Management remain accountable to the Board.

Guideline 1.4

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

The Board and Board Committees schedules as well as Annual General Meeting and Extraordinary General Meeting schedules are planned a year in advance so as to ensure maximum attendance by all participants. *Ad hoc* meetings are also organised as often as they are warranted by particular circumstances. On occasions when Directors are unable to attend meetings in person, telephonic participation is allowed in accordance with the Constitution of the Company. To enable members of the Board and Board Committees to prepare adequately for the meetings, the agenda and relevant materials are circulated at least one week beforehand.

To go green, the Company has since 2014 ceased to provide hard-copy meeting papers to Directors. Instead, Directors have been provided with electronic tablet devices to enable them to access and read such papers before 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 the Board Committees make site visits to places where the Group operates. In October 2018, members of the ARC made a site visit to Grand Hyatt Melbourne and held *inter alia* two ARC meetings and an in-depth discussion with the management of Grand Hyatt Melbourne regarding the hotel's operations, internal controls, cyber security and IT operations.

CORPORATE GOVERNANCE

The attendance record of the Directors during FY2018 is set out below:

	Board[1]	ARC[2]	NC[3]	RC[3]	General Meetings
Total Number of Meetings Held	6	8	1	1	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	6	N.A.	1	1	1
Choo Teow Huat Albert	6	8	1	1	1
David Lee Kay Tuan	6	5	N.A.	N.A.	1
Michelle Liem Mei Fung	6	N.A.	1	1	1
Neo Ban Chuan	6	8	1	N.A.	1

Annotations:
(1) The Board met six times in FY2018; five meetings were scheduled and one was *ad hoc*.
(2) The ARC met eight times in FY2018; four meetings were scheduled and four were *ad hoc*.
(3) The NC and RC had one scheduled meeting each in FY2018.

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. the Delegation of Authority matrix, policies and procedures

v. material financial/funding arrangements and the provision of all corporate guarantees

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

Key Activities of the Board – 2018

Standard agenda:

- Reports of the ARC, NC and RC
- Monthly Operation reporting of the Chief Executive Officer ("**CEO**") on operation updates and management accounts; quarterly updates on the businesses including their risk profiles
- Quarterly updates on developments/operations in Australia
- Quarterly updates on compliance with financial covenants and 16-month cash flow projections
- Quarterly updates on legal cases
- Review and approval of all announcements, including those for quarterly results and year-end financial statements
- Conflicts 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 FY2018:

- Various proposed acquisitions of land
- New banking relationships
- Business strategies
- Material developments relating to accounting, legal, regulatory and/or corporate governance issues
- Formation and liquidation of entities

Matters reserved for specific Board approval:

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

ii. Annual budgets and business plans

iii. Dividend payout

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

Apart from matters specifically reserved for Board approval, the Board is also responsible for succession planning, the appointment and replacement of Directors and key management personnel ("**KMP**"), and approval of remuneration for the KMP. The Company's KMP have been identified as the Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and General Counsel.

CORPORATE GOVERNANCE

Guideline 1.6
Board Orientation and Training

It is our policy and practice to provide new Directors with a detailed and thorough induction, including meetings with KMP and other key personnel of the Group, an overview of their responsibilities and where necessary opportunities to visit the Company's chief properties and developments.

The Company also offers Directors opportunities to update and refresh their knowledge on an ongoing basis, to enable them to continue fulfilling their roles effectively as Board members and Committee members. This includes training opportunities and operational site visits 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 on matters such as changes in laws and regulations, the code of corporate governance and financial reporting standards are also provided 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 FY2018, Management did all the aforesaid and also invited Directors to take part in the annual finance seminar organised by the Company for internal staff.

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, meeting schedules for the Company's Board and the Board Committees, the Company's last Annual Report, its 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 Management on the business activities of the Group, and its strategic directions, as well as the Company's corporate governance policies and practices, when they are first appointed to the Board.

PRINCIPLE 2. BOARD COMPOSITION AND GUIDANCE
Board Composition at a Glance

Independent and Non-Executive Director

1. Cheng Hong Kok
2. Choo Teow Huat Albert
3. Neo Ban Chuan

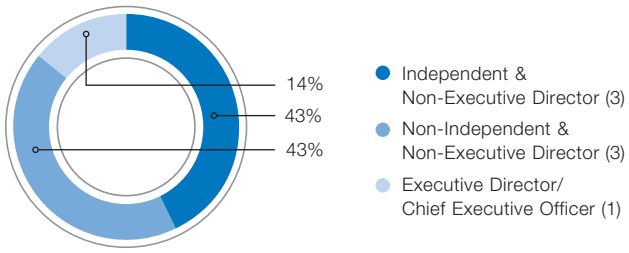
Non-Independent and Non-Executive Director

1. Ong Beng Kheong
2. David Lee Kay Tuan
3. Michelle Liem Mei Fung

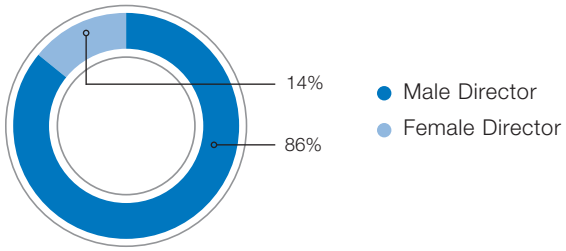
Executive Director/Chief Executive Officer

William Nursalim alias William Liem

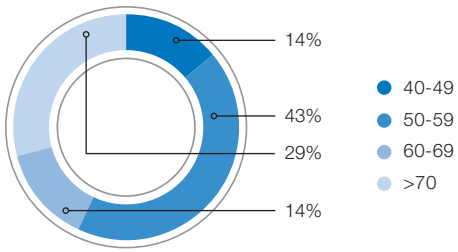
INDEPENDENCE



GENDER DIVERSITY



AGE GROUP OF OUR DIRECTORS



CORPORATE GOVERNANCE

Guideline 2.1
Independent Element of the Board

The Board, through the NC, reviews the size and independence composition of the Board. The Board comprises seven Board members, of whom three are independent and four are non-independent. Other than the CEO, all Directors are non-executive.

