

CORPORATE GOVERNANCE STATEMENT

Tat Seng Packaging Group Ltd (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are committed to setting and maintaining high standards of corporate governance as well as promoting corporate transparency by adhering closely to the principles and guidelines set out in the Code of Corporate Governance 2018 (“**2018 Code**”) which was revised on 6 August 2018 and accompanying the Practice Guidance, which supersedes the existing Code of Corporate Governance issued in 2012.

This Statement describes the practices the Company has adopted and undertaken with respect to each of the principles and guidelines and the extent of its compliance with the 2018 Code and should be read as a whole, instead of being read separately under the different principles of the 2018 Code. The Company has complied in all material aspects with the principles and guidelines set out in the 2018 Code and any deviations are explained in this report.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Company is headed by an effective Board, comprising individuals with diversified backgrounds and who collectively bring with them a wide range of experience, to lead and control the Group. The Board is responsible for the overall management and success of the Group. The primary role of the Board is to oversee the Group’s business performance and affairs, and to protect and enhance long-term shareholders’ and stakeholders’ values. To fulfil this, apart from its statutory responsibilities, the Board performs the following roles and functions:

- providing entrepreneurial leadership and setting strategic directions and objectives of the Group;
- approving major funding proposals, investment and divestment proposals of the Group;
- reviewing the performance of management by establishing management’s goals and monitoring the achievement of such goals;
- reviewing and endorsing the remuneration framework as may be recommended by the Remuneration Committee;
- supervising management in ensuring that the Company has the necessary resources to meet its goals and establish a framework of prudent and effective controls to assess and manage risks;
- overseeing the processes of risk management, financial reporting and compliance and evaluating the adequacy of internal controls;
- considering sustainability issues, such as environmental and social factors, as and when necessary, as part of its strategic formulation; and
- assuming the responsibilities for corporate governance.

All Directors discharge their duties and responsibilities objectively at all times as fiduciaries in the interests of the Company. The Board puts in place a code of conduct and ethics, and also sets the tone for the Company in respect of ethics, values and desired organisational culture, and ensure proper accountability within the Group. The Board has clear policies and procedures for dealing with conflict of interest. Where the Director faces conflict of interest, he or she would rescue himself or herself from discussions and decisions involving the issues of conflict.

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The Directors are provided with extensive background information about the Group's history, mission, values and business operations with their roles as Executive and Independent Directors. The Directors have the opportunity to visit the Group's operations facilities and meet with Management for further explanations, briefings or discussions on key aspects, to gain insight for a better understanding of the Group's business and operations.

The Directors are encouraged to attend relevant training programmes, courses, conferences and seminars on new laws, regulations and updates on commercial areas conducted by relevant professional organisation from time to time. Changes to regulations and accounting standards are monitored closely by the Management. In order to keep pace with such laws and regulatory changes, the Company will provide and fund the appropriate trainings and development programmes for the Directors and/or officer(s) of the Company, where relevant. Directors are updated periodically on industry trends and development of sustainability issues, relevant laws, regulations, accounting standards and changing business risks during Board meetings/Board Committees meetings or at specifically-convened sessions to enable them to properly discharge their duties effectively.

Newly appointed Directors are briefed on the business and organizational structure of the Group and its strategic directions and are encouraged to go for site visits of the Group's operating units to familiarise themselves with the Group's business practices.

The Directors have identified a few areas for which the Board has direct responsibility for decision making (which are embodied in its internal guidelines) such as the following:

- approval of annual budgets and financial plans of the Group;
- approval of annual and quarterly results announcements;
- approval of annual report and financial statements;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- approval of corporate strategy;
- authorisation of major transactions;
- approval of changes to the composition to the Board and Board Committees;
- investments and divestments decisions including the Group's capital commitments; and
- commitments to term loans and lines of credit from banks and financial institutions by the Company.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, Management is responsible for the day to day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

To ensure that specific issues are subject to considerations and review before the Board makes its decision, the Board has established a number of Board Committees to assist the Board in carrying out more effectively its oversight function. These Board Committees consist of Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Risk Management Committee ("**RMC**") (collectively the "**Board Committees**").

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As of the date of this Statement, the composition of the Board Committees are as follows:

Directors	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee
John Chen Seow Phun	Member	Chairman	Chairman	–
Lien Kait Long	Chairman	Member	Member	Chairman
Kong WeiLi	Member	Member	Member	Member
Siu Wai Kam	Member	Member	Member	Member
Goh Yang Jun, Jasper	Member	Member	Member	Member
Loh See Moon	–	–	–	Member
Cheong Poh Hua	–	–	–	Member

These Board Committees function within clear Board-approved written terms of reference. Such terms of reference will be reviewed by the Board and Board Committees on a regular basis to ensure their continued relevance and to enhance the effectiveness of these Board Committees. The minutes of all Board and Board Committees meetings which provide a fair and accurate record of the discussion and key deliberations and decisions taken during the meetings, are circulated and available to the Board and Board Committees. The Chairman of each of the Board Committees reports to the Board the outcome of the Board Committees meetings.

The compositions, authorities, roles and responsibilities of these Board Committees are set out in the subsequent sections of this Statement.

The attendance of the Directors at scheduled meetings of the Board and Board Committees during financial year 2019 is disclosed below:

	Board	Board Committees			
		Audit	Nominating	Remuneration	Risk Management
Number of scheduled meetings held	4	4	1	1	2
Directors	Attendance				
Allan Yap	–	–	–	–	–
Loh See Moon	4	4*	1*	1*	2
Tang Cheuk Chee	4	4*	–	–	–
Cheong Poh Hua	4	4*	–	1*	2
John Chen Seow Phun	4	4	1	1	–
Lien Kait Long	4	4	1	1	2
Lee Po On Mark ⁽¹⁾	1	1	1	1	–
Kong WeiLi ⁽²⁾	3	3	–	–	1
Siu Wai Kam ⁽²⁾	3	3	–	–	1
Goh Yang Jun, Jasper ⁽²⁾	3	3	–	–	1

* Attendance by invitation of the relevant committee

Notes:

- ⁽¹⁾ Retired as Non-Executive, Independent Director and a member of Nominating, Remuneration and Audit Committees respectively on 26 April 2019.
⁽²⁾ Appointed as Non-Executive and Independent Directors and a member of Nominating, Remuneration, Audit and Risk Management Committees respectively on 1 March 2019.

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The schedules of the Board and Board Committees meetings are given to all Directors well in advance. The Board meets at least four (4) times in a year. Besides the scheduled quarterly Board meetings, the Board also meets on an ad-hoc basis as warranted by circumstances. Board meetings will be convened when they are deemed necessary, to review the Group's business operations, conduct strategic review of the business affairs and address other specific significant matters that arise.

