

# CORPORATE GOVERNANCE REPORT

Chip Eng Seng Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to achieving high standards of corporate governance in complying with the Code of Corporate Governance 2018 (the “**Code**”) which forms part of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which is essential to the long-term sustainability of the Group’s businesses and performance, as well as protection of shareholders’ interests.

This report sets out the Group’s corporate governance practices that were in place throughout the financial year ended 31 December 2021 (“**FY2021**”) with specific reference to the principles and provisions of the Code and guideline 2.4 of the Code of Corporate Governance 2012 (which is applicable prior to 1 January 2022), and where applicable, the SGX-ST Listing Manual. The Company has complied in all material respects with the principles and provisions in the Code. Where there is any deviation from any provisions of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in totality, rather than read separately under each principle of the Code.

## BOARD MATTERS

### PRINCIPLE 1: THE BOARD’S CONDUCT OF ITS AFFAIRS

The primary function of the Board of Directors (the “**Board**”) is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group and has overall responsibility for reviewing the strategic plans and performance objectives, financial plans, key operational initiatives, major funding and investment proposals, financial performance reviews, and corporate governance practices.

The principal duties of the Board include:

- providing entrepreneurial leadership and guidance to the management team of the Group (“**Management**”) in setting the Company’s strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its strategic objectives, which include appropriate focus on value creation, innovation and sustainability;
- overseeing financial reporting and reviewing the financial results of the Group;
- monitoring the implementation of strategies and reviewing the business performance of the Group;
- instilling an ethical corporate culture and ensuring that the Company’s values, standards, policies and practices are consistent with its ethos and are adhered to, and ensuring that obligations to shareholders and other stakeholders are transparent, understood and met;
- considering sustainability issues such as environmental, social and governance factors, as part of the strategic formulation, including identifying key stakeholder groups;
- approving the appointment of directors of the Company (“**Directors**”) and other key management personnel (as defined in the Code wherever it appears in this report), taking into consideration the recommendations of the Nominating Committee (“**NC**”);
- approving the remuneration packages for the Directors who have an executive role in the Company (“**Executive Directors**”) and other key management personnel, taking into consideration the recommendations of the Remuneration Committee (“**RC**”);
- establishing adequate and effective internal controls and a risk management framework which enables applicable risks to be assessed and managed, including safeguarding of shareholders’ interest and the Group’s assets, taking into consideration feedback and recommendations from the Audit and Risk Committee (“**ARC**”);
- reviewing and approving the investment plans and strategies proposed by Management, taking into consideration the recommendations from the Investment Committee (“**IC**”);
- approving material acquisitions and disposals of assets, mergers and acquisitions, major corporate policies in key areas of operations, major funding, divestments, issuance of shares, dividends and proposals relating to shareholder returns, the Group’s financial results and material interested person transactions (“**IPTs**”); and
- ensuring the Group’s compliance with laws, regulations, policies, directives, guidelines and internal codes of conduct.

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### Provision 1.1 - Director's conflicts of interest

All Directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group.

Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. They are also required to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group. Where a Director has a conflict of interest, or it appears that he/she might have a conflict of interest, in relation to any matter, he/she is required to send a written notice to the Company containing details of his/her interest and the conflict or to declare such interest at a meeting of the Directors (or in written resolutions to be passed), recuse himself/herself from participating in any discussion and abstain from voting on the matter. Information relating to such interest that is notified or declared to the Company is duly recorded in the minutes of meeting or, as the case may be, the directors' resolutions in writing.

### Provision 1.2 - Induction and training of Directors

Newly-appointed Directors will receive formal letters of appointment, setting out their duties and obligations. The Group conducts an orientation programme for new Directors to familiarise them with the business activities of the Group, its strategic directions and corporate governance practices. Arrangements are also made for new Directors to meet with Management for a better understanding of the Group's businesses and operations. In addition, the Chief Financial Officer ("CFO") provides the Board with regular updates on the Group's business performance and plans at quarterly Board meetings. No new Director was appointed to the Board in FY2021.

To keep pace with new laws, regulations, changing commercial risks and accounting standards, all Directors engage in constant dialogues with Management and professional parties from time to time. The Company will hold at least one Directors' training annually, which is conducted by professional parties such as law firms or accounting firms, to update the Directors on key changes in laws, rules and regulations, and accounting standards.

Directors are also encouraged to attend, at the Company's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations.

A summary of courses/seminars attended by certain Directors in FY2021 is as follows:

Course/Seminar provider	Course/Seminar name
Colliers International (Singapore) Pte Ltd	International & Property Valuation Approach and Methods
CSRWorks International Pte Ltd	Sustainability Reporting and Climate Change
Forbes Asia	CEO Webinar
Institute of Policy Studies (IPS), Singapore	IPS-Nathan Lectures I - IV
Mackrell Solicitors & Wee Swee Teow LLP	Topic on Arbitration
National University of Singapore, Institute of Real Estate and Urban Studies	Asset Management Model for SREIT - Internal Vs External
National University of Singapore, Institute of Real Estate and Urban Studies	Adapting to Climate Change - Are Asian Cities Ready for the Challenge?
NTUC LearningHub Pte. Ltd.	Blockchain for Corporate Compliance
OSL Digital Securities Limited	Cryptocurrency 101 Webinar
Securities Investors Association Singapore	Corporate Governance Workshop 1: Covid-19 and the Breakdown of the Shareholder-Centric Model: An Inflection Point for Corporate Governance?
Securities Investors Association Singapore	Corporate Governance Workshop 2: Rethinking the Company: How is a Company Going to React from Innovations and Necessities Brought About by Covid-19
SGX-ST	Roadmap to Mandatory Climate-related Disclosures
SGX-ST	SGX Regulatory Symposium 2021 - Market Needs in a Changing Landscape
Singapore Economic Development Board	Building Resilience Through Sustainable Coastal Infrastructure
Singapore Institute of Directors	The Future of Assurance - Digital Risks
Singapore Institute of Directors	Audit Committee Seminar 2021 - Enterprise Resilience and Risk Management
Singapore Institute of Directors	Insolvency and Restructuring Regime in Singapore - Changes and Consolidation

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Singapore Institute of Directors	SID Directors Conference
Singapore Institute of Directors	An Insider Guide to Cryptocurrency and Blockchain
Singapore Institute of Directors	CGR - Annual Corporate Governance Roundup
Singapore Institute of Directors	Valuation
Singapore Institute of Directors	LED Module 5: Audit Committee Essentials
Singapore Institute of Directors	LED Module 7: Nominating Committee Essentials
Singapore Institute of Directors	LED Module 8: Remuneration Committee Essentials
Singapore Institute of Surveyors and Valuers	Talk on the New Land Betterment Charge Bill
The Law Society of Singapore	Corporate Law Day 2021
Total Workplace Safety and Health (Total WSH) Council	Understanding Common Mental Health Issues (Anxiety & Depression)

In addition, Mr. Abdul Jabbar Bin Karam Din ("**Abdul Jabbar**"), the Company's Lead Independent Director, was the speaker/panellist for the following courses/seminars:

1. Panellist for Corporate Law Day 2021 (Topic: Companies Act's amendments - Dematerialisation of Share Certificates, Virtual Shareholders' Meetings, and Decentralised Smart Contracts) conducted by The Law Society of Singapore on 7 July 2021;
2. Speaker for "LED Module 1: Listed Entity Director Essentials of the Listed Entity Director Programme in respect of Corporate Governance, Legislations and SGX Listing Rules" conducted by the Singapore Institute of Directors on 13 July 2021 and 5 October 2021;
3. Speaker for "SID Board and Director Fundamentals (BDF)" and panellist for the question and answer session conducted by the Singapore Institute of Directors on 29 September 2021 and 30 September 2021 respectively; and
4. Panellist for the question and answer session for "LED Module 7: Nominating Committee Essentials of the Listed Entity Director Programme in respect of Board appointments and directorships, Board performance evaluations and Corporate Governance Benchmarks" conducted by the Singapore Institute of Directors on 19 October 2021.

Pursuant to Rule 720(7) of the SGX-ST Listing Manual effective 1 January 2022, all Directors of the Company must undergo training on sustainability matters as prescribed by the SGX-ST. If the NC is of the view that training is not required for a particular Director because such Director has expertise in sustainability matters, the basis of its assessment must be disclosed. The Company is required to confirm in its sustainability report for the financial year ending 31 December 2022 that all its Directors have attended the mandatory training on sustainability. Accordingly, the Company is in the midst of arranging for its Directors to attend the mandatory training on sustainability training by 31 December 2022.

### Provision 1.3 - Matters requiring Board's approval

The Company has adopted internal guidelines setting forth matters that require the Board's approval. The matters reserved for the Board's decision include the following:

- material acquisitions;
- material divestments;
- major corporate policies in key areas of operations;
- major funding;
- investment proposals;
- issuance of equity and debt securities;
- declaration of dividends;
- proposals relating to shareholder returns;
- key policies and codes of conduct;
- the Group's financial results;
- material IPTs; and
- establishment of the various Board Committees (including its composition and terms of reference).

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### Provision 1.4 - Delegation by the Board

The Board has delegated certain functions to various Board Committees, namely the ARC, the NC, the RC and the IC.

Each Board Committee reports to the Board and has its own written terms of reference. The written terms of reference of each Board Committee sets out the roles and functions of such committee and the relevant authority delegated by the Board for such committee to make decisions. These terms of reference also set out the conduct of meetings including quorum, voting requirements and qualifications for Board Committee membership. Each Board Committee will review its terms of reference from time to time to ensure relevance. Board approval is required for any changes to the terms of reference for any Board Committee. The latest terms of reference of the Board Committees were reviewed by the respective Board Committees and approved by the Board in February 2021.

The Board acknowledges that while each Board Committee is authorised to decide or provide its recommendations on particular issues, the ultimate responsibility on all matters lies with the Board.

The composition of the Board and each Board Committee as at the date of this report are as follows:

Name of Director	Position	Board Committee Membership			
		ARC	RC	NC	IC
Chen Huaidan @ Celine Tang ("Celine Tang")	Non-Executive and Non-Independent Director and Non-Executive Chairman	-	-	-	-
Chia Lee Meng Raymond ("Raymond Chia")	Executive Director and Group Chief Executive Officer ("Group CEO")	-	-	-	-
Tan Tee How	Executive Director	-	-	-	-
Yam Ah Mee	Non-Executive and Non-Independent Director	-	-	-	-
Abdul Jabbar <sup>(1)</sup>	Lead Independent Director	Member	Chairman	-	Member
Lock Wai Han	Independent Director	Member	-	Member	Member
Low Teck Seng	Independent Director	Member	Member	-	Chairman
Neo Boon Siong	Independent Director	Chairman	-	Member	-
Yaacob Bin Ibrahim	Independent Director	Member	Member	Chairman	-

#### Notes:

<sup>(1)</sup> Following the retirement of Mr. Ang Mong Seng as the Lead Independent Director of the Company at the conclusion of the AGM held on 23 April 2021, Mr. Abdul Jabbar was appointed as the Lead Independent Director of the Company with effect from 1 May 2021.