An Independent Director is one who is independent in conduct, character and judgement and who has no relationship with the Company, its related corporations, its substantial shareholders[1] or its officers who could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in 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 deliberations. During FY2018, the NC conducted its annual review of the Directors' independence and is satisfied that the Company complies with the guideline in the CG 2012 that provides that at least one-third of the Board should be made up of Independent Directors.

Guideline 2.2
Composition of Independent Directors on the Board

The Board is aware of the guideline in the CG 2018 that independent directors shall make up a majority of the Board where the Chairman of the Board is not an independent director. The NC and the Board will review the current composition of Independent Directors and the Board's mix of knowledge, experience and gender diversity so as to align the Board with the recommendation. Currently, matters requiring the Board's approval are discussed and deliberated with the 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 yet meet the standard set out in the guideline, it is sufficient for the Board to exercise objective and balanced judgement. Even so, the Board is committed to meeting the guideline.

Guideline 2.3
Independence of Directors

The NC, in deliberating 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 judgment. 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 questionnaire is collated and reported to the Board.

During FY2018 and as in past years, the Company provided management support services to SP Corporation Limited ("**SP Corp**"). The aggregate value of the aforesaid support was not material when compared with the revenues of the Company and SP Corp. Mr Cheng Hong Kok, who is also a Director on SP Corp's Board, was not involved in determining the value of the support or rendering the support itself.

The Board, through the NC, considered the conduct of Mr Cheng in the discharge of his responsibilities as a Director, and is of the view that the relationships set out above did not impair his ability to act with independent judgement in the discharge of his responsibility as a Director.

The NC assessed the independence of Messrs Choo Teow Huat Albert and Neo Ban Chuan during the year and Mr 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 associations, business dealings, representative of shareholder, financial dependence, and relationships with the Group or the Group's management that 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 into the Group's business and operations, and could 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 FY2018, 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). Areas covered in the assessment included the following:

i. Contribution: whether he offered objective and constructive opinions concerning IPTs; whether he made independent judgement 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 with regard to IPTs;

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

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

1 A "substantial shareholder" is a shareholder 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 are not less than 5% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

CORPORATE GOVERNANCE

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 previous two years, thereby allowing for progressive renewal of the Board in the Company.

Guideline 2.5
Board Composition and Size

Board succession planning is carried out through the NC's annual review of the Board's composition, as well as whenever a Director gives notice of his or her intention to retire or resign.

In FY2018 and as in previous years, the NC conducted its annual review of the composition and size of the Board and concluded that they were appropriate, taking into account the scope and nature of the Group's operations. The NC also noted that there was adequate diversity, in that the Board included members of both genders and members from different backgrounds whose core competencies, qualifications, skills and experience met the requirements of the Group. For further details, please refer to the "Directors' Profile" section of this Annual Report; the composition and structure of the Board and its Board Committees are set out in the "Corporate Data" section.

Guideline 2.6
Board Diversity and Competency of the Board

The Company recognises and embraces the benefits of having greater diversity on the Board ("**Board Diversity**") in terms of experience, age, skill sets, gender and ethnicity, and views Board Diversity as an essential element in supporting the attainment of its strategic objectives and its sustainable development, even though the Company does not formalise this view 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 in 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 ensures 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 that candidates can make to the Board, as part of the process for new Board appointments and Board succession planning.

In FY2018, there was one female Director out of a total of seven Directors on the Board, namely, Ms Michelle Liem Mei Fung. This amounts to 14% of the total Board membership, which compares favourably with the national average of 14.7%[2]. 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 valuable experience and provide independent judgement during Board deliberations.

Guideline 2.7
Role of Non-Executive Directors ("NEDs")

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

Guideline 2.8
Regular Meetings of Non-Executive Directors

During FY2018, the NEDs met quarterly and on an *ad hoc* basis with the KMP (including CEO and other key personnel of the Group, as and when requested by the NEDs) to discuss challenges facing the Group. The Company benefited from the NEDs having ready access to Management for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

At least once a year, the NEDs 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 Roles of Chairman and the CEO

The roles of Chairman and the CEO of the Company remain distinct through a clear division of responsibilities that has been established in the Terms of Reference of the Board.

The Chairman leads the Board in accordance with the highest standards of integrity and governance, promotes effective communication and contributions by each Director, and manages the business of the Board through the setting of meeting agendas and by leading the meetings to ensure full discussion of all agenda items. The CEO provides clear and decisive leadership and guidance to the Company's employees, runs the Company's business with a clear vision and mission, translating 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.

2 Source: Diversity Action Committee (DAC), 8 November 2018.

CORPORATE GOVERNANCE

Guideline 3.2
Roles and Responsibilities of the Chairman

The Chairman, Mr Ong Beng Kheong, is responsible for the management of the Board. He leads the Board, encourages the Board's interaction with Management, facilitates effective contributions by NEDs, encourages constructive relations between the Directors and promotes corporate governance.

Before 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 a week in advance, in order for Directors to be adequately prepared for the meeting. Mr Ong leads the meetings, ensures full discussion of each agendum and facilitates the Board members' engagement with Management in constructive debate on various matters including strategic issues. Management staff who prepared the papers, or who could provide additional insights into the matters to be discussed, are invited to present their papers during the meetings.