Despite some of the Directors having multiple Board representations, the NC has reviewed the Directorships of the Directors and is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and other principal commitments of these Directors. The NC and the Board agreed that as a guide, the maximum number of the listed company Board representations which any Independent Director may hold should not exceed eleven (11), and both the NC and the Board will review and determine the maximum number of listed company Board representations as and when they deem appropriate.

The Constitution of the Company provides for the convening of the Board meetings by way of telephonic, tele-conferencing or other similar means of electronic communication. The Board also approves material and/or significant transactions by way of written resolutions which are circulated to the Directors together with all relevant and supporting information.

The agendas for meetings are prepared in consultation with the Executive Chairman, Managing Director/Chief Executive Officer, the Executive Director and/or the Chairman of the respective Board Committee. The agendas and meeting materials are circulated in advance of the scheduled meetings to the members of the Board and/or Board Committees and on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities.

The Directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, we believe that each individual Director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committees meetings.

During the financial year, the Board has been briefed by the Company's external consultant on the compliance and disclosure requirements of Sustainability Reporting prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the revision to 2018 Code and amendments to the Listing Rules of the SGX-ST.

The Company Secretary regularly informs the Directors of any upcoming conferences, training and seminars relevant to their roles as a Director of the Company. The external auditors would update the AC and the Board on new and revised accounting standards that are applicable to the Company or the Group during AC meetings. The Board has separate and independent access to the Senior Management team and the Company Secretary at all times. The appointment and removal of the Company Secretary are subject to the Board's approval.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Directors may seek and obtain independent professional advice to discharge the responsibilities effectively, the cost of which will be borne by the Company.

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Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

During the financial year, the NC has reviewed the Board structure, size and composition of the Company. As of the date of this Statement, the Board of the Company consists of nine (9) members comprising the Executive Chairman, Managing Director/Chief Executive Officer (“CEO”), two (2) Executive Directors and five (5) Non-Executive and Independent Directors which is set out as follows:–

<u>Name of Director</u>	<u>Functions</u>	<u>Date of First Appointment as Director</u>	<u>Date of last re-election as Director</u>	<u>Present Directorships in other listed companies</u>	<u>Past Directorships in listed companies held over the preceding three years</u>
Allan Yap	Executive Chairman	21 Nov 2005	21 Apr 2017	<ul style="list-style-type: none"> China Enterprises Limited (Chairman, CEO and Director) Master Glory Group Limited (Chairman and Executive Director) Greater Bay Area Dynamic Growth Holding Limited (formerly known as Rosedale Hotel Holdings Limited) (Chairman and Executive Director) Hanwell Holdings Limited (Executive Chairman) 	<ul style="list-style-type: none"> Burcon NutraScience Corporation (Chairman, CEO and Director)
John Chen Seow Phun	<ul style="list-style-type: none"> Deputy Chairman, Non-Executive and Independent Director Chairman of Nominating and Remuneration Committees Member of Audit Committee 	21 Nov 2005	20 Apr 2018	<ul style="list-style-type: none"> Fu Yu Corporation Limited (Non-Executive Chairman and Independent Director) Hiap Seng Engineering Ltd (Independent Director) HLH Group Limited (Independent Director) Matex International Limited (Non-Executive Chairman and Independent Director) OKP Holdings Limited (Lead Independent Director) Pavillon Holdings Ltd (Executive Chairman) Hanwell Holdings Limited (Deputy Chairman, Non-Executive and Independent Director) 	–
Loh See Moon	<ul style="list-style-type: none"> Managing Director/CEO Member of Risk Management Committee 	Date of appointment as Director: 22 Dec 1977 Date of appointment as Managing Director/CEO: 21 Nov 2005	–	–	–
Tang Cheuk Chee	<ul style="list-style-type: none"> Executive Director 	01 Oct 2011	20 April 2018	<ul style="list-style-type: none"> Hanwell Holdings Limited (Executive Director) 	–
Cheong Poh Hua	<ul style="list-style-type: none"> Executive Director Member of Risk Management Committee 	01 Jul 2002	21 April 2017	–	–

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Name of Director	Functions	Date of First Appointment as Director	Date of last re-election as Director	Present Directorships in other listed companies	Past Directorships in listed companies held over the preceding three years
Lien Kait Long	<ul style="list-style-type: none"> Non-Executive and Lead Independent Director Chairman of Audit and Risk Management Committees Member of Nominating and Remuneration Committees 	24 Nov 2005	26 April 2019	<ul style="list-style-type: none"> China Enterprises Limited (Director) China Real Estate Grp Ltd (Director) China Jishan Holdings Limited (Lead Independent Director) Falcon Energy Group Limited (Lead Independent Director) 	<ul style="list-style-type: none"> Viking Offshore and Marine Limited (Independent Director) Pacific Healthcare Holdings Ltd (Non-Independent Non-Executive Director) 8Telecom International Holdings Co., Ltd (Lead Independent Director) Hanwell Holdings Limited (Lead Independent Director) IPC Corporation Limited (Independent Director) Renewable Energy Asia Group Limited (Independent Director)
Kong WeiLi	<ul style="list-style-type: none"> Non-Executive and Independent Director Member of Audit, Nominating, Remuneration and Risk Management Committees 	1 March 2019	26 April 2019	<ul style="list-style-type: none"> Hanwell Holdings Limited (Non-Executive and Independent Director) 	–
Siu Wai Kam	<ul style="list-style-type: none"> Non-Executive and Independent Director Member of Audit, Nominating, Remuneration and Risk Management Committees 	1 March 2019	26 April 2019	<ul style="list-style-type: none"> Hanwell Holdings Limited (Non-Executive and Independent Director) 	–
Goh Yang Jun, Jasper	<ul style="list-style-type: none"> Non-Executive and Independent Director Member of Audit, Nominating, Remuneration and Risk Management Committees 	1 March 2019	26 April 2019	<ul style="list-style-type: none"> Hanwell Holdings Limited (Non-Executive and Independent Director) 	–

Profiles of the Directors are found in the “Board of Directors” section of the Annual Report.

The criteria for independence are based on the definition given in the 2018 Code, which considers an Independent Director as one who has no relationship (direct or indirect) with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement in the best interest of the Company. The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a director’s independence checklist annually to confirm his independence based on the guidelines set out in the 2018 Code. All Directors exercise independent judgement and make decisions objectively in the best interest of the Company.

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Currently, the Board consists of nine (9) Directors, five (5) of whom are Non-Executive and Independent Directors, which represent more than half of the Board, the Company is in compliance of Provision 2.2 and 2.3 of the 2018 Code. There is no individual or small group of individuals that dominate the Board's decision-making process and matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The Board recognised the need to embrace tenets of good corporate governance that includes refreshing the composition of the Board by appointing additional independent directors. The Company believes that such efforts are more likely to engender investor confidence and in achieving long term sustainable business performance. All major decisions are based on collective decisions of the Board.