No alternate Director was appointed to the Board in FY2021.

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### Provision 1.5 – Board processes, including Directors’ attendance at meetings

#### Board and Board Committee meetings, and general meetings

The Board meets on a quarterly basis to review the key activities and business strategies of the Group, and as and when warranted by particular circumstances. The Company’s Constitution and written terms of reference allow Board and Board Committee meetings to be conducted by way of telephone or video conference and other similar means of communication whereby all persons participating in the meeting are able to communicate as a group, without requiring the Directors’ physical presence at the meeting. The Board and Board Committees may also make decisions through circulating resolutions.

All Directors had accorded sufficient time and attention to the affairs of the Company. The details of the number of Board and Board Committee meetings, annual general meeting (“AGM”) and extraordinary general meeting (“EGM”) held from 1 January 2021 to 31 December 2021 as well as the Directors’ attendance at those meetings are disclosed below:

Name of Directors	General meetings						Board Committee meetings								
	AGM		EGM <sup>(1)</sup>		Board		ARC		RC		NC		IC		
	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	
Celine Tang	1	1	-	-	4	4									
Raymond Chia	1	1	-	-	4	4									
Tan Tee How	1	1	-	-	4	4									
Yam Ah Mee	1	1	-	-	4	4									
Ang Mong Seng <sup>(2)</sup>	1	1	-	-	1	1			1	1	1	1			
Abdul Jabbar <sup>(3)</sup>	1	1	-	-	4	4	10	10	3	3			5	5	
Lock Wai Han <sup>(4)</sup>	1	1	-	-	4	4	10	10			1	1	5	5	
Low Teck Seng <sup>(5)</sup>	1	1	-	-	4	4	8	8	3	3	1	1	5	5	
Neo Boon Siong <sup>(6)</sup>	1	1	-	-	4	4	10	10			-	-			
Yaacob Bin Ibrahim <sup>(7)</sup>	1	1	-	-	4	4	10	10	2	2	1	1			

#### Notes:

<sup>(1)</sup> No EGM was held in FY2021.

<sup>(2)</sup> Mr. Ang Mong Seng retired as a Director of the Company pursuant to Regulation 115 of the Company’s Constitution at the conclusion of the AGM held on 23 April 2021. Accordingly, he stepped down as the Lead Independent Director of the Company, chairman of the RC and member of the NC and the IC. His attendance at the RC, the NC and the Board meetings were recorded up to the date he retired as a Director of the Company on 23 April 2021. No IC meeting was held during the period from 1 January 2021 up to the date he retired as a Director of the Company on 23 April 2021.

<sup>(3)</sup> Mr. Abdul Jabbar was appointed as the chairman of the RC with effect from 1 May 2021.

<sup>(4)</sup> Mr. Lock Wai Han was appointed as a member of the IC with effect from 1 May 2021. His attendance at the IC meetings was recorded from the date of his appointment thereof.

<sup>(5)</sup> Prof. Low Teck Seng stepped down as a member of the NC and was appointed as a member of the ARC with effect from 1 May 2021. His attendance at the NC meetings was recorded up to the date he ceased to be a member of the NC, and his attendance at the ARC meetings was recorded from 1 May 2021, being the date he was appointed as a member of the ARC.

<sup>(6)</sup> Dr. Neo Boon Siong was appointed as a member of the NC with effect from 1 May 2021. No NC meeting was held during the period from the date of his appointment up to 31 December 2021.

<sup>(7)</sup> Prof. Yaacob Bin Ibrahim was appointed as a member of the RC with effect from 1 May 2021. His attendance at the RC meetings was recorded from the date of his appointment thereof.

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### Provision 1.6 - Complete, adequate and timely information

Management recognises the importance of ensuring the provision of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to discharge its responsibilities timely and effectively, Management provides the Directors with regular updates on the operational and financial performance of the Group and on material developments relating to the Group. To allow Directors sufficient time to prepare for meetings, all Board and Board Committee papers are distributed to the relevant Directors at least three working days prior to the meeting, save in the case of any ad hoc or urgent meeting. Any additional materials or information requested by the Directors are promptly furnished. Key members of Management who are in a position to provide additional insight on the matters to be discussed will be present for the relevant agenda items during the Board and Board Committee meetings.

### Provision 1.7 - Independent access to Management, Company Secretaries and professional advice

Directors have separate and independent access to Management and the joint company secretaries of the Company ("**Joint Company Secretaries**"). The Joint Company Secretaries are responsible for, among other things, ensuring that Board procedures are observed and that the Company's Constitution, and relevant rules and regulations, including requirements of the Companies Act 1967 of Singapore and SGX-ST Listing Manual, are complied with. They also assist the Board to formulate and implement corporate governance practices and processes.

The Joint Company Secretaries further assist the chairman of the Board in ensuring good information flow within the Board and Board Committees and between Management and Directors who have a non-executive role in the Company ("**NEDs**").

The Joint Company Secretaries or their representative(s) attend and prepare minutes for all Board meetings and assist in ensuring coordination and liaison between the Board, the Board Committees and Management. The Joint Company Secretaries also assist the chairman of the Board, the chairman of Board Committees and Management in the development of the agenda for the Board and Board Committee meetings.

The appointment or removal of any of the Joint Company Secretaries is a decision of the Board as a whole.

The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice if necessary, and at the Company's expense.

## **PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE**

### Provisions 2.1 and 4.4 - Directors' independence review

An "independent" Director is independent in conduct, character and judgement, and has no relationship 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 interests of the Company.

The Board, with the concurrence of the NC, had adopted a declaration of independence based on the factors set out in provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual ("**Revised Definition on Director's Independence**").

### Provisions 2.2 and 2.3 - Composition of (i) Independent Directors and (ii) NEDs on the Board

Currently, the Independent Directors make up a majority of the Board which comprises nine Directors, of whom five are Independent Directors, two are Executive Directors (one of whom is also the Group CEO) and two are Non-Executive and Non-Independent Directors (one of whom is the chairman of the Board).

Accordingly, the NEDs make up a majority of the Board.

Mr. Ang Mong Seng retired pursuant to Regulation 115 of the Company's Constitution at the conclusion of the AGM held on 23 April 2021. Following his retirement, he had also stepped down as the Lead Independent Director, chairman of the RC and member of the NC and IC. The Board, with the concurrence of the NC, is of the view that the Board size of nine Directors is adequate. Furthermore, the Board and the NC have noted that the Independent Directors still make up the majority of the Board.

Accordingly, there is a strong and independent element on the Board and the Company complies with provisions 2.2 and 2.3 of the Code.

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### Provision 2.4 – Composition of the Board and Board Committees, and Board Diversity Policy

The Company is committed to cultivating a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives, for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances the decision-making process through perspectives derived from differentiating skillsets, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

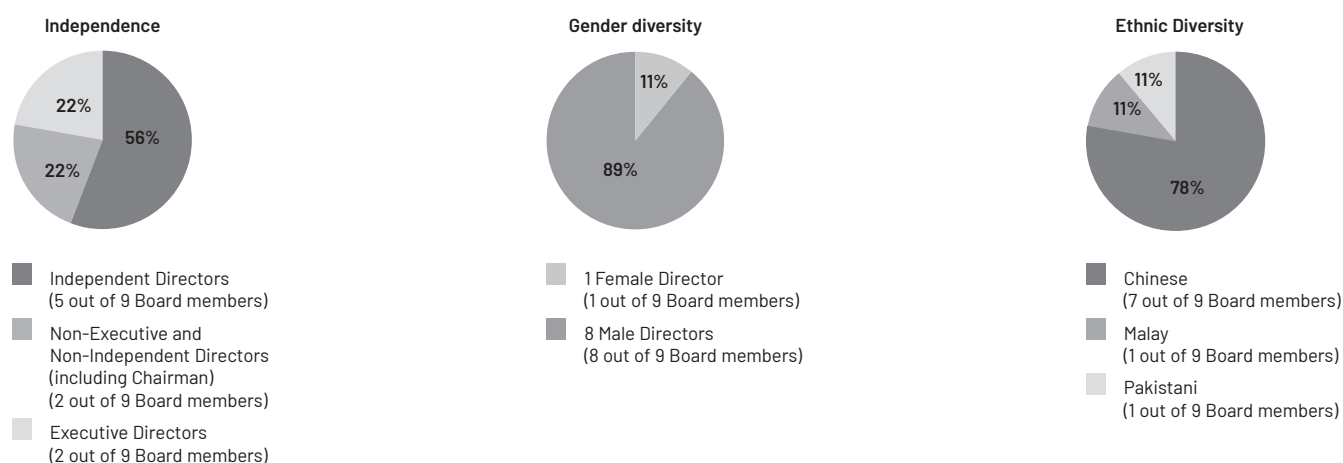
Each year, the NC reviews the size and composition of the Board and Board Committees and the skills and core competencies of its members to ensure an appropriate balance and mix of skillset, knowledge, experience and gender, with a strong element of independence.

Pursuant to provision 2.4 of the Code, the Board has adopted a board diversity policy (“**Board Diversity Policy**”), which sets out the Company’s approach to achieving diversity with respect to its Board. The Board Diversity Policy stipulates that in designing the Board’s composition, board diversity is considered from aspects, including but not limited to gender, age, nationality, ethnicity, cultural background, educational background, experience, skillset, knowledge, independence and length of service. Having regard to these guidelines in the Board Diversity Policy, the NC will, in reviewing the Board’s composition, the rotation and retirement of Directors and succession planning, take into account these differentiating factors which where practicable, will be balanced appropriately.

The Board Diversity Policy also provides that any external search consultants, if required, engaged to assist the Board or the NC to search for candidates for appointment to the Board will be specifically directed to include candidates from diverse backgrounds and female candidates. The decision on the selection of Director(s) to be appointed on the Board will ultimately be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity balanced with the needs of the Board.

As stated in the Board Diversity Policy, the Board recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance, and is committed to achieve 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 Group. The current composition of the Board reflects its commitment to the relevant diversity in gender, age, ethnicity, skills and knowledge. The core competencies of the Directors include banking, accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

No individual or select group of individuals dominates the Board’s decision-making process as a majority of the Board (56%) is made up of Independent Directors. In terms of gender diversity, there is one female Director on the Board. In terms of ethnic diversity, there are seven Directors of Chinese ethnicity, one Director of Malay ethnicity and one Director of Pakistani ethnicity.