At Annual General Meetings ("**AGMs**") and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and 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 NEDs in circumstances where it would be inappropriate for the Chairman to serve in such a capacity. The Lead Independent Director also assists the Chairman and the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company.

Considering the Company's current business operations and its 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 affected and is unlikely to affect efficient communication between the Board and shareholders or other stakeholders of the Company.

Nevertheless, the Board will annually examine the need to appoint a Lead Independent Director.

Guideline 3.4
Lead Independent Director to lead in periodical meetings between Independent Directors

Although no Lead Independent Director has been appointed, the Company's Independent Directors set aside time to meet, without the presence of other non-independent Directors, at least once a year. The Independent Directors provide feedback as appropriate to the Chairman of the Board after such meetings. In addition, Independent Directors also meet regularly and on *ad hoc* basis with CEO and the KMP and other key personnel as well as other NEDs 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 stipulate its principal roles and responsibilities. The NC shall:

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

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

iii. determine a suitable size for the Board;

iv. develop and maintain internal guidelines for assessing 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, attributes/qualities and experience and the diversity that the Board requires;

v. make recommendations to the Board regarding internal guidelines, to address 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;

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 KMP (including the CEO) and the role of the Company Secretary for recommendation to the Board for approval.

At the request of the Board and/or the CEO, the NC shall also approve any other key senior management positions within the Group, save for those listed on a stock exchange and have their own Nominating Committee(s) and those that are jointly controlled, wherein the Company's influence is balanced by the other joint-venture party(ies).

CORPORATE GOVERNANCE

Other than as stated above, the NC is also involved in the review of training and professional development programmes for the Board. For FY2018, the NC was assisted in this task 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, which include the relevant expertise and experience required for 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 FY2018:

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. the contributions made 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 all 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 Chairman and the CEO) 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 CEO is subject to the same provisions on retirement by rotation, resignation and removal as other Directors of the Company as part of the Board renewal.

For FY2018, the NC recommended to the Board the following Directors who will be retiring by rotation and seeking re-election at the Company's forthcoming AGM:

(a) Mr William Nursalim alias William Liem; and

(b) Mr David Lee Kay Tuan.

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 hold office only until the following AGM, and shall thereafter be eligible for re-election at the AGM. This stipulation is in addition to the one setting out the number of Directors who should retire by rotation at the AGM.

Subject to their re-election, Mr William Nursalim alias William Liem shall continue to serve as the CEO of the Company, while Mr David Lee Kay Tuan shall continue to serve as a member of the ARC.

Guideline 4.3
Continuous Review of Directors' Independence

During FY2018, the NC conducted *inter alia* an annual review of the independence of the Directors based on their declarations drawn up in accordance with the guidelines provided under the Code. The NC is also committed to reassessing the independence of each individual Director as and when warranted.

Guideline 4.4
Commitments of Directors sitting on multiple boards

There are internal guidelines for 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 (3) other directorships at unrelated listed companies and/or major corporations.

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

Guideline 4.5
Appointment of Alternate Directors

During FY2018, 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 or 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, Management or through third-party referrals.

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

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

CORPORATE GOVERNANCE

Guideline 4.7
Key Information on Directors

All the information pertaining to 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) contributions by individual Directors including the Chairman to the effectiveness of the Board.

In FY2018, 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 FY2018 and as in previous years, the Board conducted an annual evaluation of the performance of the Board and individual Directors in the following manner:

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

ii. Self-assessments were provided by individual Directors, with comments where necessary.

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

(a) The Board's structure, including independent elements on the Board, the working partnership between the Board and Management, and Board size;

(b) The conduct of meetings, including their regularity, adequacy of notice, the leadership of the chair, the quality of the discussions and the consensus of decision;

(c) Corporate strategy and planning, including provision of entrepreneurial leadership to the management, resource allocation and approval of the annual business plan;

(d) Risk management and internal controls, including the 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 the previous year's performance and budget;

(f) Recruitment, evaluation and compensation, including approval for KMP appointments, and the remuneration framework and annual compensation and bonuses for the KMP;

(g) Succession planning for the Board and Management;

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

(i) Communication with shareholders.

In the self-assessment of individual Directors, a Board Competency Matrix is used to assess the Directors' respective areas of specialisation and expertise, and other factors, as provided under the guidelines of the Code. The Board then acts 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, and his/her participation in discussions at meetings. The Executive Director and the NEDs are evaluated using different criteria in that the Executive Director is evaluated by the NEDs, *inter alia*, through assessment of his performance against certain KPIs set by the Board in the early part of the year. The KPIs include both financial and non-financial criteria and short and medium term goals.

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

The Board through the recommendation of the NC is satisfied with the results of the Board's evaluation assessment for FY2018.

Guideline 5.2
Board Performance Criteria

In FY2018 and as in previous years, the NC evaluated the effectiveness of the Board and its Board Committees.

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

Guideline 5.3
Individual Director Evaluation

Evaluation of each individual Director's performance is a continuous process. Evaluation criteria include: the Director's attendance at meetings of the Board and Board Committees and at general meetings; his/her participation in discussions at meetings; his/her knowledge of and contacts in the regions where the Group operates; his/her functional expertise and 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.

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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 time. All scheduled meetings of the Board and Board Committees as well as the Annual General Meeting and Extraordinary General Meetings are planned 12 months in advance, and all discussion papers are distributed to Directors at least one week ahead of the meetings.