The NC reviews annually, and as and when circumstances require, if a Director is independent. The independence of each Director is assessed based on their business relationships with the Group, relationships with members of Management, relationships with the Company's substantial shareholder as well as the Director's length of service. A rigorous review was carried out internally in 2019 for Dr John Chen Seow Phun ("**Dr John Chen**") and Mr Lien Kait Long ("**Mr Lien**"), who have been on the Board for more than nine (9) years and the NC is satisfied that there has been no change to the circumstance since the findings and documents presented by the external consultant and unanimously agree and confirm that Dr John Chen and Mr Lien are independent. The factors that were taken into consideration in determining the independence of Dr John Chen and Mr Lien are set out under Principle 2 of the 2018 Code on page 18 of this report. Dr John Chen, being the Chairman of the NC and Mr Lien, being member of the NC have abstained from voting on any resolution relating to their independence and re-election.

Dr John Chen and newly appointed Directors on 1 March 2019 namely Mr Kong WeiLi ("**Mr Kong**"), Mr Siu Wai Kam ("**Mr Siu**") and Mr Goh Yang Jun, Jasper ("**Mr Jasper Goh**") are Independent Directors of Hanwell Holdings Limited ("**Hanwell**"), a controlling shareholder of the Company to which the Company has made payment to Hanwell for the provision of consultancy services of less than S\$50,000 in FY2019. This consultancy services provided by Hanwell to the Company will cease on 31 December 2019. The Board believes that having gained in-depth understanding of the business and operating environment of the Group, the independent directors provide much needed experience and knowledge of the industry. Therefore, their directorships in Hanwell have not and will not interfere, or be reasonably perceived to interfere, with their ability to exercise independent judgement and act in the best interests of the Company.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, to enable Management to benefit from a diverse perspective of issues that are brought before the Board. The Board regularly examines its size and, with a view to determine the impact of its number upon effectiveness, decides on what is considered an appropriate size taking into account the scope and nature of the Company's operations. The NC is of the view that the Board comprises Directors with diverse expertise and experience in business and management, accounting and financial and are capable of exercising objective judgement on the corporate affairs of the Company independently of management are appropriate. The Company has adopted a board diversity policy on 8 November 2019, and embraced all aspects of diversity in the current Board composition. The Board recognises the importance and value of gender diversity, however, the Board collectively view that it should not be considered the main selection and that merit of candidates, the right blend of skills, industry knowledge, needs of the Company, shall remain as priority.

Non-Executive and Independent Directors ("**Independent Directors**") of the Board exercise no management functions but have equal responsibility for the performance of the Group. The role of the Independent Directors is particularly important in ensuring that the strategies proposed by the Management are constructively challenged, taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Independent Directors also help to evaluate proposals on strategy, various policies and review the performance of the Management in meeting agreed goals and objectives of the Group.

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The Independent Directors meet periodically without the presence of Management to discuss and facilitate a more effective check on the Management. The feedback of the meeting is provided to the Executive Chairman, Managing Director/CEO, Executive Directors and the Management. The Executive Chairman will thereafter act on the feedback, take necessary steps to advise Management on the way forward to improve and implement recommendations submitted by the Non-Executive and Independent Directors.

To-date, none of the Independent Directors of the Company has been appointed as Director of the Company's principal subsidiaries.

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

There is a distinct separation of responsibilities between the Executive Chairman and the Chief Executive Officer (“**CEO**”), which ensures that there is an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. The position of Executive Chairman is held by Dr Allan Yap and Mr Loh See Moon (“**Mr Loh**”) holds the position of the Managing Director/CEO.

The Board established and set out the division of responsibilities between the Chairman and CEO. As the Executive Chairman, Dr Allan Yap is responsible to lead the Board and to ensure effective working of the Board including:

- determining the Group's strategies;
- with the assistance of the Company Secretary, scheduling of meetings to enable the Board to perform its duties while not interfering with the flow of the Group's operations;
- with the assistance of the Company Secretary, approving the meeting agenda of the Board and ensures adequate time is available for discussion of all agenda items;
- with the assistance of the Company Secretary, ensuring that Board meetings are held when necessary;
- facilitating effective contributions from the Non-Executive Directors and encouraging constructive relationships within the Board and between the Board and the Management;
- exercising control over the quality, quantity and timeliness of information flow from the Management to the Board, promoting effective communication with the Company's shareholders;
- ensuring, fostering constructive and effective communication with shareholders; and
- promoting high standards of corporate governance with full support of the Directors and the Management.

In view that Dr Allan Yap and the Executive Director, Dr Tang Cheuk Chee (“**Dr Tang**”), are immediate family members, the Board has appointed Mr Lien as the Lead Independent Director of the Company since February 2015 to lead and coordinate the meetings and activities of the Independent Directors. The Independent Directors, led by Mr Lien, meet amongst themselves without the presence of the other Directors when required. Hence, Mr Lien will contribute to a balance of views from the Board. Mr Lien is the principal liaison on Board issues between the Independent Directors and the Chairman of the Board. The Lead Independent Director is available to Shareholders where they have concerns and if contact through the normal channels of communication with the Executive Chairman or Managing Director/CEO, the Executive Directors or Chief Financial Officer (“**CFO**”) has failed to resolve, or such contact is inappropriate or inadequate. Currently, the function of the CFO is subsumed by Madam Cheong Poh Hua (“**Madam Cheong**”), an Executive Director of the Company.

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Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

As at the date of this Statement, the NC comprises of five (5) members all of whom are independent:

Dr John Chen Seow Phun	(Chairman, Non-Executive and Independent Director)
Mr Lien Kait Long	(Member, Non-Executive and Lead Independent Director)
Mr Kong WeiLi	(Member, Non-Executive and Independent Director)
Mr Siu Wai Kam	(Member, Non-Executive and Independent Director)
Mr Goh Yang Jun, Jasper	(Member, Non-Executive and Independent Director)

The NC Chairman has no relationship (direct or indirect) with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent judgement in the best interest of the Company.

The terms of reference of NC provides that the NC shall comprise at least three (3) members of the Board, a majority of whom, including the Chairman of the NC shall be independent. The Lead Independent Director, Mr Lien is also a member of the NC.

The principal responsibilities of the NC are set out in the terms of reference and its key functions include:

- reviewing of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;
- reviewing, assessing and recommending nominees or candidates for appointment or election to the Board and the various Board Committees;
- assessing the effectiveness and contributions of the Board as a whole, its Board Committees and the individual Directors;
- assessing the contribution of each individual Director to the effectiveness of the Board, in particular when a Director has multiple listed company board representations and having regard to the Director's contribution and performance;
- reviewing the independence of the Directors on an annual basis;
- reviewing the performance of the Directors and recommending on the re-election and re-appointments (including alternate Directors, if any) of the Board at the AGM;
- conducting a rigorous review and determining whether an Independent Director who has served on the Board for a period exceeding nine (9) years from the date of his first appointment, can still consider as independent;
- deciding a Director is able to and has been adequately carrying out his duties as Director of the Company based on internal guidelines such as attendance, contractibility and responsiveness; and
- reviewing the training and development programmes for the Directors.