Taking into account the nature and scope of the Group’s operations and the number of Board Committees, the Board, with the concurrence of the NC, is of the view that the current board size and composition is adequate. The Board believes that the current size and composition provides sufficient diversity without interfering with efficient decision-making. Furthermore, the Board, with the concurrence of the NC, is of the view that the Board size and composition remains adequate even after the retirement of Mr. Ang Mong Seng at the AGM held on 23 April 2021. The Directors’ credentials, including working experience, academic and professional qualifications, are presented at the Board of Directors section of this Annual Report.

The NC will review the Board Diversity Policy from time to time as appropriate, to ensure the effectiveness of such policy. The NC will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

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### Provision 2.5 - Role of the NEDs

The NEDs (including, for the avoidance of doubt, the Independent Directors) participate actively in Board meetings. Backed by their professional expertise, experience and knowledge, the NEDs provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies, businesses and other affairs. The NEDs also constructively challenge and advise on the development of strategies as well as review the performance of Management in achieving targeted goals and objectives. In addition, the NEDs monitor the reporting of the Group's business and financial performance.

All the Independent Directors, led by the Lead Independent Director, meet at least annually without the presence of the Executive Directors, the other Non-Independent Directors and Management to discuss matters of significance. Any findings are then reported to the chairman of the Board.

The NEDs are also in frequent contact with each other outside the Board and Board Committee meetings and hold regular informal discussions amongst themselves. Any feedback would be provided to the Board and/or chairman of the Board as appropriate.

### **PRINCIPLE 3: CHAIRMAN AND CEO**

#### Provisions 3.1 and 3.2 - Chairman and CEO

The roles and responsibilities between the chairman of the Board and the Group CEO are held by separate individuals to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. There is no one individual who has unfettered powers of decision-making.

Mrs. Celine Tang, Non-Executive and Non-Independent Director and Non-Executive Chairman, leads the Board to ensure its effectiveness on all aspects of its role and takes a leading role in the Group's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Joint Company Secretaries and Management. She approves the agendas for Board meetings, ensures sufficient allocation of time for thorough discussion of agenda items and promotes a culture of openness and debate at the Board level. She also ensures that Board matters are effectively organised to enable Directors to receive complete, adequate and timely information in order to make sound decisions, promotes constructive relations within the Board and between the Board and Management, and ensures effective communication with shareholders. She also facilitates effective contribution from NEDs.

Mr. Raymond Chia, an Executive Director and the Group CEO, manages and supervises the day-to-day business operations of the Group in accordance with the strategies, policies and business plans approved by the Board. He is assisted by amongst others, Mr. Tan Tee How (the Company's other Executive Director), the CFO and Management to oversee the daily running of the Group's operations and execution of strategies and plans.

Mrs. Celine Tang and Mr. Raymond Chia do not have any familial relationship.

#### Provision 3.3 - Lead Independent Director

The Board is of the view that there are sufficient safeguards and checks in place to ensure that there is a good balance of power, accountability and capacity of the Board for independent decision-making. Mr. Abdul Jabbar is the Lead Independent Director as at the date of this report.

Shareholders with concerns may contact the Lead Independent Director directly when contact through the normal channels via the Non-Executive and Non-Independent Chairman, the Executive Directors, the Group CEO or the CFO fails to provide satisfactory resolution, or when such contact is inappropriate. The Lead Independent Director can be contacted at [LeadID@chipengseng.com.sg](mailto:LeadID@chipengseng.com.sg).

### **PRINCIPLE 4: BOARD MEMBERSHIP**

#### Provisions 4.1 and 4.2 - NC's duties and composition

The NC has a set of written terms of reference, which provides that its composition shall comprise at least three Directors, the majority of whom including the chairman of the NC, shall be independent. The NC comprises the following three members, all of whom are Independent Directors:

1. Prof. Yaacob Bin Ibrahim (NC chairman)
2. Mr. Lock Wai Han
3. Dr. Neo Boon Siong



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Following Mr. Ang Mong Seng's retirement at the conclusion of the AGM held on 23 April 2021, he stepped down as a member of the NC. With effect from 1 May 2021, Prof. Low Teck Seng also stepped down as a member of the NC while Dr. Neo Boon Siong was appointed as a member of the NC. The NC and the Board are of the view that the current composition of the NC is adequate and in accordance with the NC's terms of reference.

The NC holds at least one NC meeting in a year and whenever warranted by particular circumstances deemed appropriate by the NC.

The NC's key terms of reference include the following:

- making recommendations to the Board on relevant matters relating to succession plans for the chairman of the Board, Directors, Group CEO and other key management personnel (including regarding their appointment and/or replacement);
- making recommendations to the Board on relevant matters relating to evaluation of the performance of the Board, the Board Committees and the individual Directors. The NC also proposes and recommends for the Board's approval, objective performance criteria and processes for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the chairman of the Board and each individual Director to the Board;
- making recommendations to the Board on relevant matters relating to the training and professional development programmes for the Board and the Directors, including ensuring that new Directors are aware of their duties and obligations and undergo an appropriate induction programme;
- making recommendations to the Board on relevant matters relating to the appointment and re-appointment of all Directors (including any alternate Directors) and on membership of the Board Committees;
- regularly reviewing the structure, size and composition of the Board and Board Committees, having regard to skillset, qualification, gender, age, experience and diversity;
- reviewing other directorships and principal commitments held by each Director and decide whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director, taking into consideration the number of listed company directorships held by the Director and his/her principal commitments; and
- reviewing and determining annually (or whenever necessary), the independent status of Directors (and that of the alternate Directors (if applicable)), having regard to the Code and the SGX-ST Listing Manual.

The NC has explicit authority to assist the Board to fulfil its roles and responsibilities in accordance with its terms of reference and is authorised to obtain independent professional advice. It has full access to seek any information it requires from any of the Joint Company Secretaries and any employee of the Group insofar as legally permissible. It also has full discretion to meet any employee of the Group and third-party service providers it deems necessary without the presence of Management.

The principal activities of the NC during FY2021 are summarised below:

- a. reviewed and recommended to the Board the nomination of Directors for re-election at the AGM held on 23 April 2021;
- b. reviewed and recommended to the Board the appointment of Mr. Abdul Jabbar as the new Lead Independent Director (following the retirement of Mr. Ang Mong Seng as the previous Lead Independent Director) and changes to the composition of the Board Committees;
- c. reviewed other directorships and principal commitments held by each Director and decided whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director;
- d. reviewed the findings of the assessment based on the Performance Evaluation Forms (as defined below) and each Board member's Board assessment form and self-assessment form;
- e. reviewed the size and composition of the Board and each Board Committee;
- f. reviewed and assessed the independence of each Independent Director;
- g. recommended training and professional development programmes for the Directors; and
- h. reviewed and recommended to the Board the appointment of Mr. Teo Tiong Yong as the executive director and chief operating officer of the Group's construction division.

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### Provision 4.1(a) – Succession Planning

The NC regards succession planning as an important part of corporate governance and places strong emphasis on its recommendations to the Board on relevant matters relating to succession plans for the Board, key management personnel and other senior members of Management.

In reviewing succession plans, the NC considers the Company's strategic priorities and the factors affecting the long-term success of the Group.

In relation to succession plans for Directors, the NC aims to maintain an optimal Board composition by considering the trends affecting the Group, reviewing the skills needed, and identifying gaps (including considering whether there is an appropriate level of diversity of thought). In relation to succession plans for key management personnel, the NC reviews the mechanisms for identifying strong candidates and takes an active interest in how key talent is managed within the Group and the initiatives in developing them to take on senior positions in the future.

The NC has considered contingency planning for the replacement of key management personnel in the event of sudden and unforeseen changes, and will also consider different time horizons for succession planning for the Directors and key management personnel.

### Provision 4.3 – Process for selection and appointment of new Directors

The NC has put in place a formal process for the selection of new Directors to increase transparency of the nomination process in identifying and evaluating nominees for Directors. The NC leads the process as follows:

- The NC evaluates the balance of skills, knowledge and experience of the existing Board and the requirements of the Group, taking into consideration the requirements in the Board Diversity Policy. Following such evaluation, the NC determines the role and the key attributes that an incoming Director should have.
- After endorsement by the Board of the key attributes, the NC taps on resources such as Directors' personal contacts and recommendations for potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies will be appointed in the search process. No external search consultant was engaged in FY2021. No new Director was appointed to the Board in FY2021.
- The NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- The NC recommends the most suitable candidate to the Board for appointment as Director.

In assessing the suitability of a potential new director, the NC and the Board will also take into consideration whether such candidate had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. In addition, in the case where the candidate has resigned from his/her previous company to take on the directorship, the NC and the Board will assess whether the circumstances surrounding his/her resignation cast any doubt on such candidate's qualification and ability to act as a Director of the Company.

### Provision 4.3 – Process for re-election/re-appointment of Directors

The NC is responsible for making recommendations for the re-election/re-appointment of Directors. In its deliberations on the re-election/re-appointment of existing Directors, the NC takes into consideration the Director's contribution and performance.

The assessment parameters include attendance record, level of preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of participation and special contribution.

All Directors submit themselves for re-nomination and re-election/re-appointment at regular intervals of at least once every three years. Regulation 115 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be subject to re-election at the Company's AGM.

In addition, Regulation 119 of the Company's Constitution provides that a Director appointed during the financial year must retire and submit himself/herself for re-election at the next AGM following his/her appointment. Thereafter, he or she is subject to re-election at least once every three years.

Pursuant to Regulation 115 of the Company's Constitution, Mr. Raymond Chia, Mr. Abdul Jabbar and Prof. Yaacob Bin Ibrahim will retire at the forthcoming AGM.

The NC is satisfied that Mr. Raymond Chia, Mr. Abdul Jabbar and Prof. Yaacob Bin Ibrahim, who are retiring in accordance with the Company's Constitution at the forthcoming AGM, are properly qualified for re-election by virtue of their skillset and experience, and their contribution in terms of guidance and time to the Board. Furthermore, the re-election of Mr. Abdul Jabbar and Prof. Yaacob Bin Ibrahim will continue to add ethnic diversity to the Board. Accordingly, the NC has recommended to the Board the re-election of these three Directors. Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a Director.