The Board, its Board Committees and every Director have separate and independent access to Management and are free to request 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 is also 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 explanations. Further, there are periodic reports on cash flow forecasts, performance forecasts, 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 the ARC for review. PowerPoint presentations are sent to the Board for approval before any bid for land or properties or engagement in new projects, complete with detailed qualitative and financial analyses, cash flow forecasts and financing requirements.

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, and 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 the Board Committees and between Management and the NEDs.

Directors have separate and independent access to the Company Secretary via electronic mail, telephone and face-to-face meetings. During FY2018, the Company Secretary attended all meetings of the Board and its Board 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 the Company Secretary

The appointment and removal of the Company Secretary are subject to the approval of the Board, as stipulated in the Company's Terms of Reference of the Board. The former Company Secretary, who was appointed in November 2016, resigned on 7 November 2018. The incumbent appointment was made with 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.

II. REMUNERATION MATTERS

Matters concerning remuneration of the Board, senior executives (including the KMP) and other employees who are related to the substantial 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 that 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, with 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 roles and responsibilities. The RC shall:

i. offer an independent perspective in assisting the Board in the establishment of a formal and transparent procedure for developing policy on remuneration matters for the Directors and the KMP of the Company;

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ii. establish an appropriate remuneration framework to motivate and retain Directors and executives, and to ensure that the Company is able to attract appropriate talent from the market, in order to maximise value for shareholders;

iii. develop a remuneration policy for the Executive Director and the KMP (or executives of equivalent rank), structuring it to link rewards to corporate and individual performance;

iv. determine specific remuneration packages for the Executive Director and the KMP (or executives of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company;

v. review and approve the compensation of the KMP;

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

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

Guideline 7.2
Remuneration Framework

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

The NEDs receive remuneration packages consisting of Directors' fees and attendance fees, which are based on a scale of fees divided into basic retainer fees for serving as a Director, additional fees for serving on any of the Board Committees, and attendance fees for participation in meetings of the Board and the Board Committees.

The framework for the NEDs' fees (on a per annum basis unless otherwise indicated), which was revised in 2018, is as follows:

Roles	Members (per annum)	Chairman (per annum)
Board of Directors	$50,000	Additional $50,000
Audit and Risk Committee	$20,000	Additional $20,000
Other Committees	$7,500	Additional $7,500
Attendance Fee	$1,000 per meeting	
Overseas Engagement Fee	$2,000 per trip	
Special or *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 the frequency of meetings, the time spent and the responsibilities of the NEDs, as well as the need for the Company 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 a Director's fee.

Determining the remuneration of the Directors lies within the purview of the Board as a whole; individual Directors do not participate in discussions regarding their own remuneration.

In FY2018, the RC reviewed and recommended to the Board the remuneration package of the CEO and the KMP. The RC also reviewed and endorsed Management's recommendations for the bonuses of other employees for 2018 and salary increments for 2019.

Guideline 7.3
The RC's access to advice on remuneration matters

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

Guideline 7.4
Service Contract

The Company's obligations in the event of termination of service of the Executive Director and the KMP are enumerated in their respective employment letters. In FY2018, the RC reviewed this area, and is satisfied that the termination clauses therein were fair and reasonable to the respective employment class and were not overly generous.

PRINCIPLE 8. LEVEL AND MIX OF REMUNERATION

Guideline 8.1
Remuneration of the Executive Director and KMP

The Company's remuneration structure for the Executive Director/Chief Executive Officer, the KMP and others has been benchmarked against those adopted by entities of a comparable size and in similar industries. The structure consists of both fixed and variable portions, with the aim of attracting, retaining and motivating appropriate talent on a sustainable basis. The fixed compensation consists of a base salary and fixed allowances. The variable component, on the other hand, is a cash-based short-term incentive that is performance-related and that is linked to the performance of the Company as well as the individual. This is designed to align the employees'

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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 FY2018, the Board had only one Executive Director, namely the CEO. As stipulated in the Company's remuneration framework, the Executive Director and the KMP of the Group do not receive Director's fees from the Company or from its subsidiaries/associated entities if they are nominated and appointed to these boards.

For the purpose of assessing the performance of the Executive Director and the KMP, 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 shareholders' return (i.e., dividend plus share price movement over the year). Non-financial targets are those related to reputation, customers, employees, the environment, the community and a 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 made by the Group in delivering high-quality sustainable growth.

For the year under review, the RC reviewed and approved the remuneration package (which includes salaries, allowances, bonuses and benefits-in-kind) of the Executive Director and the KMP, after considering *inter alia* the achievement of their KPIs. In addition, the RC reviewed the performance of the Group's senior executives (excluding those employed by the listed subsidiary, which has its own remuneration committee), after taking into consideration the Chief Executive Officer's assessment of and recommendations for bonuses and remuneration.

For FY2018, the RC reviewed and is satisfied that adjustments made to the salaries as well as the performance-related bonuses granted to the Executive Director and the KMP were reflective of their performance and the contributions made by them, taking into account the extent to which their KPIs had been 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 plans might not be effective, and that it is difficult to determine how such plans contribute to the retention of employees and/or help motivate them to achieve the desired performance.

Guideline 8.3
Remuneration of Non-Executive Directors

The NEDs have no service contracts with the Company and their terms are specified in the Constitution. They are paid a basic retainer fee for serving as a Director, an additional fee for serving on Board Committees and an attendance fee for participating in meetings of the Board and any of the Board Committees. In order not to excessively compensate the NEDs, the RC takes into consideration factors such as the frequency of meetings, the time spent and the responsibilities of the NEDs, as well as the need for the Company to stay competitive with industry practices.

The remuneration framework for the NEDs 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. The framework is presented under Guideline 7.2 of this Report.