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The Chairman of the NC acts on the results of the performance evaluation and where appropriate, proposes new members to be appointed to the Board or seeks the resignation of directors, in consultation with the NC.

In appointing Directors, the Board considers the range of skills and experience required in the light of:

- geographical spread and diversity of the Group's businesses;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence.

The Board has delegated to the NC the functions of developing and maintaining a transparent and formal process for the appointment and re-appointment of Directors, making recommendations for Directors who are due for retirement by rotation to seek re-election at a general meeting and determining the independent status of each Director.

When a vacancy exists, the NC, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. Candidates may be suggested by Directors or Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out their responsibilities, good decision making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for re-election at the next Annual General Meeting ("AGM") of shareholders. Particulars of interests of Directors who held office at the end of the financial year in shares of the Company and/or its related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

The Constitution of the Company provides that, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation, candour and any other factors as may be determined by the NC.

The NC considers and recommends to the Board the appropriate structure, size and needs of the Board, with regard to the appropriate balance and diversity of skills, personal qualities and experience required for the effective performance of the Board. The NC also recommends all appointments and retirements of Directors and considers candidates to fill new positions created by expansion, as the Board may benefit therefrom, and vacancies that occur by resignation, retirement or for any other reasons to the Board. The NC may engage consultants to undertake research on, or assess, candidate(s) applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities.

Candidates are selected based on their character, judgment, business experience and acumen. The NC also ensures that the Directors have the relevant core competencies in areas such as finance, accounting and law, in order for them to discharge their duties effectively. Where a Director has multiple board representations, the NC will evaluate if a Director is able to and has been adequately carrying out his or her duties as Director of the Company. Though some of the Board members have multiple board representations, the NC is satisfied that the Directors have devoted sufficient time and attention to the Company.

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The NC is responsible to determine the independence of Directors annually by taking into account the circumstances set forth in Provision 2.1 of the 2018 Code and any other salient factors. In considering the independence of an Independent Director who has served on the Board beyond nine (9) years, the NC has taken into consideration the following factors:

- (i) There were changes to the composition of the Board Committees in 2019;
- (ii) The extensive knowledge and experience contributed by the Independent Directors to the Company;
- (iii) The attendance, preparedness, participation and contribution in the meetings of the Board and Board Committees;
- (iv) Provision of continuity and stability to the new Management at the Board level by facilitating smooth communication between old and new Management;
- (v) Provision of reasonable checks and balances for the Management;
- (vi) The Independent Directors have devoted adequate attention and sufficient time to the affairs of the Group; and
- (vii) The Independent Directors provide overall guidance to the Management and act as safeguard for the protection of Company's assets and shareholders' interests.

The Board and the NC had developed a process of evaluation of performance of the Board and Board Committees and individual Directors through establishment of quantifiable performance criteria. The evaluation performance checklist is drawn up based on the guidelines provided in the 2018 Code.

Taking into account, among others, these Directors' participation during and outside the formal Board and Board Committees meetings as well as other contributions. The Board has accepted the NC's nomination of the retiring Directors, who have given their consent for re-election at the forthcoming AGM of the Company. In FY2019, the retiring Directors are Dr Allan Yap, Mr Loh and Madam Cheong who will retire pursuant to Regulation 91 of the Constitution of the Company. The details of the retiring Directors seeking for re-election are found in Table A set out on page 38 to page 43 of this Annual Report.

Key information regarding the Directors such as academic and professional qualifications, Board Committees served, Directorship or Chairmanship for present and past held in other listed companies, other major appointments and principal commitments, whether the appointment is executive or non-executive are set out on pages 38 to 43 of this Annual Report.

Currently, the Company does not appoint any alternate director.

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Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

Based on the recommendations of the NC, the Board has an annual performance evaluation process, carried out by the NC, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director.

- (a) Assessment of the effectiveness of the Board as a whole – The NC uses an objective performance criteria to conduct Board assessments via the circulation of assessment evaluation forms to the Directors annually for their evaluation of various Board issues and processes such as the Board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders. The NC has reviewed and is satisfied with the performance and effectiveness of the Board as a whole for the financial year ended 31 December 2019.
- (b) Assessment of the effectiveness of the Board Committees – The NC has implemented a process to be carried out by the NC via the circulation of assessment evaluation forms to assess the effectiveness of the respective Board Committees annually. The NC has recommended that the members of the respective Board Committees complete the evaluation form adopted by the NC. The results of the Board and Board Committees assessments are reviewed and discussed by the NC and, any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken. The NC has reviewed and is satisfied with the performance and effectiveness of the respective Board Committees as a whole for the financial year ended 31 December 2019.
- (c) Assessment of the contribution of individual Directors to the effectiveness of the Board – The Individual Director's assessments implemented by the NC are based on the Director's self-assessment which is evaluated annually and informally on a continual basis by the NC. The criteria taken into consideration by the NC and the Chairman include contribution and performance based on factors such as attendance, preparedness and participation. The evaluations are discussed by the NC and any appropriate action taken. The NC has reviewed and is satisfied with the contribution by individual Directors to the effectiveness of the Board for the financial year ended 31 December 2019.

The NC is of the view that such assessments by the Directors are useful and constructive and this collective process has provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board. The assessments also help the NC to determine whether the Directors with multiple Board representations are able to and have adequately discharged their duties as Directors of the Company. The NC has full authority to engage an external facilitator to assist the NC to carry out the evaluation process, if the need arises.

In general, the selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. In consultation with the NC, the Executive Chairman will act on the results of the Board performance and propose, where appropriate, new members to be appointed to the Board or propose changes to the Board.

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REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and Executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate Directors and key management personnel.

As at the date of this Statement, the RC comprises of five (5) members all of whom are independent:

Dr John Chen Seow Phun	(Chairman, Non-Executive and Independent Director)
Mr Lien Kait Long	(Member, Non-Executive and Lead Independent Director)
Mr Kong WeiLi	(Member, Non-Executive and Independent Director)
Mr Siu Wai Kam	(Member, Non-Executive and Independent Director)
Mr Goh Yang Jun, Jasper	(Member, Non-Executive and Independent Director)

The principal responsibilities of the RC are set out in the terms of reference and its key functions include:

- reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel (including the Executive Chairman, Managing Director/CEO, Executive Directors and other persons having authority and responsibility for planning, directing and controlling activities of the Company and Group), and the specific remuneration packages and terms of employment (where applicable) for each Director as well as key management personnel;
- carrying out its duties in the manner that it deems expedient. Subject always to any regulations or restriction that may be imposed upon the RC by the Board from time to time;
- ensuring that all aspects of remuneration are covered, including termination terms, to ensure they are fair;
- the remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and are commensurate with their respective job scopes and levels of responsibility; and
- reviewing and recommending to the Board, the terms of renewal of service agreements of Directors and/or key management personnel and ensuring the service agreements contain fair and reasonable termination clauses which are not overly generous in the event of termination.