## CORPORATE GOVERNANCE REPORT

The requirements under Rule 720(6) of the SGX-ST Listing Manual are set out below:

Name of person	Raymond Chia ("Mr. Chia")	Abdul Jabbar ("Mr. Jabbar")	Yaacob Bin Ibrahim ("Prof. Yaacob")
Date of Appointment	1 February 2016	2 February 2018	20 February 2020
Date of last re-appointment/ re-election (if applicable)	29 May 2020	29 May 2020	29 May 2020
Age	55	52	66
Country of Principal Residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	<p>Mr. Chia has served in different roles within the Group since 1994 and rose through the ranks to his current appointment. He has vast experience in the areas of real estate and construction, which form the backbone of the Group's core businesses.</p> <p>The NC has recommended that Mr. Chia be re-elected, taking into account the instrumental role which Mr. Chia, as Executive Director and Group CEO, has played in overseeing the businesses and operations of the Group and charting the long-term growth of the Group. In making its recommendation, the NC has also considered the size, composition and diversity of skillsets within the Board.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Chia had abstained from making any recommendation and/or participating in the deliberation in respect of his own re-election and also abstained from voting on any resolution passed by the Board in respect of his own re-election.</p>	<p>Mr. Jabbar is a lawyer by profession and has extensive experience in corporate transactions and advising on corporate governance, compliance and regulatory matters. He has thus been able to provide valuable and relevant guidance to the Group, drawing from his professional expertise.</p> <p>The NC has recommended that Mr. Jabbar be re-elected, taking into account the valuable insight and advice contributed by Mr. Jabbar. In making its recommendation, the NC has also considered the size, composition and diversity of skillsets within the Board.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Jabbar had abstained from making any recommendation and/or participating in the deliberation in respect of his own re-election and also abstained from voting on any resolution passed by the Board in respect of his own re-election.</p>	<p>Prof. Yaacob has substantial work experience both in the public and private sectors. Prof. Yaacob's expertise in the areas of engineering, cybersecurity and sustainability are particularly relevant to the Group as these are areas of increasing importance to the Group's businesses.</p> <p>The NC has recommended that Prof. Yaacob be re-elected, taking into account his track record, experience and capabilities to, amongst others, provide insight and guidance to the expansion of the Group's businesses and provide the Board with different perspectives during Board discussions. In making its recommendation, the NC has also considered the size, composition and diversity of skillsets within the Board.</p> <p>The Board supported the NC's recommendation.</p> <p>Prof. Yaacob had abstained from making any recommendation and/or participating in the deliberation in respect of his own re-election and also abstained from voting on any resolution passed by the Board in respect of his own re-election.</p>
Whether appointment is executive, and if so, the area of responsibility	Executive, Responsible for the Group's overall operations, strategic planning and investment decisions.	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC chairman, AC member etc.)	Executive Director and Group CEO	Lead Independent Director, chairman of the RC and a member of the ARC and the IC	Independent Director, chairman of the NC and a member of the ARC and the RC
Professional Qualifications	Please refer to the Directors' respective biographies on pages 26 to 29 of this Annual Report.		

## CORPORATE GOVERNANCE REPORT

Name of person	Raymond Chia ("Mr. Chia")	Abdul Jabbar ("Mr. Jabbar")	Yaacob Bin Ibrahim ("Prof. Yaacob")
Working experience and occupation(s) during the past 10 years	<p>June 2007 to December 2014: Group CEO of the Company</p> <p>January 2013 to December 2014: Executive Deputy Chairman of the Company</p> <p>April 2015 to January 2016: Chief Executive Officer of LGB Corporation Pte. Ltd.</p> <p>May 2016 to October 2018: Executive Chairman of the Company</p> <p>February 2016 to present: Executive Director and Group CEO of the Company</p>	<p>July 1999 to present: Executive Committee Partner and Head of Corporate and Transactional Practice, Rajah and Tann Singapore LLP (i.e. current position held)</p>	<p>May 2003 to April 2018: Minister-in-charge of Muslim Affairs</p> <p>May 2011 to April 2018: Minister of Ministry of Communications and Information</p> <p>May 2011 to August 2015: MP of Moulmein-Kallang Group Representation Constituency ("GRC")</p> <p>September 2015 to June 2020: MP of Jalan Besar GRC</p> <p>November 2015 to April 2018: Minister-in-charge of Cyber Security</p> <p>July 2018 to present: Advisor of Infocomm Media Development Authority (IMDA) in relation to the Kampong Glam Digitalisation Project</p> <p>August 2018 to present: Professor of Engineering, Singapore Institute of Technology ("SIT")</p> <p>August 2018 to present: Advisor to the President of SIT</p> <p>October 2018 to present: Board of Trustees of Building Construction and Timber Industries Employees' Union (BATU)</p> <p>January 2019 to present: Director of Surbana Jurong Private Limited</p>
Shareholding interest in the listed issuer and its subsidiaries	<p>(i) 15,406,250 ordinary shares (direct interest)</p> <p>(ii) 12,127,500 ordinary shares (deemed interest) held by his spouse, Mdm. Lim Sock Joo</p> <p>(iii) 35,000,000 options (which are exercisable into 35,000,000 ordinary shares)</p>	Nil	100,000 ordinary shares (direct interest)

## CORPORATE GOVERNANCE REPORT

Name of person	Raymond Chia ("Mr. Chia")	Abdul Jabbar ("Mr. Jabbar")	Yaacob Bin Ibrahim ("Prof. Yaacob")
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	Spouse of Mdm. Lim Sock Joo, an Executive Director of CEL Development Pte. Ltd., a wholly-owned subsidiary of the Company	Nil	Nil
Conflict of interest (including any competing business)	<p>Mr. Chia currently holds an effective shareholding interest of 40% in LGB Corporation Pte. Ltd. (together with its subsidiaries, the "<b>LGB Group</b>") which is also in the property development business.</p> <p>As announced previously, the Company allows Mr. Chia to remain as a passive shareholder of LGB Corporation Pte. Ltd. on the basis that the LGB Group will not engage in any further property development projects, save for one project in Adelaide, Australia.</p> <p>The Board is of the opinion that allowing Mr. Chia to remain as a passive shareholder of LGB Corporation Pte. Ltd. will not compete with the businesses of the Group, nor will it impede Mr. Chia in carrying out his duties and responsibilities as an Executive Director of the Company and the Group CEO.</p>	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

## CORPORATE GOVERNANCE REPORT

Name of person	Raymond Chia ("Mr. Chia")	Abdul Jabbar ("Mr. Jabbar")	Yaacob Bin Ibrahim ("Prof. Yaacob")
Present principal commitments (including directorships)	<p>Please refer to provision 4.5 below for the present directorships/chairmanships in other listed companies and other principal commitments.</p> <p>Directorships and chairmanships in non-listed companies (other than those held within the Group) are as follows:</p> <ul style="list-style-type: none"> <li>• Board member of Ren Ci Hospital</li> </ul>	<p>Please refer to provision 4.5 below for the present directorships/chairmanships in other listed companies and other principal commitments.</p> <p>Directorships and chairmanships in non-listed companies are as follows:</p> <ul style="list-style-type: none"> <li>• Director of Acist Asia Pte. Ltd.</li> <li>• Director of Aghaby Operations Pte. Ltd.</li> <li>• Director of Aghaby Investments Pte. Ltd.</li> <li>• Director of Aghaby Holding Pte. Ltd.</li> <li>• Director of Bloomar Holding Pte. Ltd.</li> <li>• Director of Bracco Diagnostics Asia Pte Ltd</li> <li>• Director of Gratus Holding Pte. Ltd.</li> <li>• Director of Hartford Steam Boiler (Singapore) Pte Ltd</li> <li>• Director of ISCA Cares Limited</li> <li>• Director of Ivy Mobile Technologies Pte. Ltd.</li> <li>• Director of Gratus Investments Pte. Ltd.</li> <li>• Director of R &amp; T Corporate Services Pte. Ltd.</li> <li>• Director of RTA Collab Capital Pte. Ltd.</li> </ul>	<p>Please refer to provision 4.5 below for the present directorships/chairmanships in other listed companies and other principal commitments.</p> <p>Directorships and chairmanships in non-listed companies are as follows:</p> <ul style="list-style-type: none"> <li>• Independent Director of Singapore Power Limited</li> <li>• Director of The National Kidney Foundation</li> <li>• Non-Executive Chairman of Rekanext Capital Partners Pte. Ltd.</li> <li>• Director of Community Leadership and Social Innovation Centre of SIT, Singapore</li> </ul>

## CORPORATE GOVERNANCE REPORT

Name of person	Raymond Chia ("Mr. Chia")	Abdul Jabbar ("Mr. Jabbar")	Yaacob Bin Ibrahim ("Prof. Yaacob")
Past principal commitments for the last 5 years (including directorships)	<p>Past principal commitments including directorships/ chairmanships (other than those held within the Group) for the last 5 years are as follows:</p> <ul style="list-style-type: none"> <li>• Vice-President of The Singapore Scout Association</li> <li>• Executive Chairman of the Company</li> <li>• Chairman of Seacare Properties Pte Ltd</li> <li>• Director of Seacare Holdings Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Director of N A Cold Storages Pte. Ltd. (<i>struck off</i>)</li> <li>• Alternate Director of IP Holding Asia Singapore Pte. Ltd. (<i>struck off</i>)</li> <li>• Director of LGB Investments Pte. Ltd.</li> <li>• Alternate Director of The Toro Company (Asia) Pte. Ltd.</li> <li>• Director of Ray of Hope</li> <li>• Director of 5ASR Pte. Ltd.</li> <li>• Director of Pirie Investments Pte. Ltd.</li> <li>• Director of LGB Corporation Pte. Ltd.</li> <li>• Director of One NT Pte. Ltd.</li> <li>• Director of LGB (Vietnam) Pte. Ltd.</li> <li>• Director of HP Retail Pte. Ltd.</li> <li>• Director of Temperantia Pte. Ltd.</li> <li>• Director of OUE Lippo Hospitals International Pte. Ltd.</li> <li>• Director of Huakee Capital Management Pte. Ltd.</li> <li>• Director of Honey Crisps Pte. Ltd.</li> <li>• Director of Rising Phoenix 1 Pte. Ltd.</li> <li>• Director of Rising Phoenix 2 Pte. Ltd.</li> <li>• Director of Rising Phoenix 3 Pte. Ltd.</li> <li>• Director of ISGEC Investments Pte. Ltd.</li> <li>• Director of Ginkgo Valley Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Minister-in-charge of Muslim Affairs</li> <li>• Minister-in-charge of Cyber Security</li> <li>• Minister of Ministry of Communications and Information</li> <li>• MP of Jalan Besar GRC</li> </ul>

The Company confirms that there is no change in the responses to declaration items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual concerning the Directors to be re-elected, which response to each item is a "no".

