

Corporate Governance Statement

This statement outlines the main corporate governance practices of the Group that were in place during the year.

The Directors and management are committed to high standards of corporate governance and have adopted the principles set out in the Best Practices Guide issued by the Stock Exchange Securities Trading Limited (“SGX-ST”).

BOARD OF DIRECTORS

The Board comprises eleven Directors, nine of whom are independent non-executive Directors. A minimum of four meetings are held a year.

The Board supervises the management of the business and affairs of the Company and the Group. Apart from its statutory duties, the Board approves the Group’s overall strategic plans, key operational initiatives, annual budgets, major funding and investment proposals, and reviews the financial performance of the Company and the Group. To facilitate effective management, certain functions have been delegated by the Board to various Board Committees.

EXECUTIVE COMMITTEE

An Executive Committee was formed, comprising four members, two of whom are independent non-executive Directors. Its functions include the review and recommendation of the Group’s overall corporate strategy, objectives and policies, five-year plan, annual operating and capital budgets, proposed investments and acquisitions which do not fall within the Company’s core businesses but which are considered strategic investments for the long-term prospects of the Company, and the approval of the affixation of the Common Seal, and acting on behalf of the Board in urgent situations where it is not feasible to convene a meeting of the entire Board.

AUDIT COMMITTEE

The Audit Committee comprises four members, all of whom are independent non-executive Directors. Its main functions are to review annual audit plans and audit reports of external and internal auditors; the auditors’ evaluation of the system of internal accounting controls; the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group before they are submitted to the Board for its approval; the scope, results and adequacy of the internal audit function, procedures and its cost effectiveness; any interested person transactions as defined under the Listing Manual of the SGX-ST; the independence, objectivity and cost effectiveness of the external auditors; and the nature and extent of any substantial volume of non-audit services supplied by the external auditors so as to balance the maintenance of objectivity and value for money.

The Audit Committee recommends to the Board the appointment of external auditors, and serves as a channel of communications between the Board and the auditors. It meets at least four times a year.

REMUNERATION COMMITTEE

The Remuneration Committee consists of five members, four of whom are non-executive Directors and is chaired by an independent non-executive Director.

The Committee administers the Group’s share option schemes established in 1990 and 1999, in accordance with the rules as approved by the shareholders. The Committee also reviews and determines the staff remuneration packages, wage/remuneration policies and promotions for senior executives in the Group. It decides on the variable performance bonuses to be paid to staff based on the performance of the Company.

NOMINATING COMMITTEE

The Nominating Committee was set up pursuant to the Code of Corporate Governance, to look into the appointment and reappointment of Directors to the Board. It comprises four members, three of whom are independent non-executive Directors. Its functions are to make recommendations to the Board on all board appointments and re-nomination, determine whether a Director is independent and whether he is able to carry out his duties as a Director, assess the effectiveness of the Board as a whole and the contribution of each Director thereto, decide how the Board’s performance may be evaluated and also propose objective performance criteria for this.

MANAGEMENT COMMITTEE

Fortnightly Management Committee meetings are held by the Executive Chairman with the senior management staff, who are the Heads of Divisions in the Company, to review the status of various projects, discuss and propose strategic objectives and plans, and key policies for the Group, and recommend any strategic ventures or proposals to the Board.

OPERATIONS REVIEW COMMITTEE

The Committee which is chaired by the Group President, comprises senior executives from the main operating Divisions. It meets once a month to discuss key operational issues and projects and looks into the resolution of major operational problems. It makes the appropriate recommendations to the Management Committee on key operational matters.

DEALINGS IN SECURITIES

The Group has adopted an internal code in conformity with the provisions of the Best Practices Guide in the SGX Listing Manual to provide guidance to its Directors and key staff in relation to the dealings in the Company’s securities. A system of reporting of securities dealings by Directors to the Company Secretary and by key staff to the Head of Human Resources Division, has been established to effectively monitor the dealings of these parties in the securities of the Company.