The RC members are knowledgeable in the field of executive compensation and have access to independent expert advice from external consultants, where necessary.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Chairman, Managing Director/CEO and Executive Directors.

CORPORATE GOVERNANCE STATEMENT

The RC is responsible for recommending to the Board a framework of remuneration for the Directors which is submitted to the whole Board for endorsement. The RC reviews recommendations on remuneration policies and packages for Directors in the interests of improved corporate performance. The RC's review of remuneration packages takes into consideration pay and employment conditions within the industry and in comparable companies, the Company's relative performance, the performance of the individual Directors, the long-term interests of the Group and ensures that the interests of the Directors align with that of the shareholders. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, profit sharing (where applicable) and benefits-in kind.

Each member of the Board shall abstain from voting on any resolution concerning or making any recommendations and/or participating in any deliberations in respect of his/her own remuneration.

The RC, in considering the remuneration of all directors, has not sought external advice nor appointed remuneration consultants.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

The remuneration packages of the Executive Directors (include Executive Chairman and Managing Director/CEO) are determined based on the framework recommended by the RC. In doing so, the RC reviews the length of appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Directors' service agreements to ensure that the terms of such clauses are not onerous to the Company. The Executive Directors' framework of remuneration includes a fixed element as well as a variable element in the form of a bonus and a profit-sharing incentive which is linked to the Company's performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

The Company has no employee share option schemes or other long-term incentive schemes in place and will consider adopting the same as and when the Board deem necessary.

All Non-Executive and Independent Directors have no service agreements with the Company. They are paid with Directors' fees, additional fees paid for serving as the Chairman or members of Board Committees as well as attendance at each Board and Board Committees meetings. These fees are recommended by the RC and submitted to the Board for endorsement. Directors' fees are recommended by the Board for approval at the Company's AGM. The remuneration of Non-Executive and Independent Directors should be appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities of the Directors. The Non-Executive and Independent Directors should not be over-compensated to the extent that their independence may be compromised and no Director is involved in deciding his/her own remuneration.

The Executive Chairman, Managing Director/CEO and each of the Executive Directors have a separate formal service agreement with the Company and they do not receive Directors' fees. The remuneration packages of the Executive Chairman, Managing Director/CEO and Executive Directors comprise primarily a basic salary component and a variable component which include bonuses, profit sharing incentive and other benefits. The service agreements of the Executive Chairman and Managing Director/CEO are for a period of three (3) years respectively, and the two (2) Executive Directors are for a period of two (2) to three (3) years, depending on their service agreements. These service agreements are subject to review by the RC and provide for termination by either party giving to the other an appropriate prior written notice.

CORPORATE GOVERNANCE STATEMENT

The RC is of the view that the variable component of the remuneration packages of the Executive Chairman, Managing Director/CEO, Executive Directors and key management personnel, where applicable are moderate. Although the Company did not institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Chairman, Managing Director/CEO and Executive Directors, the RC will review the necessity to include such contractual provisions to reclaim such incentive components of remuneration paid in prior years to the Executive Chairman, Managing Director/CEO and Executive Directors where incidents occur in exceptional circumstances such as misstatement of financial statements, or of misconduct resulting in financial loss to the Company. The Company remunerates key management personnel based on a balanced assessment of each individual's performance and the performance of the Group, taking into account industry benchmarking without setting excessive bonuses.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and the performance of the individual Director. No individual Director is involved in deciding his or her own remuneration. No remuneration consultants were engaged during the financial year.

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Summary compensation table of the Directors receiving remuneration from the Company for the financial year ended 31 December 2019 is set out below:–

Directors	Base Salary	Bonus	Profit Sharing	Directors' Fee ⁽²⁾	Allowance ⁽¹⁾	TOTAL
Range S\$250,000 and below						
John Chen Seow Phun	–	–	–	100.00%	–	100.00%
Lien Kait Long	–	–	–	100.00%	–	100.00%
Kong WeiLi	–	–	–	100.00%	–	100.00%
Siu Wai Kam	–	–	–	100.00%	–	100.00%
Goh Yang Jun, Jasper	–	–	–	100.00%	–	100.00%
Range S\$250,001 to S\$500,000						
Tang Cheuk Chee	39.85%	3.32%	51.66%	–	5.17%	100.00%
Cheong Poh Hua	47.63%	4.98%	40.71%	–	6.68%	100.00%
Range S\$750,000 to S\$1,000,000						
Allan Yap	40.26%	3.36%	55.35%	–	1.03%	100.00%
Range S\$2,250,000 to S\$2,500,000						
Loh See Moon	24.82%	2.07%	66.07%	–	7.04%	100.00%

⁽¹⁾ Employer's CPF contribution and other compensation are included.

⁽²⁾ Directors' fee was approved on 26 April 2019 at the AGM of the Company (to be paid quarterly in arrears).

CORPORATE GOVERNANCE STATEMENT

The Company has decided not to disclose information on the remuneration of the Directors in dollars' terms because of the confidentiality and prevention of upward pressure or remuneration due to market competition.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 23 April 2020 for the payment of Directors' fees proposed (to be paid quarterly in arrears) for the financial year ending 31 December 2020 amounting to an aggregate of S\$214,500.

Remuneration of Top Five (5) Key Management Personnel & Employees Related to Directors

The Company does not have any key management personnel who is not a director or the CEO during the financial year ended 31 December 2019.

There are no employees of the Group who are substantial shareholders and/or immediate family members of any Director or the CEO of the Company and whose remuneration exceed S\$100,000 for the financial year ended 31 December 2019. The Company adopts a remuneration policy for staff comprising both a fixed and variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is mainly linked to the performance of the Company and each individual's performance across a balanced set of key performance indicators including financial, operational, compliance and information technology focus areas to drive value creation.

No termination, retirement and post-employment or other long-term incentives have been granted to the Directors during the financial year ended 31 December 2019.

The RC and the Board have considered and are of the view that the Company's remuneration packages are appropriate and fair.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board recognises that it is responsible for the overall risk management and internal control framework, but acknowledges that no cost-effective risk management and internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk assessment and evaluation has become an essential part of business planning and monitoring process. The Management having identified the risks to the achievement of the Group's strategic objectives, each business unit is required to document the mitigation actions in respect of each significant risk. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation.

CORPORATE GOVERNANCE STATEMENT

Risk Management Committee (“RMC”)

The Group has put in place a RMC chaired by Mr Lien (Lead Independent Director) and members comprising of five (5) Directors namely, Mr Loh (Managing Director/CEO), Madam Cheong (Executive Director), Mr Kong (Non-Executive and Independent Director), Mr Siu (Non-Executive and Independent Director) and Mr Jasper Goh (Non-Executive and Independent Director) to assist the Board in its oversight of risk governance, risk management framework and policies of the Group. The RMC is regulated by its terms of reference. Together with the AC, the RMC helps to ensure that Management maintains a sound system of risk management and internal controls to safeguard the interests of shareholders and the assets of the Group.