The Board concurs with the RC's proposal for the NEDs' fees for FY2018, 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 FY2018 is appropriate and not excessive, and would accordingly table it for the shareholders' approval at the forthcoming AGM. The Chairman and NEDs 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 KMP's remuneration, which are not excessive, the RC is of the view that there is no need 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 of the remuneration of Directors and the KMP for FY2018 are reported in the following pages. During FY2018, there were no termination, retirement or post-employment benefits granted to any of them.

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Guideline 9.2
Remuneration of Directors

The remuneration of the Executive Director and the NEDs that was paid or is payable by the Company for FY2018 is set out below:

Names of Directors	Directors' Fees[1]	Salary[2]	Benefits[3]	Variable Bonus	Total
Executive Director					
William Nursalim alias William Liem[4]	–	$800,004	$45,626	$466,669	$1,312,299
Non-Executive Directors					
Ong Beng Kheong	$114,500	–	–	–	$114,500
Cheng Hong Kok	$80,500	–	–	–	$80,500
Choo Teow Huat Albert	$130,500	–	–	–	$130,500
David Lee Kay Tuan	$81,000	–	–	–	$81,000
Michelle Liem Mei Fung	$73,000	–	–	–	$73,000
Neo Ban Chuan	$94,500	–	–	–	$94,500
Total Directors' Remuneration	**$574,000** 30%	**$800,004** 42%	**$45,626** 3%	**$466,669** 25%	**$1,886,299** 100%

Annotations:
(1) If approved, the aggregate amount of Directors' fees of $574,000 will be paid to the NEDs 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.

During 2018, there was no change in the fee structure for Directors. The total Directors' fees proposed for the year of $574,000 were 1.58% lower than those for 2017, reflecting mainly fewer overseas engagements and meetings held during the year.

Guideline 9.3
Remuneration of Top 5 Management Personnel including the KMP

The table below sets out the range of gross remuneration for the top 5 management personnel (including the KMP, excluding the Chief Executive Officer/Executive Director) of the Group.

Names of Top 5 Management Personnel including KMP	Designation	Breakdown of Remuneration by Percentage (%)				Total remuneration in compensation bands of $250,000
		Salary[1]	Benefits[2]	Bonus[3]	Total	
Chong Chou Yuen[4]	Group Chief Financial Officer	92%	8%	0%	100%	$500,000 – $749,999
Ilan Weill	General Manager, Grand Hyatt Melbourne	77%	8%	15%	100%	$500,000 – $749,999
Sholto Smith[5]	General Manager, Hyatt Regency Perth	85%	8%	7%	100%	$250,000 – $499,999
Peggy Wong[6]	General Counsel	67%	0%	33%	100%	$250,000 – $499,999
Leong Kok Ho[6][7]	Chief Financial Officer	69%	0%	31%	100%	below $250,000
Total Remuneration of Top 5 Management Personnel including the KMP		**$1,810,329** 80.63%	**$138,688** 6.18%	**$296,301** 13.20%	**$2,245,318** 100%	

Annotations:
(1) Salary refers to basic salary, allowances and employer's provident fund or equivalent contributions thereof.
(2) Benefits refer to car benefits and taxable health insurance.
(3) Bonus refers to variable bonuses and employer's provident fund or equivalent contributions thereof.
(4) Mr Chong Chou Yuen left on 31 July 2018; continued as paid Adviser from 1 August to 31 December 2018.
(5) Mr Sholto Smith left on 31 December 2018.
(6) The KMP of the Company are the CEO, the CFO and General Counsel. The CEO's compensation is disclosed under the table "Remuneration of Directors".
(7) Mr Leong Kok Ho started on 1 August 2018.

The aggregate remuneration paid in FY2018 to the abovementioned management personnel including the KMP was $2,245,318.

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Guideline 9.4
Employee related to Directors or the Chief Executive Officer

In addition to the disclosure under the top 5 Management Personnel wherein a key person was related to certain Directors during FY2018, there was another employee related to certain Directors whose remuneration exceeded $100,000. He was Mr Jason Lee Kay Chen, employed at the subsidiary of 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 or long-term incentive scheme. The rationale for not having such schemes is presented under Guideline 8.2 of this Report.

Guideline 9.6
Link between Remuneration and Performance

Information on the link between remuneration paid to the Executive Director and the KMP 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. Thus, 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 (including information technology controls and risk management systems), and that all areas of weaknesses identified in internal audit reports are properly dealt with in a timely manner.

During FY2018, quarterly unaudited results and the audited full-year results of the Group were all announced within a month of the end of each period.

PRINCIPLE 10. ACCOUNTABILITY

Guideline 10.1
Accountability for Accurate Information

The Company ensures that the Board receives accurate and timely information. Hence, the Board receives monthly financial and operation reports from Management.

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 announcements together with the associated press releases and presentation slides are released to SGX-ST via SGXNet on the same evening as the announcements.

The business and finance heads of individual subsidiaries and strategic business units are required to provide quarterly written representations, in a specific template, to the CEO and the CFO, who 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; and that (ii) the financial processes and controls and the integrity of the Group's financial statements are in place. In addition, the CEO and the CFO's quarterly written representations highlight, *inter alia*, material financial risks and their impact, and provide updates on significant financial issues facing the Group.

Based on the CEO and the CFO's representations, enquiries made thereof and in accordance with the requirements of the SGX-ST Listing Manual, the Board issues a negative assurance statement in its quarterly financial results announcements and confirms to the best of its knowledge that nothing had come to its attention that might render the financial statements false or misleading in any material aspect.

The annual report, which comprises the relevant business and operations, financial and governance information of the Company, is approved by the Board.