\*The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

## CORPORATE GOVERNANCE REPORT

### Provision 4.4 – Review of Directors’ independence

The NC determines the independence of each Director annually. For the purpose of the NC’s determination, every Director is required to provide a declaration of his/her independence based on the Revised Definition on Director’s Independence.

With respect to FY2021, all of the Independent Directors have declared their independence based on the Revised Definition on Director’s Independence.

The Board reviews and determines whether each Director is independent, taking into account the views of the NC and any existence of relationship or circumstances, including those identified in the Code and the SGX-ST Listing Manual.

The NC has also assessed and concluded that Mr. Abdul Jabbar, who is a partner of Rajah and Tann Singapore LLP (“**Rajah & Tann**”), is independent notwithstanding the business relationship between the Company and Rajah & Tann. While Rajah & Tann provides corporate secretarial services on a retainer basis and from time to time, legal services to the Group, Mr. Abdul Jabbar does not hold more than 5% stake in Rajah & Tann.

After taking into account the views of the NC, the Board considers that all the Independent Directors are independent in character and judgement and that there are no relationships or circumstances which are likely to affect or could appear to affect the Directors’ judgement.

Each Independent Director had recused himself from the NC’s and Board’s deliberations on his own independence.

The Board also recognises that Independent Directors may over time develop significant insights in the Group’s businesses and operations, and continue to provide significant and valuable contributions objectively to the Board as a whole. The Board will conduct a rigorous review of each Independent Director’s continuing contribution and independence and if warranted, may exercise its discretion to extend the tenures of these Directors.

On or after 1 January 2022, a Director who has served on the Board for an aggregate period of more than nine years will not be independent unless separate resolutions for such continued appointment is tabled to, and approved by, shareholders present and voting at a general meeting in the manner described in Rule 210(5)(d)(iii) of the SGX-ST Listing Manual. Presently, none of the Independent Directors has served on the Board beyond nine years from the date of their first appointment.

### Provision 4.5 – Directors’ time commitments and multiple Directorships

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a Director. Each Director is also required to confirm annually to the NC as to whether he/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a Director.

In making this determination, the NC takes into account the results of the assessment of the effectiveness of the individual Director, the Director’s annual confirmation and the Directors’ actual conduct on the Board.

In respect of FY2021, the NC was of the view that the number of directorships held by each Director were in line with the Company’s guideline of a maximum of eight listed company board representations and that each Director has discharged his/her duties adequately.



## CORPORATE GOVERNANCE REPORT

Key information on the Directors is set out below:

Name of Director	Position	Date of first appointment as a Director	Date of last re-election/re-appointment as a Director	Present directorships or chairmanships in other listed companies	Past directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-election/re-appointment at the forthcoming AGM
Celine Tang	Non-Independent and Non-Executive Director and Non-Executive Chairman	11 October 2018	23 April 2021	Non-Executive Chairman of OKH Global Ltd. ("OKH")	Group Managing Director of SingHaiyi Group Ltd. (delisted from the Official List of the SGX-ST with effect from 9.00 a.m. on 31 January 2022, and now known as SingHaiyi Group Pte. Ltd.)	<ul style="list-style-type: none"> <li>Executive Director of Haiyi Holdings Pte. Ltd.</li> <li>Group Managing Director of SingHaiyi Group Pte. Ltd.</li> <li>Advisory Committee member of JuYing Secondary School</li> <li>Executive Director of Tang Dynasty Fund Pte Ltd</li> <li>Non-Executive Director of American Pacific International Capital Inc.</li> </ul>	N.A.
Raymond Chia	Executive Director and Group CEO	1 February 2016	29 May 2020	None	None	<ul style="list-style-type: none"> <li>President of The Singapore Scout Association</li> <li>Board member of Ren Ci Hospital</li> </ul>	Retirement by rotation (Regulation 115)
Tan Tee How	Executive Director	2 February 2018	23 April 2021	Independent Director of Hong Leong Finance Limited	None	<ul style="list-style-type: none"> <li>Chairman of the Casino Regulatory Authority of Singapore</li> <li>Chairman of National Healthcare Group</li> <li>Independent Director of MOH Holdings Pte Ltd</li> <li>Independent Director of Temus Pte Ltd</li> </ul>	N.A.

## CORPORATE GOVERNANCE REPORT

Name of Director	Position	Date of first appointment as a Director	Date of last re-election/re-appointment as a Director	Present directorships or chairmanships in other listed companies	Past directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-election/re-appointment at the forthcoming AGM
Yam Ah Mee	Non-Executive and Non-Independent Director	12 December 2019	29 May 2020	None	None	<ul style="list-style-type: none"> <li>• Director of CES SDC Pte. Ltd., a wholly-owned subsidiary of the Company</li> <li>• Director of Sembcorp Architects &amp; Engineers Pte. Ltd.</li> <li>• Director of Sembcorp Specialised Construction Pte. Ltd.</li> <li>• Director of SDCI (Bangladesh) Limited</li> <li>• EXCO and Council Member of Workplace Safety &amp; Health Council (WSHC)</li> <li>• Chairman of WSHC Construction and Landscape Industry Sector</li> <li>• Member of MINDEF External Review Panel for Safety</li> <li>• Vice Chairman of Christian National Evangelistic Commission (CNEC)</li> </ul>	N.A.
Abdul Jabbar	Independent Director	2 February 2018	29 May 2020	Independent Director of Global Investments Limited	None	Executive Committee Partner and Head of Corporate and Transactional Practice, Rajah & Tann	Retirement by rotation (Regulation 115)

## CORPORATE GOVERNANCE REPORT

Name of Director	Position	Date of first appointment as a Director	Date of last re-election/re-appointment as a Director	Present directorships or chairmanships in other listed companies	Past directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-election/re-appointment at the forthcoming AGM
Lock Wai Han	Independent Director	11 October 2018	23 April 2021	<ul style="list-style-type: none"> <li>Executive Director and Chief Executive Officer of OKH</li> <li>Independent Non-Executive Director of ARA Trust Management (Suntec) Limited</li> <li>Independent Non-Executive Director of The Hour Glass Limited</li> </ul>	None	<ul style="list-style-type: none"> <li>Chairman of Media Literacy Council</li> <li>President of Anglo Chinese School OBA Management Committee</li> </ul>	N.A.
Low Teck Seng	Independent Director	12 December 2019	29 May 2020	<ul style="list-style-type: none"> <li>Independent Director of ExcelPoint Technology Ltd.</li> <li>Independent Director of Ucrest Berhad</li> <li>Independent Director of Key Asics Berhad</li> </ul>	ISEC Healthcare Ltd	<ul style="list-style-type: none"> <li>Chief Executive Officer of National Research Foundation</li> <li>Board member of PUB, Singapore National Water Agency</li> </ul>	N.A.
Neo Boon Siong	Independent Director	12 December 2019	29 May 2020	None	Keppel Telecommunications & Transportation Ltd.	<ul style="list-style-type: none"> <li>Director of Board of Trustees of Wealth Management Institute Ltd</li> <li>Director of Wealth Management Institute International Pte Ltd</li> </ul>	N.A.

## CORPORATE GOVERNANCE REPORT

Name of Director	Position	Date of first appointment as a Director	Date of last re-election/re-appointment as a Director	Present directorships or chairmanships in other listed companies	Past directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-election/re-appointment at the forthcoming AGM
Yaacob Bin Ibrahim	Independent Director	20 February 2020	29 May 2020	Independent Director of Oceanus Group Limited	None	<ul style="list-style-type: none"> <li>• Director of Surbana Jurong Private Limited</li> <li>• Board of Trustees of Building Construction and Timber Industries Employees' Union (BATU)</li> <li>• Professor of Engineering, SIT</li> <li>• Chairman, Board of Governors of Earth Observatory of Singapore</li> <li>• Professor-in-practice of Lee Kuan Yew School of Public Policy, National University of Singapore ("NUS")</li> <li>• Director of The National Kidney Foundation</li> <li>• Independent Director of Singapore Power Limited</li> <li>• Chairman, Board of Governors of St John's Island National Marine Laboratory, NUS</li> </ul>	Retirement by rotation (Regulation 115)

Note:

The details of the Directors' credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and directorships can be found in the Board of Directors and Directors' Statement sections of this Annual Report.

## CORPORATE GOVERNANCE REPORT

### PRINCIPLE 5: BOARD PERFORMANCE

#### Provisions 5.1 and 5.2 – Assessments of the Board, Board Committees and individual Directors

The Board has implemented a process for the NC to assess the effectiveness of the Board as a whole, each of the Board Committees and individual Directors on an annual basis.

The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, which allows for comparisons with industry peers and which address how the Board has enhanced shareholders' value for the long term. It also considers the Company's share price performance on a quarterly basis.

At the end of each year, each Board member is required to complete a Board assessment form and self-assessment form and submit the completed forms to the chairman of the NC before the NC meeting. Based on the responses, a consolidated report will be presented and further discussed at a NC meeting. Following the NC's deliberation, the NC chairman will report the results with the recommendations to the Board.

The chairman of each Board Committee is required to complete a questionnaire annually on the effectiveness of such Board Committee ("**Performance Evaluation Form**"). The results and findings of the assessment based on the Performance Evaluation Forms will be presented and further discussed at a NC meeting. Following the NC's deliberation, the NC chairman will report the results with the recommendations to the Board.

The evaluation of individual Directors assesses whether each Director continues to contribute effectively and demonstrates commitment to the role (including commitment of time for Board and Board Committee meetings and duties). In making the determination, the NC takes into account the results of the assessment of the effectiveness of the individual Director, the Director's annual confirmation and actual conduct on the Board and Board Committees.

The NC is generally satisfied with the performance of the Board, the individual Directors and the Board Committees for FY2021. No significant problems were identified.

The NC had also discussed the results of the evaluation with the Board and/or Board Committee members and provided feedback on the areas of strength and the areas that could be improved. The NC and the Board will continue to evaluate and improve the process for assessing the effectiveness of the Board, Board Committees and individual Directors.

The chairman of the Board will keep in view the results of the performance evaluation, and where appropriate, take action to propose new members to be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

To-date, no external facilitator has been engaged for the assessment and evaluation of the Board, Board Committees and individual Directors.