The RMC oversees the risk management framework and policies of the Group and report to the Board. Together with the Management, the RMC has established investment policies. These policies are an essential part of the business planning and monitoring process.

The meetings of the RMC are attended not only by the members but also Management and it serves as a forum to review and discuss material risks and exposures of the Group’s business and the strategy to mitigate risks in general.

The risk management process that is in place covers, inter alia, financial, operational, compliance and information technology risks faced by the Group. The key risks identified are deliberated by Management, and reported to the RMC on an annual basis or such other period as may be determined by RMC.

The Group has put in place a system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. The Group has engaged Messrs Ernst & Young Advisory Pte. Ltd. as internal auditors to assess annually the effectiveness of such a system in ensuring that the Company has adequate safeguards as well as an effective robust risk management framework (including policies, procedures and processes) embedded within the Company’s infrastructure that could support the Group’s operations, IT system and financial reporting structure.

Further, the Company has procured undertakings in the format set out in Appendix 7.7 from all its Directors pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

The AC, RMC and Board recognise the need for a robust and effective system of internal control. To ensure that the risk management and internal controls and risk management processes are adequate and effective, the AC has access to independent professional consultants. With the assistance of the RMC, internal and external auditors, AC has carried out assessments of the adequacy and effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls are regularly reported to AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

For FY2019, the Board has received assurances from Dr Allan Yap (Executive Chairman), Mr Loh (Managing Director/CEO), Dr Tang (Executive Director) and Madam Cheong (Executive Director), that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances; and (b) the CEO and other key management personnel who are responsible regarding the adequacy and effectiveness of the Group’s risk management and internal control systems. As the Company does not have a CFO, Madam Cheong, an Executive Director of the Company oversees the finance function of the Group.

CORPORATE GOVERNANCE STATEMENT

During the course of audit by the internal and external auditors, their recommendations, the various management controls and the reports from the internal and external auditors have been taken into consideration by the Company. The Board, with the concurrence of the AC and RMC, is of the opinion that the Group's system of internal controls and risk management procedures in addressing financial, operational, compliance and information technology controls and risk management systems maintained by the Group during the year are adequate and effective as at 31 December 2019. In general, there is no material weakness finding for FY2019. The Board will continue to enhance and improve the existing internal control framework to identify and mitigate these risks from time to time.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

As of the date of this Statement, the AC comprises of five (5) members all of whom are independent:

Mr Lien Kait Long	(Chairman, Non-Executive and Lead Independent Director)
Dr John Chen Seow Phun	(Member, Non-Executive and Independent Director)
Mr Kong WeiLi	(Member, Non-Executive and Independent Director)
Mr Siu Wai Kam	(Member, Non-Executive and Independent Director)
Mr Goh Yang Jun, Jasper	(Member, Non-Executive and Independent Director)

The AC members were selected based on their expertise and prior experience in the area of financial management and at least two (2) of the AC members have the relevant accounting or financial management expertise and/or experience. The Board is of the view that majority of the AC members have the relevant expertise and experience to discharge their responsibilities as members of the AC.

In line with Provision 10.3 of the 2018 Code, no former partner or Director of the Company's existing auditing firm has acted as a member of the AC.

The AC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the internal and external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the AC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

The principal responsibilities of the AC are set out in the terms of reference and its key functions include:

- reviewing the audit plans of the external and internal auditors;
- reviewing the external and internal auditors' reports;
- reviewing the co-operation given by the Company's officers to the external and internal auditors;
- reviewing the adequacy, effectiveness, independence, scope and results of the external and internal audit function;
- evaluating the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, information technology controls, and risk management systems by reviewing the written reports from internal and external auditors, and Management responses and actions to correct any deficiencies;

CORPORATE GOVERNANCE STATEMENT

- reviewing the financial statements of the Company and the Group before their submission to the Board;
- reviewing non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;
- nominating external auditors for appointment or re-appointment and approve the remuneration and terms of engagement of the external auditors;
- reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual of SGX-ST, and by such other amendments made thereto from time to time;
- reviewing interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST) to ensure that they are on normal commercial terms and arms' length basis and not prejudicial to the interests of the Company or its shareholders in any way; and
- reviewing whistle-blowing policy and arrangements.

Apart from the duties listed above, the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore or other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC will:

- satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating and compliance controls, information technology controls and risk management is conducted at least annually. Such reviews can be carried out by internal auditors/external auditors;
- ensure that the internal control recommendations made by internal and external auditors have been implemented by the Management; and
- ensure the Board is in a position to comment on the adequacy of the risk management and internal controls of the Group.

The AC met four (4) times in the financial year ended 31 December 2019 and the Managing Director/CEO and Executive Directors were invited to attend the meetings, as and when necessary. The AC also meets from time to time with the Group's external and internal auditors and the management to review accounting, auditing and financial reporting matters to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group. At least annually, the AC meets with the internal auditors and the external auditors, without the presence of the Company's Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors.

The AC is satisfied that, although the Internal Audit function has been outsourced, it is adequately and effectively managed by persons with the relevant qualifications and experience. The AC is also satisfied that the internal audit function is adequately resourced and the Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including the AC and has appropriate standing within the Company and the Group.

CORPORATE GOVERNANCE STATEMENT

The Internal Auditors report functionally to the Chairman of the AC. On an annual basis, AC with the assistance of RMC assesses the effectiveness of the Internal Audit function. During the AC meetings, the Internal Audit's summary of key audit findings, recommendations and Management's related responses were being discussed. The AC ensure that procedures are in place to follow up on the recommendations by Internal Audit in a timely manner and to monitor any outstanding issues.

The Internal Auditors plan its internal audit schedules in consultation with, but independently of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. Internal Auditors has a direct and primary reporting line to the AC and assist the AC in overseeing and monitoring measures that have been implemented to detect and correct internal control weaknesses that have been identified.

The AC has reviewed and approved the annual internal audit plan FY2019 and is satisfied that the Internal Audit has been adequately and effectively carried out in line with the International Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC continuously studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the AC advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its interim and annual reports. Based on the information provided to the AC, nothing has come to the AC's attention indicating that the system of internal controls and risk management is inadequate.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC had reviewed all the non-audit services carried out by the external auditors to the Group and confirmed that such services would not, in its opinion prejudice the independence and objectivity of the external auditors. The fees that are charged to the Group by the external auditors for audit and non-audit services were approximately S\$288,695 and S\$7,024 respectively for the financial year ended 31 December 2019.

The AC noted that Messrs KPMG LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with Accounting & Corporate Regulatory Authority ("**ACRA**") and provided a confirmation of their independence to the AC. Apart from this, the AC also received feedback from Management on their evaluation of the performance and effectiveness of the work of the external auditors. Having assessed the external auditors, the AC is satisfied that Messrs KPMG LLP is able to meet the audit requirements and statutory obligation of the Company.