Guideline 10.2
Compliance with Legislative and Regulatory Requirements

During FY2018, the Board reviewed quarterly representation letters from Management regarding compliance by strategic business units with 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

Management updates 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 forecasts. Major variances are analysed, investigated and explained accordingly. The monthly reports also contain information about banking facilities utilised and compliance with bank covenants, 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 FY2018 and as in previous years, the ARC assisted the Board in the oversight of the Group's risk profile and policies, and the adequacy and effectiveness of the Group's risk management systems and internal controls, and reported to the Board on risks facing the Group, suggesting levels of risk tolerance and risk policies.

A detailed Risks Report prepared by Management and reviewed by the ARC was also presented to the Board for the latter's review. The Report identified 26 risks and ways to manage them. A summary of the contents has been provided in the "Business Dynamics and Risk Factors Statement" section of this Annual Report.

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Risks that affect the achievement of business objectives and the financial performance of the Group over the short-to-medium term are summarised in the Group Risks Register by each business unit. The identified risks were grouped in two dimensions: one based on risk exposure and appetite, and the other based on the likelihood of the risk being realised. A "Risk Matrix Table" was then charted to aid the Board in its deliberations. The Group's risks were also classified into four main categories, namely, business & strategy risks, financial risks, operational risks and compliance risks including information technology controls and risk management systems.

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

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

Guideline 11.2

Adequacy and Effectiveness of Risk Management and Internal Control Systems

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

The ARC also reviews reports submitted by the internal auditors on pre-selected areas of the Group's operations. The selection process follows a cycle of a few years so that all key operations/ units of the Group are subjected 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 so as 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 to 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 where the Group operates, so as to protect the security and confidentiality of third-party data obtained during its operations.

iii. Anti-bribery and Anti-corruption Policy

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

iv. Sustainability Policy

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

For FY2018, in accordance with the SGX-ST Listing Rules 711A and 711B, the Board reviewed the sustainability report of the Company and approved its inclusion in the annual report.

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 existing policies by conducting regular reviews to ensure that they remain relevant, but is also implementing new policies where necessary so as to meet challenges brought on by a changing business environment.

Guideline 11.3

Board's Comment on the Adequacy and Effectiveness of Internal Controls

For the year under review, the CEO and the 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 2018 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 detail.

Based on internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, written representation by the CEO and the CFO and various Board Committees, the Board, with the concurrence of the ARC, is of the opinion that the Group's risk management and internal control framework and systems were adequate and effective as at 31 December 2018 to address financial, operational and compliance risks including information technology controls and risk management systems, which the Group considers relevant and material to its operations.

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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 the Audit and Risk Committee. The ARC reviews key risk categories on a quarterly basis to ensure that the activities of the business remain within the Group's risk appetite.

PRINCIPLE 12. AUDIT 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, with 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 controls over financial, operational, compliance, information technology and risk management policies and systems established by Management;

ii. Monitoring compliance with 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 monthly management reports, quarterly and annual financial statements, assessing and challenging where necessary, their correctness, completeness, integrity and consistency before they are submitted to the Board or made public;

vi. Meeting with 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 the disclosure of corporate governance practices before its release;

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

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

ix. Reviewing and recommending to the Board for approval the Whistle-blowing Policy, under 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 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 recommendations to the Board on proposals to shareholders for the appointment or re-appointment of the external auditors.

In FY2018 and as in past years, the ARC met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best practices and guidance in the Guidebook for Audit Committees 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 recuse themselves from the deliberation and approval process at both the ARC and Board meetings.

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The ARC reviewed the external auditor's audit plan for FY2018, and agreed with the auditor's proposed significant areas of focus and assumptions that would have an impact on the financial statements. In the ARC's review of the Group's financial statements for FY2018, it had discussed with Management the accounting principles applied and their judgement of items that could affect the integrity of the statements, and it had also considered the clarity of key disclosures in the statements. The ARC also reviewed and addressed, among other matters, the following key audit matters as reported by the external auditors for FY2018:

Key audit matters	How these issues were addressed by the ARC
Revenue recognition of development properties	The ARC considered the approach taken by Management in determining whether the contracts comprise one or more performance obligations, whether the performance obligations were satisfied over time and the method used to measure progress for revenue recognition for development properties which required estimates by Management. The ARC considered the basis of Management's identification of performance obligations to determine whether the criteria for recognising revenue over time were met. The ARC also discussed with the external auditors the adequacy of any required provision for foreseeable losses and the basis of revenue recognition and profit for the sale of development properties.
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, regarding market trends and the strategies and timing adopted to sell the inventories. The ARC received detailed reporting from the external auditors on their assessment of the estimation of net realisable value and allowances for foreseeable losses, in order to form a view of the appropriateness of the level of provisioning adopted by Management. The ARC is 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 is 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.

Management reports to and discusses with the ARC changes to accounting standards and accounting issues that have a direct impact on the financial statements. Directors are invited to attend relevant seminars by leading accounting firms on changes to accounting standards and issues.

Following the review, the ARC is satisfied that all the aforesaid matters had been properly dealt with and recommended the Board to approve the financial statements. The Board on 30 January 2019 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 are 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 whistle-blowing incidents. The contents including "nil" returns in the register are reviewed by the ARC during its quarterly meetings.

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

Guideline 12.5
External and Internal Auditors

During FY2018 and as in past years, the Company's external and internal auditors were invited to attend the ARC meetings and make presentations as appropriate. They also met separately with the ARC without the presence of Management.