### REMUNERATION MATTERS

#### PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

#### Provisions 6.1 and 6.2 – RC's duties and composition

The RC has a set of written terms of reference, which provides that its composition shall comprise at least three Directors, all of whom shall be NEDs, and the majority of whom, including the RC chairman, shall be independent. The RC comprises the following three members, all of whom are Independent Directors:

1. Mr. Abdul Jabbar, Lead Independent Director (RC chairman)
2. Prof. Low Teck Seng
3. Prof. Yaacob Bin Ibrahim

Mr. Ang Mong Seng stepped down as the chairman of the RC following his retirement as a Director of the Company at the conclusion of the AGM held on 23 April 2021. Mr. Abdul Jabbar was appointed as chairman of RC with effect from 1 May 2021. Prof. Yaacob Bin Ibrahim was also appointed as a member of the RC with effect from 1 May 2021.

Pursuant to the revised terms of reference adopted in January 2021, the RC holds meetings at least twice a year during the Company's reporting and audit cycle starting from FY2021.

## CORPORATE GOVERNANCE REPORT

The RC's key terms of reference include the following:

- reviewing and making recommendations to the Board on all aspects of remuneration, including Directors' fees and the Company's remuneration policies;
- reviewing and making recommendations to the Board on the framework of remuneration for the Board chairman, the Directors, the Group CEO and other key management personnel;
- reviewing and making recommendations to the Board on the specific remuneration packages for each Director, the Group CEO and other key management personnel;
- reviewing the remuneration of any employees who are immediate family members of the Directors, the Group CEO or the substantial shareholders;
- reviewing and making recommendations to the Board on the talent management and remuneration framework for the Group, including staff development and succession planning;
- monitoring the level and structure of remuneration relative to internal and external peers and competitors;
- ensuring that the contractual terms and any termination payments are fair to the individual and the Company; and
- administering the Chip Eng Seng Employee Share Option Scheme 2013 ("ESOS") and the Chip Eng Seng Performance Share Plan ("CES Share Plan") in accordance with the respective rules adopted (if applicable). Details of the ESOS and CES Share Plan are disclosed in the Directors' Statement section of this Annual Report.

The RC has explicit authority to assist the Board to fulfil its roles and responsibilities in accordance with its terms of reference and approve performance measures and targets in the associated remuneration framework. The RC is also authorised to obtain independent professional advice and has full access to obtain information from Management, the Joint Company Secretaries of the Company or any employee of the Group where necessary.

The principal activities of the RC during FY2021 are summarised below:

- a. reviewed and recommended to the Board the remuneration of the Executive Directors, key management personnel and employees who are related to the Group CEO, including reviewing the terms of contracts of service that were due for renewal during FY2021;
- b. reviewed the Company's obligations in the event of termination of the contract of service of any of the Executive Directors and key management personnel;
- c. reviewed and recommended to the Board the Directors' fees following the changes to the composition of the Board Committees; and
- d. reviewed the status of the ESOS and CES Share Plan.

### Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any

In FY2021, the RC met thrice and carried out its duties in accordance with its terms of reference. The RC also reviewed the Group's obligations arising in the event of termination of the contract of service of any of the Executive Directors and other key management personnel, to ensure that such contracts of service contain fair and reasonable termination clauses.

The RC's recommendations were made in consultation with the chairman of the Board and none of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him/her.

For FY2021, there were no termination, retirement and post-employment benefits granted to Directors and key management personnel. The RC did not engage the services of any external remuneration consultant in FY2021. Nevertheless, the RC may seek advice from external remuneration consultants from time to time and where necessary in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel.

## CORPORATE GOVERNANCE REPORT

### PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

### PRINCIPLE 8: DISCLOSURE OF REMUNERATION

#### Provisions 7.1 to 7.3, and provision 8.3 – Level and mix of remuneration

The level and structure of remuneration of the Board and key management personnel is designed to be appropriate and proportionate to the sustained performance and value creation of the Group, taking into account the strategic objectives of the Group.

#### Framework for remuneration of Executive Directors and other key management personnel

The Company has a framework of remuneration for the Executive Directors, staff related to any of the Directors, the Group CEO or other key management personnel.

The remuneration framework seeks to ensure that the Group is able to attract, motivate and retain employees to deliver long-term shareholder returns taking into consideration risk management principles and standards set out in the Code. The following shows the three main thrusts of the Group's remuneration strategy and how they are implemented within the Group:

Main thrusts	Details
Pay for performance	<ul style="list-style-type: none"> <li>• Instill and drive a pay-for-performance culture</li> <li>• Ensure close linkage between total compensation and annual and long-term business objectives</li> <li>• Calibrate mix of fixed and variable pay to drive sustainable performance that is aligned to the Group's values, taking into account qualitative and quantitative factors</li> </ul>
Competitive market pay	<ul style="list-style-type: none"> <li>• Benchmarking total compensation against other organisations of similar size and standing in the markets that the Group operates in</li> </ul>
Guarding against excessive risk-taking	<ul style="list-style-type: none"> <li>• Focus on achieving risk-adjusted returns that are consistent with prudent risk and capital management as well as emphasis on long-term sustainable outcomes</li> <li>• Design payout structure to align incentive payments with the long-term performance of the Group, for instance, certain components of the incentive payments will be paid over the course of a specified period of time, and providing for clawback arrangements in the service contract of the relevant personnel</li> </ul>

Under this framework, the total remuneration comprises fixed and variable components. The fixed component comprises basic salary (which includes employer's contributions to the Central Provident Fund and may in certain circumstances, also include contractual bonus and contractual entitlement to awards under the CES Share Plan) and fixed allowances.

In setting remuneration packages, the RC takes into account pay and employment conditions within the same industry and with comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel.

The variable component comprises non-contractual performance bonus and profit sharing that are linked to corporate and individual performance, share options and employer's Central Provident Fund contribution with respect to that payment.

The Company also has an ESOS and CES Share Plan, which aim to provide long-term incentives for Directors and key management personnel to encourage loyalty and align the interest of the Directors and key management personnel with those of the shareholders. For details of the ESOS and CES Share Plan, please refer to the Directors' Statement section of this Annual Report.

## CORPORATE GOVERNANCE REPORT

### Use of contractual provisions for Executive Directors and other key management personnel

The service contract with each Executive Director and other key management personnel contains a reclamation of incentive component clause to safeguard the Group's interest in exceptional circumstances of restatement of financial results, or misconduct resulting in financial loss or fraud by such Executive Director or other key management personnel.

### Framework for NEDs' fees

The RC reviews the scheme put in place by the Company for rewarding the NEDs to ensure that the compensation is commensurate with the responsibilities of, and the time and effort expended by, the NEDs.

Having regard to the scope and extent of the responsibilities and obligations of the NEDs, prevailing market conditions, and taking reference from fees against comparable benchmarks, the Board has agreed with the RC's recommendation that the fee structure for NEDs in FY2021 will continue to apply in FY2022.

The fees for NEDs comprise a basic retainer fee and additional fees for appointment to Board Committees. The chairman of each Board Committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility shouldered by the relevant chairman.

Each member of the RC will abstain from making any recommendation and/or participating in any deliberations of the RC, and voting on any resolutions, in respect of his own remuneration.

The framework for determining NEDs' fees in FY2021 and FY2022 is as follows:

#### **Basic retainer fee**

Chairman of the Board	S\$100,000 per annum
NEDs	S\$50,000 per annum

#### **ARC**

Committee chairman	S\$30,000 per annum
Committee member	S\$20,000 per annum

#### **IC**

Committee chairman	S\$20,000 per annum
Committee member	S\$10,000 per annum

#### **NC or RC**

Committee chairman	S\$10,000 per annum
Committee member	S\$5,000 per annum

The Directors' fees payable to NEDs are recommended by the RC, submitted to the Board for endorsement and thereafter subject to shareholders' approval at the Company's forthcoming AGM.



## CORPORATE GOVERNANCE REPORT

### Provision 8.1(a) – Directors’ remuneration/fees and remuneration of the Group CEO

A summary of the remuneration of each Director and the Group CEO which is paid or payable by the Company for FY2021 is set out below:

Remuneration band and name of Director/Group CEO	Base salary <sup>(1)</sup>	Variable payment <sup>(2)</sup>	Other Benefits <sup>(3)</sup>	Fees <sup>(4)</sup>	Total
Above S\$1,000,000					
Raymond Chia <sup>(5)</sup>	67%	32%	1%	–	100%
Tan Tee How	92%	6%	2%	–	100%
Below S\$200,000					
Celine Tang	–	–	–	100%	100%
Yam Ah Mee <sup>(6)</sup>	–	–	–	100%	100%
Ang Mong Seng <sup>(7)</sup>	–	–	–	100%	100%
Abdul Jabbar	–	–	–	100%	100%
Lock Wai Han	–	–	–	100%	100%
Low Teck Seng	–	–	–	100%	100%
Neo Boon Siong	–	–	–	100%	100%
Yaacob Bin Ibrahim	–	–	–	100%	100%

#### Notes:

- <sup>(1)</sup> Base salary includes contractual bonus, contractual entitlement to awards under the CES Share Plan and employer’s Central Provident Fund contributions.
- <sup>(2)</sup> Variable payment includes performance bonus, profit sharing, share options and employer’s Central Provident Fund contribution with respect to that payment.
- <sup>(3)</sup> Other benefits refer to benefits-in-kind such as car benefits made available as appropriate.
- <sup>(4)</sup> Approved by shareholders as a lump sum at the AGM held on 23 April 2021.
- <sup>(5)</sup> Mr. Raymond Chia is both an Executive Director and the Group CEO.
- <sup>(6)</sup> For FY2021, besides Director’s fees, Mr. Yam Ah Mee also received consultancy fees under a contract for services. Please refer to the section below on Principle 10 Audit and Risk Committee-IPTs for more details.
- <sup>(7)</sup> Mr. Ang Mong Seng retired as a Director of the Company pursuant to Regulation 115 of the Company’s Constitution at the conclusion of the AGM held on 23 April 2021. His Director’s fees for FY2021 were pro-rated accordingly.

To protect the interests of the Group, the remuneration of Mr. Raymond Chia and Mr. Tan Tee How is not disclosed in dollar terms and is instead disclosed in band with no upper limit in view of the sensitive and confidential nature of such information. The Company operates in a highly competitive environment where poaching of employees by competitors is fairly common.

As such, the Board believes that such disclosure would be disadvantageous to the Group. The total remuneration of the Directors (including Directors’ fees) is set out in the financial statements on page 209 of this Annual Report.

Despite having varied from provision 8.1(a) of the Code, the Board believes that consistent with the intent of principle 8 of the Code, sufficient information has been disclosed for shareholders’ understanding with respect to the Group’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Save as disclosed in this report, the remuneration of NEDs comprises only Directors’ fees. The framework for determining the NEDs’ fees is disclosed in the earlier paragraph (Framework for NEDs’ fees).