Accordingly, Messrs KPMG LLP is recommended for re-appointment as the Company's external auditors at the forthcoming AGM.

Furthermore, AC noted that in appointing the external auditors of the Company, its subsidiaries and significant associated companies, it is satisfied that the appointment of auditors did not compromise the standard and effectiveness of the audit of the Group. Therefore, the Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their meetings with the AC.

CORPORATE GOVERNANCE STATEMENT

With the introduction of the new and revised Auditor Reporting Standards applicable to the audit of financial statements for periods ending on or after 15 December 2016, the external auditors are required to include the KAM in the Company's Annual Report. KAM typically include significant risk areas of the financial statements most susceptible to misstatements, involving key judgements and estimates, as well as major transactions that require extensive auditing efforts.

In line with the recommendations by ACRA, Monetary Authority of Singapore and SGX, the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on key financial reporting matters as follows:

AC's commentary on key financial reporting matters

The AC has discussed the KAM for FY2019 with Management and the external auditors. The AC concurs with the basis and conclusions included in the Independent Auditors' Report with respect to the KAM.

For more information on the KAM, please refer to pages 48 to 50 of this Annual Report.

Whistle-Blowing Policy

The Group has adopted a constructive whistle-blowing policy and guideline in order to detect and deter any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statements, financial reports and records of the Company.

Demonstrating its pledge to good corporate governance, the Group provides an avenue for employees to raise their concerns to report any possible improprieties in matters of financial reporting or other matters that they may encounter to the AC or any other committees established by the AC for such purpose without fear of reprisal. The establishment of the whistle-blowing structure also augments the Group's ability to detect potential fraud, providing another level of comfort and assurance to investors.

There were no reported incidents pertaining to whistle-blowing for FY2019. The whistle-blowing policy can be found at the Company's website at <http://www.tspg.sg>.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Company is committed that all shareholders should be equally informed of all major developments of the Group which would be likely to materially affect the price or value of the Company's shares.

The Company does not practice selective disclosure as all material and price-sensitive information are released through SGXNet and the Company recognises that regular, effective, timely and fair communication with shareholders is essential to enable its shareholders to make informed decisions about the Company.

CORPORATE GOVERNANCE STATEMENT

The information is disseminated to shareholders of the Company on a timely basis through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- quarterly announcements containing a summary of the financial information and affairs of the Group for the financial year 2019;
- notices of and explanatory memoranda for AGM and EGM;
- press releases on major developments of the Company and/or Group;
- disclosure to the SGX-ST; and
- the Company's website at <http://www.tspg.sg> at which our shareholders can access information on the Group.

The Company recognises the importance of actively engaging with shareholders to promote effective and fair communication. All registered shareholders are invited to participate at shareholders' meetings. The Company disseminates information on general meetings through notices in its annual reports or circulars (if required) to all its shareholders.

Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions. Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings. These notices are also released via SGXNet, published in local newspapers and posted in the Company's website ahead of the meetings to give ample time for shareholders to review the documents. The annual reports and circulars (if required) may also be viewed on the Company's website. However, we are mindful that some shareholders may prefer to receive a printed copy and we have arranged for printing of the annual reports to all shareholders for the time being.

To keep all shareholders of the Company informed on various announcements of the Company, the shareholders can access the Company's announcements and annual reports through the Company's website at <http://www.tspg.sg>.

Board members, senior Management and the Company Secretary are present at shareholders' meeting to respond to questions from shareholders. The Company's external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the meetings.

The Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Minutes of general meetings recording the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with the responses from the Board and Management, are prepared by the Company Secretary. The Company will make available minutes of meetings to shareholders on its corporate website as soon as practicable.

CORPORATE GOVERNANCE STATEMENT

Dividend Policy

The Company has in place a dividend policy at present. The frequency, form and amount of any dividend to be declared are not fixed and are dependent on the Group's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate.

Although declaring and recommending dividend is not fixed, the Board aims to recommend dividends consistent with the Company's objective, inter alia of maximising shareholders' values. The Board will carefully consider and evaluate the aforementioned before proposing any dividend. In compliance with Rule 704(24) of the Listing Rules of the SGX-ST, in the event that the Board decides not to declare a dividend in respect of the full financial year, the Company will disclose the reason(s) for the decision with the announcement of the financial statements for the full financial year.

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Company has in place an Investor Relations Policy outlines the practices adopted by the Company in the course of its investor relations activities. The Investor Relations Policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company communicates with its shareholders during general meetings and other dialogues to allow shareholders to raise their views on various matters affecting the Company.

Although the Company does not have an investor relations team, the Company's Managing Director/CEO and Executive Directors are responsible for the Company's communication with shareholders. The Board acknowledges that not only does the Company has to fulfill its obligation to furnish timely and material information to shareholders but also to ensure that full and appropriate disclosure of such information is made for complying with statutory requirements as well as rules prescribed under the Listing Manual of the SGX-ST. Any price sensitive information will be publicly released through SGXNet.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the annual report with an accompanying notice of AGM by post. The notice of AGM is also published in the Business Times as well as released through company website within the mandatory period, the AGM of which is to be held within four (4) months after the close of the financial year.

All disclosures, including announcements, press releases are updated on the Company's website and investors can contact the Company through its corporate website at <https://www.tspg.sg>.

CORPORATE GOVERNANCE STATEMENT

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Board is fully committed to actively engaging the Company's material stakeholders in addition to fulfilling its obligations to shareholders. It believes that the Company's relationships with material stakeholders will have an impact on its long-term sustainability. Such stakeholders will include customers, contractors, suppliers, employees, landlords, investors, media, government, institutions and communities. They may be affected by the Company's activities and in turn their actions can affect the Company's operations.

The Company's corporate website (<http://www.tspg.sg>) is an important conduit for communicating with and engaging stakeholders. In addition, the Company will issue its Sustainability Report for FY2019 to share with stakeholders its strategy, main focus areas and specific efforts to meet sustainability development goals.

DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Company has adopted its own internal Code of Conduct to provide guidance to all officers of the Company and its subsidiaries with regard to dealings in the Company's securities.

The Directors and officers of the Company and of the Group are advised for each close window period, and periodically reminded, not to deal in the Company's shares for the period commencing one (1) month before the announcement of the Company's financial results for the year and for the period of two (2) weeks before the announcement of the Company's quarterly results during the year. The Company will notify Directors and employees of the commencement date for each close window period.

The Company has also issued a policy on Insider Trading to all employees which sets out the principles of relevant laws relating to insider trading which are applicable at all times.

Directors, officers and connected persons are expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period and they are not to deal in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Company is required to comply with the requisite rules under Chapter 9 of the Listing Manual of the SGX-ST for interested person transactions. To ensure compliance with Chapter 9, the AC meets quarterly during the financial year of 2019 to review if the Company will be entering into an interested person transaction in order to ensure that the interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the shareholders. There were no interested person transactions entered into by the Group during the year under review.