CORPORATE GOVERNANCE

Guideline 12.6
Independence of External Auditors

During FY2018 and as in past years, the ARC reviewed the "Professional Services Planning Memorandum" prepared by Deloitte & Touche LLP ("**Deloitte**"), the independent auditors, and discussed the terms of engagement, the materiality level of their work, the assessment of significant risks, areas of audit focus, internal control plans 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 reviews, 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.

The ARC undertakes a review of the independence and objectivity of the external auditors, their approach of the audit work, their proposed audit fees as well as reviewing the non-audit fees awarded to them.

For FY2018, 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):

	FY2018		FY2017	
	S$	% of Total Fees	S$	% of Total Fees
Audit fees to Deloitte Singapore	328,000	50	330,600	46
Audit fees to Deloitte member firms outside Singapore	196,000	30	177,450	25
Total Audit Fees	524,000	80	508,050	71
Total Non-Audit Fees (both Singapore and member firms)	128,000	20	208,001	29
Total Fees	**652,000**	**100**	**716,051**	**100**

The ARC is satisfied that the nature and extent of the non-audit services performed by the external auditors have not prejudiced their independence and objectivity.

On the recommendation of the ARC, the Board approved the re-appointment of Deloitte as the independent auditors of the Group at the forthcoming Annual General Meeting for shareholders' approval. During FY2018 and as in 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" (the "policy") that provides 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 policy has been posted on the Company's Intranet and official website, encouraging the reporting of any behaviour or actions that anyone reasonably believes might be suspicious, or in breach of any rules, regulations or accounting standards, or internal policies. In addition, a Chinese translation of the policy has been disseminated to the Group's employees in China. A summary of the policy is presented in the "Corporate Governance in Action" section of this Annual Report.

The policy details the mechanism through which issues or concerns can be submitted, 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 interests of all whistle-blowers. Anonymous reporting will also be attended to and anonymity honoured.

All newly recruited employees are briefed on the existence of the policy, and a reminder is sent to all employees each year in the form of an Annual Declaration, in which employees are required to disclose any instances of conflicts of interest or to raise any issues or concerns of possible irregularities in the Company or the Group's affairs. A "nil" return is also required for the purpose.

At the ARC's quarterly meetings, a standard item on the agenda is the review of any entries in the register of whistle-blowing incidents; if the case is still outstanding, the progress of the investigation is also reviewed.

Guideline 12.8
Disclosure of ARC activities and measures taken by the ARC to keep abreast of changes to Accounting Standards

The ARC met eight times during FY2018 (four meetings were scheduled and four were *ad hoc*). The CEO, the CFO and the Company Secretary attended all eight meetings, while the external and internal auditors attended all the scheduled meetings. Two of the ARC meetings were held in

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Melbourne, Australia, during an ARC visit to review the Group's operations there. During the meetings, remedial action for points highlighted in a recent internal audit report, internal controls in general, and network security and information technology operations in particular were discussed with the Hyatt representatives.

The ARC is kept abreast by Management, external and internal auditors of changes to accounting standards, stock exchange rules and other codes and regulations that could have an impact on the Group's business and financial statements.

Guideline 12.9
Cooling-off Period for Partners or Directors of the Company's Auditing Firm

During FY2018, 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 past years outsourced its internal audit function to PricewaterhouseCoopers Risk Services Pte. Ltd. ("**PwC**"). At the recommendation of the ARC, the Board approved the re-engagement of PwC as the Internal Auditor ("**IA**") of the Group in the ensuing year. In FY2018 and as in past years, the ARC assessed the adequacy of the internal audit function by reviewing the audit plan submitted by PwC at the start 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 its 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 by 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 entailing the review of selected functions or business units of the Group is developed and agreed to by the ARC. The audit plan is devised in such a way that all major functions or business units will be audited within an internal-audit cycle. The ARC does direct the IA, as and when deemed necessary and important, to focus on certain aspects of an audit to be conducted, as well as to audit any operational or business aspects. 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 the Internal Audit Function

For FY2018, the ARC reviewed the adequacy of the internal audit function, to ensure that the internal audits were conducted effectively and that Management had provided the necessary cooperation to enable PwC to perform its function. After having reviewed the PwC reports and remedial actions implemented by Management, the ARC is 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. Thus, 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. A fuller discussion can be found in the "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 mere compliance with prevailing statutory or professional standards, if it deems such disclosure to be beneficial to its shareholders and the general public. In this respect, the Company has been disclosing clear and fair information about its broad strategy, business developments and financial performance through the appropriate media. For developments that might have a material impact on the share price, the information is dispatched as soon as it becomes available. The Company uses news releases, annual reports, shareholder circulars, shareholders' meetings, announcements through SGXNet, 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 Company's general meetings, and are given ample opportunity to participate effectively in and vote at the meetings. Because of the PowerPoint presentation of the results and the outlook, as well as the dialogue with shareholders, the Company's typical annual general meeting lasts more than two hours.

Shareholders are informed of general meetings at least 28 days in advance through reports, circulars and/or letters or notices published in the newspapers, the Company's announcements via SGXNet and the Company's website. General meetings are usually held at venues within the central business district that are easily accessible to the shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll; the procedures are clearly explained by the scrutineers at the start of the voting during the meetings.

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Guideline 14.3
Proxies for Nominee Companies

Pursuant to the provisions in the Company's Constitution, a shareholder who is not a "relevant intermediary" may appoint up to two proxies to attend general meetings in his/her absence and speak and vote on his/her behalf. 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 participation in general meetings by indirect shareholders including CPF investors. Such indirect shareholders where so appointed as proxies have the same rights as direct shareholders to attend general meetings and speak and vote at them.