## CORPORATE GOVERNANCE REPORT

### Provision 8.1(b) – Remuneration of top five key management personnel

In the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company has weighed the advantages and disadvantages of disclosing details of the individual and aggregate remuneration of the Group's top five key management personnel (who are not Directors or the Group CEO) for FY2021 and believe that such disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in. The remuneration package of the top five key management personnel (who are not Directors or the Group CEO), comprising mainly salaries and bonuses, aggregated to a total remuneration of S\$2,571,000 for FY2021. The profiles of the Group's key management personnel can be found on pages 30 and 31 of this Annual Report.

Despite having varied from provision 8.1(b) of the Code, the Board believes that consistent with the intent of principle 8 of the Code, sufficient information has been disclosed for shareholders' understanding with respect to the Group's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

### Provision 8.2 – Disclosure on remuneration of employees who are substantial shareholders, immediate family members of a Director, the Group CEO or a substantial shareholder of the Company, whose remuneration exceeds S\$100,000

	Relationship with Director/Group CEO/ Substantial Shareholder	Base salary <sup>(1)</sup>	Variable payment <sup>(2)</sup>	Other benefits <sup>(3)</sup>	Total
\$300,000 to \$400,000					
Lim Sock Joo	Spouse of Raymond Chia <sup>(4)</sup>	83%	13%	4%	100%

#### Notes:

- <sup>(1)</sup> Base salary includes employer's Central Provident Fund contributions.
- <sup>(2)</sup> Variable payment includes performance bonus and employer's Central Provident Fund contribution with respect to that payment.
- <sup>(3)</sup> Other benefits refer to benefits-in-kind such as car benefits made available as appropriate.
- <sup>(4)</sup> Mr. Raymond Chia is an Executive Director and the Group CEO.

## ACCOUNTABILITY AND AUDIT

### PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

#### Provision 9.1 – Maintenance of a sound risk management system and internal controls

The Board, with support from the ARC, is responsible for the governance of risks by ensuring that Management maintains a sound risk management system and internal controls to safeguard the interests of the Group and that of the Company's stakeholders.

In particular, the Board, with support from the ARC, is responsible for ensuring that the Company puts in place adequate safeguards to address and mitigate any financial, operating and compliance risks (including sanctions-related risks). The Board and the ARC are responsible for (a) monitoring the Group's risk of becoming subject to, or violating, any sanctions-related law or regulation ("**Sanctions Law**"); and (b) ensuring timely and accurate disclosures to the SGX-ST and other relevant authorities. The ARC shall also have the duty to assess whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group and continuous monitoring of the validity of the information provided to shareholders and the SGX-ST.

The Board has overall responsibility for governance risk and exercises oversight of the material risks in the businesses conducted by the Group. The ARC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual report of the Company according to requirements in the SGX-ST Listing Manual and the Code.

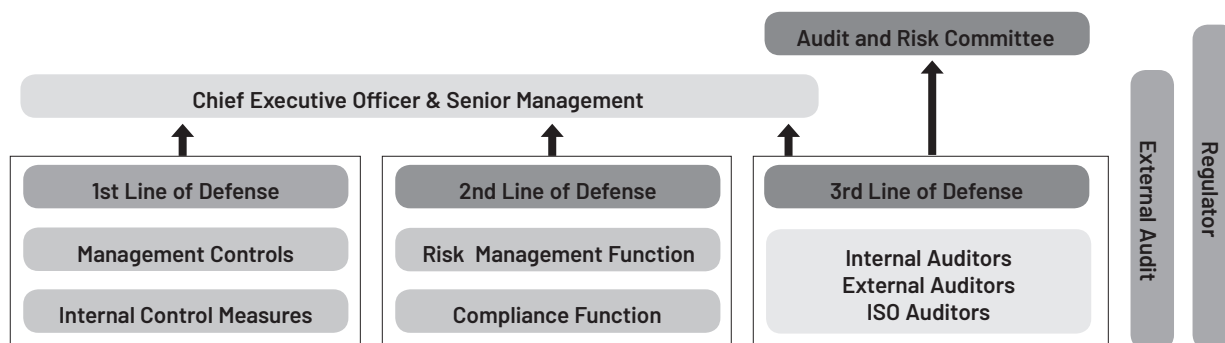
#### Enterprise Risk Management Framework

The Group has in place an enterprise risk management ("**ERM**") framework to facilitate the identification and management of key risks applicable to the Group as a whole and key risks specific to each business division. The risk register is subject to regular review by Management and regular updates are provided to the ARC.

## CORPORATE GOVERNANCE REPORT

### Internal Control and Risk Management System

The Group's internal control and risk management system framework comprises of three lines of defence towards ensuring the adequacy and effectiveness of its system of internal controls in managing risks impacting the Group's business.



#### First line of defence

Under the first line of defence, line and operational managers are responsible for maintaining effective internal control by executing established risk and internal control policies and procedures on a day-to-day basis. These managers identify, assess and mitigate risks based on the Group's ERM framework. They formulate and implement internal policies and procedures and ensure that activities are consistent with operation goals and objectives.

The Group has established several management systems such as the Environment, Health Safety and Quality system, the Data Protection Management system, data protection governance framework and several policies (internal, external notices, information security, document retention and social media).

The Group's Staff Handbook, anti-bribery and corruption and whistle blowing policies that lay out governing policies on employees' code of conduct, conflicts of interest are updated regularly to keep up with best practices to prevent and reduce risk of non-compliance that may adversely impact the Group.

#### Second line of defence

The Group has established risk management and compliance functions under the second line of defence to monitor the first line of defence control.

The risk management function facilitates and monitors the implementation of effective risk management practices. The risk and compliance officer works with the business unit and function heads and together with their managers to establish effective risk management practices. They are responsible for the development and maintenance of risk management policies and processes and they provide objective review and challenge on the activities undertaken by business and support units. Risks information/profile are recorded in a risk register and is reviewed regularly by the ARC. Top ten risks in the Group are reported to the ARC and monitored.

#### Third line of defence

The Company engages and appoints internal, external and ISO auditors to perform independence and objective audit review during the year to assess and test the adequacy and effectiveness of internal controls on various risks relating to financial, operational, information technology and compliance.

## CORPORATE GOVERNANCE REPORT

The Company has appointed KPMG Services Pte. Ltd. (“KPMG” or “Internal Auditors”) to provide internal audit services. On an annual basis, the Group’s internal audit function prepares an audit plan taking into consideration risks identified and assessed from the risk management system. This risk-based audit plan is approved by the ARC and audits are conducted to assess the adequacy and effectiveness of the Group’s system of internal controls in addressing financial, operational, compliance and information technology risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

All audit findings and recommendations made by the internal and external auditors are reported to the ARC and significant findings are discussed at the ARC meetings. The Group’s internal audit function follows up on all recommendations to ensure timely remedy of audit issues and reports the status to the ARC on a quarterly basis.

### Provision 9.1 – Risks relating to Sanctions Law

The Board confirms that as at the date of this Annual Report, the Group is not at risk of being subject to any Sanctions Law.

### Provision 9.2 – Written assurance regarding (i) financial records and financial statements and (ii) adequacy and effectiveness of the Group’s risk management and internal control systems

The Board has received written assurance from the Group CEO and the CFO that as at 31 December 2021:

- (a) nothing has come to their attention which would render the financial statements of the Group to be false or misleading in any material aspects;
- (b) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances;
- (c) the Group’s internal controls, including financial, operational, compliance and information technology controls, and risk management systems (“**Internal Control and Risk Management Systems**”) are adequate and effective in addressing the material risks in the Group’s current business environment; and
- (d) there are no known significant deficiencies or lapses in the Internal Control and Risk Management Systems which could adversely affect the Group’s ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Internal Control and Risk Management Systems.

The Board has also received written assurance from other key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group that:

- (a) the Internal Control and Risk Management Systems are adequate and effective in addressing the material risks in the Group’s current business environment; and
- (b) there are no known significant deficiencies or lapses in the Internal Control and Risk Management Systems which could adversely affect the Group’s ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Internal Control and Risk Management Systems.

### Rule 1207(10) of the SGX-ST Listing Manual

Based on the reviews conducted by Management and KPMG throughout FY2021, the statutory audit conducted by the external auditors, as well as the assurances pursuant to provision 9.2 of the Code received from (i) the Group CEO and the CFO and (ii) other key management personnel, the Board, with the concurrence of the ARC, is of opinion that the Group’s internal controls, including financial, operational, compliance and information technology controls, and risk management systems (including those relating to sanctions-related risks) were adequate and effective for FY2021.

The Board notes that the Internal Control and Risk Management Systems currently in place provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

## CORPORATE GOVERNANCE REPORT

### PRINCIPLE 10: AUDIT AND RISK COMMITTEE

#### Provisions 10.1 to 10.3 – Duties and composition of the ARC

The ARC has a set of written terms of reference, which provides that its composition shall comprise at least three Directors, all of whom shall be NEDs, and the majority of whom, including the ARC chairman, shall be independent. The ARC comprises the following five members, all of whom are Independent Directors:

1. Dr. Neo Boon Siong (ARC chairman)
2. Mr. Abdul Jabbar
3. Mr. Lock Wai Han
4. Prof. Yaacob Bin Ibrahim
5. Prof. Low Teck Seng

The Board is of the view that at least two ARC members, including the ARC chairman, have recent and relevant accounting or related financial management expertise or experience to discharge the ARC's functions. None of the ARC members is a former partner or director of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation, and in any case, for as long as they have any financial interest in the Company's existing auditing firm or auditing corporation.

The ARC holds meetings at least four times during the Company's financial year, out of which twice must be held within the Company's reporting and audit cycle, and otherwise as required, and as often as necessary.

The ARC's key terms of reference include the following:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Group's financial performance;
- reviewing at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems. The ARC also reviews the Board's comments regarding the adequacy and effectiveness of the Group's internal controls and risk management systems and states whether it concurs with the Board's comments received. The ARC may commission an independent audit on the internal controls and risk management systems for its assurance, or where it is not satisfied with the internal controls and risk management systems;
- reviewing the assurance from the Group CEO and the CFO on the financial records and financial statements;
- reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit function and making recommendations to the Board on the appointment, re-appointment or removal of the Company's external auditors as well as the remuneration and terms of engagement of the Company's external auditors;
- reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function, being the primary reporting line of the internal audit function and deciding on the appointment, termination and remuneration of the internal audit function;
- ensuring that the Group complies with the applicable laws and regulations and to ensure that the Company has programmes and policies in place to identify and prevent fraud or irregularity, and discussing with the Company's external auditors, and at an appropriate time report to the Board, if the ARC becomes aware of any suspected fraud or irregularity or suspected infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position, and commission and review the findings of internal investigations into such matters;
- reviewing and ensuring that policies and arrangements are in place for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and to ensure that the Company publicly discloses, and clearly communicates to employees of the Company, the existence and operation of a whistle-blowing policy and procedures for raising their concerns;
- reviewing all IPTs and related party transactions to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Company or its minority shareholders; and
- reviewing potential conflicts of interest (if any) and review and monitor the conflicts of interest positions of the directors, controlling shareholders and their respective associates.