When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

CORPORATE GOVERNANCE STATEMENT

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholder subsisting at the end of the FY2019.

TABLE A

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:–

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
Date of Appointment	21 November 2005	22 December 1977	01 July 2002
Date of last re-appointment (if applicable)	NA	NA	NA
Age	64	68	63
Country of principal residence	Hong Kong	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Dr Allan Yap performance as Executive Chairman of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Loh See Moon performance as Chief Executive Officer of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Madam Cheong Poh Hua performance as Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive To lead the Board and to ensure effective working of the Board.	Executive Oversees the Group operations and sets the strategies and policies for the Group's business development.	Executive Subsumed the function of Chief Financial Officer.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Chief Executive Officer	Executive Director
Professional qualifications	Dr Yap holds an Honorary Degree of Doctor of Laws from the University of Victoria, Canada.	Mr Loh holds a Bachelor of Science Degree from the Nanyang University, Singapore.	Madam Cheong holds a Bachelor of Commerce Degree in Accountancy from the Nanyang University, Singapore. Madam Cheong is a member of the Institute of Singapore Chartered Accountants.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	The spouse of Dr Tang Cheuk Chee, the Executive Director of the Company.	NIL	NIL

CORPORATE GOVERNANCE STATEMENT

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
Conflict of interest (including any competing business)	NIL	NIL	NIL
Working experience and occupation(s) during the past 10 years	Dr Yap is the Executive Chairman of the Company and he has drawn over 30 years of experience in finance, investment and banking. During the past 10 years, Dr Yap has been the Executive Chairman of the Company and Hanwell Holdings Limited. He also serves as the Chairman & Executive Director of Master Glory Group Limited and Greater Bay Area Dynamic Growth Holding Limited (f.k.a. Rosedale Hotel Holdings Limited), both listed on the Hong Kong Exchange. Further, Dr Yap is also the Chairman, Chief Executive Officer and Director of China Enterprises Limited whose shares are traded on the OTC Securities Market in the United States of America.	Mr Loh, Managing Director/ Chief Executive Officer of the Company, has more than 40 years of experience in the corrugated packaging industry	Madam Cheong, Executive Director of the Company, has extensive experience in accounting and finance, corporate management and business administration
Undertaking (in the format set out in Appendix 7.7) under Rule 702(1) has been submitted to the listed issuer	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	NIL	23,580,000	Direct Interest 524,000 Deemed interest 260,000

CORPORATE GOVERNANCE STATEMENT

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
Other Principal Commitments* Including Directorships#	<u>Past (for the last 5 years)</u>	<u>Past (for the last 5 years)</u>	<u>Past (for the last 5 years)</u>
**Principal Commitments* has the same meaning as defined in the Code	Burcon NutraScience Corporation	None	None
#These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Long Legend International Limited	<u>Present</u>	<u>Present</u>
	Nation Field Limited (registered in BVI)	Tat Seng Packaging (Suzhou) Co., Ltd.	Tat Seng Packaging (Suzhou) Co., Ltd.
	Nation Field Limited (registered in Samoa)	Hefei Dansun Packaging Co., Ltd.	Hefei Dansun Packaging Co., Ltd.
	<u>Present</u>	Nantong Hengcheng Paper Industry Co., Ltd.	Nantong Hengcheng Paper Industry Co., Ltd.
	Adrian Realty Limited	Nantong Tat Seng Packaging Co., Ltd.	
	Albany Holdings Limited	Tianjin Dansun Packaging Co., Ltd.	
	Allied Harbour Investments Limited	Sesame Holdings Pte Ltd.	
	Ally Fortune Investments Limited		
	Asia Will Limited		
	Asian Bright Investments Limited		
	Billion Gold Limited		
	Bonusgo Enterprises Limited		
	Budget Well Limited		
	China Data Center Limited		
	China Enterprises Limited		
	China Good Investments Limited		
	China University Online Limited		

CORPORATE GOVERNANCE STATEMENT

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
<p>Other Principal Commitments* Including Directorships#</p> <p>**“Principal Commitments” has the same meaning as defined in the Code</p> <p>#These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</p>	<p>China WTO.com Limited</p> <p>Cobble Hill Holdings Limited</p> <p>Earnful Industrial Limited</p> <p>Fanfare Global Limited</p> <p>Fantasino Investments Limited</p> <p>Far Bright Limited</p> <p>Given Honour Limited</p> <p>Gold Avenue Limited</p> <p>Gold Regent Limited</p> <p>Greater Bay Area Dynamic Growth Holding Limited (f.k.a. Rosedale Hotel Holdings Limited)</p> <p>Group Dragon (B.V.I.) Limited</p> <p>Group Dragon Investments Limited</p> <p>Group Dragon Limited</p> <p>Hanwell Holdings Limited</p> <p>Honest Goodwill Property Limited</p> <p>Jentop Limited</p> <p>Kanlord Limited</p> <p>Leaptop Investments Limited</p>		

CORPORATE GOVERNANCE STATEMENT

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
<p>Other Principal Commitments* Including Directorships#</p> <p>**"Principal Commitments" has the same meaning as defined in the Code</p> <p>#These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</p>	<p>Loyal Concept Limited</p> <p>Master Glory Development (China) Company Limited</p> <p>Master Glory Development (China) Limited</p> <p>Master Glory Group Management Limited</p> <p>Master Glory Group (B.V.I) Limited</p> <p>Master Glory Group Limited</p> <p>Master Glory Investment Group Limited</p> <p>Master Glory Management Limited</p> <p>Master Glory Strategic Investment Limited</p> <p>Master Solution Investments Limited</p> <p>Micro-Tech Ltd</p> <p>Mutual Top Limited</p> <p>Ocean Dynasty Limited</p> <p>Powervote Technology Limited</p> <p>Precious Cave Limited</p> <p>Precise Skill Investments Limited</p> <p>PSC (China) Property Co., Limited</p> <p>Pure Delight Assets limited</p> <p>Rapid Growth Profits Limited</p>		

CORPORATE GOVERNANCE STATEMENT

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
Other Principal Commitments* Including Directorships# **"Principal Commitments" has the same meaning as defined in the Code #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Rich Dynamic Limited Rich Globe Investments Limited Richeast Holdings Limited Sino Echo Limited Sky Clover Limited Smartshine Ventures Limited Top Achieve International Development Limited Topack Group Limited Travoo Asia Limited Treasure Way Services Limited True Oasis Limited Vanilla King Holdings Limited Victory Lucky Limited Well Orient Limited Wellink Real Estate Sales and Marketing Consultancy Company Limited World Fortune International Development Limited Zhuhai Zhongce Property Investment Limited		

Disclose the information concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank.

The retiring Directors have responded negative to the disclosure listed in Rule 720(6) of the Listing Rules of the SGX-ST.