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

PRINCIPLE 15. COMMUNICATION WITH SHAREHOLDERS

Guideline 15.1
Communication with Shareholders

Since November 2015, an Investor Relations Policy ("**IR Policy**") has been established that sets out the principles for providing shareholders and prospective investors with the 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, while 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 useful information and analysis. In addition, press releases in English and Chinese as well as PowerPoint slides are provided and posted on the Company's website.

An investor relations contact has been provided on the Company's website, which stakeholders can use to voice their concerns or feedback about possible violation of their rights. Where 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 the timely release of announcements to SGX-ST via SGXNet and the Company's corporate website. Should a disclosure be made inadvertently 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 for quarterly financial results is disclosed 12 months ahead in the Annual Report for the preceding year, and is confirmed approximately two weeks before the actual date of the announcement via SGXNet.

For FY2018, quarterly results were announced within 28 days of the succeeding month; and full-year audited results (full set; inclusive of notes to accounts) were released on 30 January 2019. Each results announcement is accompanied by a press release and a PowerPoint presentation. The 2018 Annual Report will be distributed to shareholders 28 days before the AGM, which is scheduled to be held on 24 April 2019.

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 that outlines 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 for each resolution, shareholders are again given ample opportunity to raise queries. Shareholders who are not used to raising questions in public are encouraged to have a private chat with any Director or any senior management member after the meeting; Management and Directors stay back for that very purpose.

Guideline 15.4
Soliciting and Understanding Views of Shareholders

In the "Investor Relations" section of the Annual Reports, the Company states the steps it has taken to solicit and understand the views of shareholders. During the year, Management also entertains requests from analysts and fund managers for dialogue.

To enhance the process of soliciting input from shareholders and members of the investment community, a "Feedback and Queries" template has been made available on the Company's website. In addition, the website has an "Investor Contact" link that 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

Please refer to the Dividend Policy write-up on page 87 of the "Corporate Governance in Action" section of the Annual Report.

PRINCIPLE 16. CONDUCT OF SHAREHOLDER MEETINGS

Guideline 16.1
Effective Shareholder Participation

To facilitate effective shareholder participation at AGMs, the Company took the following steps during FY2018:

i. Under the "Investor Relations" section of the Company's website, it posted 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", to help shareholders gain more from reading annual reports and frame pertinent questions at the AGMs;

ii. Notice of AGMs will be circulated to shareholders 28 days in advance; and

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iii. 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 general meetings. However, such methods might be possible only following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web would not be 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 or attorney or, in the case of a corporation, a corporate representative, to cast the 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 notes on each item of the agenda have also been provided in the "Notice of Annual General Meeting" section in this Annual Report.

Guideline 16.3
Attendees at General Meetings

The Chairman of the Board and the Chairman of each of the Board Committees, the CEO, the CFO and the Company Secretary attend all the general meetings to address issues raised by shareholders. The Company's external auditors and legal advisers are 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 results for each resolution. The minutes of the last AGM, held on 19 April 2018, together with the Directors' attendance sheet were published via SGXNet and the Company's website.

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. During the Company's last AGM, held on 19 April 2018, the Company had:

- Registered electronically the shareholders and proxies who attended the meeting and issued an electronic token to each of them.
- Reviewed the robustness of the system through the appointed scrutineer, who is an independent external party, before the commencement of the meeting.
- Verified the proxy and poll voting information through the appointed scrutineer, ensuring that the polling process was properly carried out.
- Given instructions for the use of the electronic token for polling;
- Put each and every resolution to the vote by electronic polling.
- Projected the results of the voting on the screen, including the number and the percentage of votes cast for and against.
- Released voting results to SGX-ST via SGXNet on the same day as the meeting.

CORPORATE GOVERNANCE IN ACTION

To maintain a high standard of corporate governance, the Company has in place various policies and practices that its Directors and employees are required to observe.

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 takes part in the discussions nor exercises any influence over other members of the Board. The Board last revised the IPTs policy and procedures in 2011.

A list of IPTs including those of 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 is sought through a general meeting, while the interested shareholder abstains from voting. In FY2018, the aforesaid 3% threshold was about $29.5 million using the audited 31 December 2017 balance sheet.

Details of IPTs for FY2018 and FY2017 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 having its Directors and officers maintain a high level of integrity and professionalism in the conduct of the Group's business. Hence, the Company's code of conduct and its practices are detailed in the Employees'

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Handbook. This Handbook is stored electronically on the Company's Intranet and is introduced to all new employees during their induction.

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

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

WHISTLE-BLOWING POLICY

The Company is committed to maintaining 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 it offers 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 or bogus complaints. The policy is also not a route for taking up personal grievances.

There might 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 email address that allow 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 appropriate follow-up 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:

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

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 FY2018, there was no incident of genuine concern reported to the WBC.

DIVIDEND POLICY

The Company strives to achieve long-term, sustainable dividend income and capital growth to enhance shareholders' return.

The Company does not have a formal dividend policy. However, the Company endeavors to provide consistent and sustainable dividend payments to its shareholders from the Company's profit after taking into consideration the Group's cash position and the capital requirements for business growth and other factors as the Board may deem appropriate, on an annual basis.

The actual dividend payout is recommended by the Board at the end of each year and, when required, shall be 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 an exceptional operational performance in a particular year.

The Tuan Sing Holdings Limited Scrip Dividend Scheme (the "**Scheme**") is an integral and important component of the dividend policy, allowing shareholders who opt for it to 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 provides 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. Through the issuance of ordinary shares pursuant to the Scheme, the Company benefits from greater share liquidity in the market and conservation of cash, which could be used to strengthen the Company's working capital.

Full details of the Tuan Sing Holdings Limited Scrip Dividend Scheme Statement are available on the Company's website at www.tuansing.com.