## CORPORATE GOVERNANCE REPORT

The ARC has explicit authority to investigate any matters within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of Management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to meet with any relevant person of the Group without the presence of any Executive Director.

The ARC and Board are in the midst of reviewing the ARC's terms of reference to document the following as responsibilities of the ARC: (i) review of sanction-related risks; (ii) the assessment on whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group; and (iii) continuous monitoring of the validity of the information provided to shareholders and the SGX-ST.

### Summary of the ARC's activities in FY2021 / Provision 10.5

The ARC met ten times during FY2021. The Group CEO, the CFO and the Joint Company Secretaries were invited to these meetings, and the Internal Auditors and Ernst & Young LLP ("**External Auditors**") were invited to the meetings to the extent their attendance were required. Other members of Management were also invited to attend as appropriate to present reports.

In FY2021, the ARC met once with the External Auditors and Internal Auditors separately, without the presence of Management. These meetings provide a forum for the External Auditors and Internal Auditors to raise issues encountered in the course of their work directly to the ARC.

The principal activities of the ARC during FY2021 are summarised below:

- a. reviewed the financial statements and engaged Management, the CFO and the External Auditors in discussions on the significant accounting policies, judgements and estimates applied by Management in preparing these financial statements; and recommended to the Board for approval of the financial statements on satisfaction with its review;
- b. reviewed all announcements relating to the Group's financial performance; and recommended to the Board for approval of these announcements on satisfaction with its review;
- c. reviewed the audit plan and audit report of the Internal Auditors and External Auditors and assessed the adequacy of the Internal Control and Risk Management Systems as well as the level of the co-operation given by Management to the Internal Auditors and External Auditors;
- d. recommended to the Board for re-appointment of Ernst & Young LLP as the External Auditors for the ensuing year;
- e. undertook a review of the independence and objectivity of the External Auditors through discussions with the External Auditors as well as reviewing the non-audit fees awarded to them. The ARC received a yearly report setting out the non-audit services provided by the External Auditors and the fees charged in connection therewith. An analysis of fees paid in respect of audit and non-audit services provided is disclosed in Note 7 to the financial statements;
- f. reviewed the nature and extent of non-audit services provided by the External Auditors;
- g. reviewed the reports and findings from the Internal Auditors in respect of the adequacy of the Internal Control and Risk Management Systems;
- h. reviewed the Group's IPTs to ensure that the transactions were carried out on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders. The ARC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of IPTs are effective;
- i. reviewed the performance of material environmental, social and corporate governance (ESG) factors/targets and the scope of the Company's sustainability report for FY2021; and
- j. reviewed and received updates on risk and compliance matters relating to whistle blowing, anti-bribery and corruption, personal data protection policy and enterprise risk management framework.

## CORPORATE GOVERNANCE REPORT

Following its review of the nature and extent of non-audit services provided by the External Auditors, the ARC was satisfied that the nature and extent of such services would not affect the independence of the External Auditors.

Certain of the Company's subsidiaries and significant associated companies have a different set of auditors from that of the Company for varying reasons, for instance, efficiency and cost effectiveness in retaining the existing auditors after the acquisition of or, as the case may be, investment in such subsidiary or significant associated company. In any case, Management would have first assessed the suitability and competency of the existing auditors of such subsidiaries and significant associated companies. The ARC, having reviewed Management's assessment, is therefore satisfied that these appointments would not compromise the standard and effectiveness of the Company's audit. Accordingly, the Group is in compliance with Rules 712 and Rule 715 (read with Rule 716) of the SGX-ST Listing Manual.

### IPTs

In this section:

"CTPL" means CES Treasury Pte. Ltd., a wholly-owned subsidiary of the Company;

"Debt Issuance Programme" means the S\$750,000,000 Multicurrency Debt Issuance Programme of the Company and CTPL;

"Exchange Offer" means the invitation by the Company and CTPL on 16 November 2021 to holders of the outstanding Series 003 Notes and holders of the outstanding Series 004 Notes to offer to exchange any and all such notes for new Series 005 Notes;

"GCT" means Mrs. Celine Tang and her spouse, Mr. Tang Yigang @ Gordon Tang, collectively;

"Series 002 Notes" means the 4.75 per cent. notes due June 2021 comprised in Series 002 issued by the Company pursuant to the Debt Issuance Programme;

"Series 003 Notes" means the 4.90 per cent. notes due May 2022 comprised in Series 003 issued by the Company pursuant to the Debt Issuance Programme;

"Series 004 Notes" means the 6.00 per cent. notes due March 2022 comprised in Series 004 issued by CTPL pursuant to the Debt Issuance Programme, and guaranteed by the Company; and

"Series 005 Notes" means the 6.50 per cent. notes due December 2024 comprised in Series 005 issued by CTPL on 6 December 2021 pursuant to the Debt Issuance Programme, and guaranteed by the Company.

The Company has procedures governing all IPTs to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The following are IPTs entered into in FY2021:

Name of Interested Person	Nature of Relationship	Aggregate value of all IPTs conducted during the financial year (excluding transactions below \$100,000) (\$'000)
GCT	Controlling Shareholders. Mrs. Celine Tang is also the Non-Executive and Non-Independent Director and Non-Executive Chairman of the Company	475,277 <sup>(1)(2)</sup>
Mr. Raymond Chia	Executive Director and Group CEO	1,611 <sup>(3)</sup>
Mr. Yam Ah Mee	Non-Executive and Non-Independent Director	805 <sup>(4)</sup>
Prof. Low Teck Seng	Independent Director	195 <sup>(5)</sup>

## CORPORATE GOVERNANCE REPORT

### Notes:

- (1) The amount comprises:
- (i) the interest amount paid, from the period from 1 January 2021 up to 5 December 2021, in respect of the Series 004 Notes collectively held by GCT;
  - (ii) as part of the exchange offer consideration, the aggregate cash amount paid to GCT for exchanging all of the Series 004 Notes collectively held by them for new Series 005 Notes pursuant to the Exchange Offer;
  - (iii) the aggregate interest amount payable to GCT in respect of the Series 005 Notes collectively held by them;
  - (iv) the aggregate value of the interested person transactions in connection with the joint venture entered into by GCT's associate with the Group relating to the acquisition and redevelopment of Maxwell House; and
  - (v) the aggregate value of the interested person transactions in connection with the joint venture entered into by GCT's associate with the Group relating to the acquisition and redevelopment of Peace Centre / Peace Mansion.
- (2) Approximately 98.5% of this amount is attributable to transactions which fall within the scope of Rule 916(2) and Rule 916(3) of the SGX-ST Listing Manual.
- (3) The amount comprises:
- (i) the interest amount paid in respect of the Series 002 Notes jointly held by Mr. Raymond Chia and his spouse, Mdm. Lim Sock Joo, from the period from 1 January 2021 up to 14 June 2021, being the maturity date of the Series 002 Notes;
  - (ii) the aggregate interest amount paid, from the period from 1 January 2021 up to 5 December 2021, in respect of the Series 003 Notes and Series 004 Notes collectively held by Mr. Raymond Chia, his spouse, Mdm. Lim Sock Joo and their daughter, Ms. Chia Lynn;
  - (iii) as part of the exchange offer consideration, the aggregate cash amount paid to Mr. Raymond Chia, Mdm. Lim Sock Joo and Ms. Chia Lynn for exchanging all of the Series 003 Notes and Series 004 Notes collectively held by them for Series 005 Notes pursuant to the Exchange Offer; and
  - (iv) the aggregate interest amount payable to Mr. Raymond Chia, Mdm. Lim Sock Joo and Ms. Chia Lynn in respect of the Series 005 Notes collectively held by them.
- (4) The amount comprises:
- (i) consultancy fees paid to Mr. Yam Ah Mee pursuant to a contract for services, for providing certain management and supervisory services to CES-SDC Pte. Ltd., a wholly-owned subsidiary of the Company; and
  - (ii) the aggregate interest amount payable to Mr. Yam Ah Mee in respect of the Series 005 Notes jointly held by him and his spouse, Mdm. Goh Wee Lee.
- (5) The amount comprises the aggregate interest amount payable to Prof. Low Teck Seng in respect of the Series 005 Notes held by him.

There were also IPTs between the Group and the following Directors in FY2021, which value was less than S\$100,000 in each case:

- (i) Mr. Tan Tee How (the Company's Executive Director), in respect of interest payments received for the Series 004 Notes held by him;
- (ii) Mr. Ang Mong Seng (the Company's former Lead Independent Director who retired at the AGM held on 23 April 2021), in respect of interest payments received for the Series 004 Notes held by him;
- (iii) Mr. Abdul Jabbar (the Company's Lead Independent Director), in respect of the aggregate interest amount payable to him for the Series 005 Notes jointly held by him and his spouse, Mdm. Mazlita Binti Mohamad Ali; and
- (iv) Mr. Lock Wai Han (the Company's Independent Director), in respect of the aggregate interest amount payable to him for the Series 005 Notes held by him.

The Company does not have a general shareholders' mandate for IPTs pursuant to Rule 920 of the SGX-ST Listing Manual.



## CORPORATE GOVERNANCE REPORT

### Whistle blowing (Rule 1207(18A) and (18B) of the SGX-ST Listing Manual)

The Company has put in place a whistle blowing policy which sets out the procedures for a whistle blower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers.

The ARC has also reviewed the adequacy of the whistle blowing arrangements instituted by the Group through which staff and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach towards fraud and other misconduct.

To ensure that the identity of any whistle blower is kept confidential, the Company will treat all information received with utmost confidentiality. Anonymous disclosures will be accepted and anonymity honoured.

Furthermore, the Company is committed to protect the interests of any whistle blower against detrimental or unfair treatment. A key aim of the Company's whistle blowing policy as stated therein is to reassure employees that if they raise any concerns in good faith and reasonably believe them to be true, they will be protected from possible reprisals or victimization, to the extent where the situation allows.

Reports of suspected fraud, corruption, dishonest practices or other forms of misconduct can be lodged by contacting any one of the members of a reporting committee comprising the Executive Directors, the Group CEO, the chairman of the ARC and the Lead Independent Director.

The Group CEO will decide whether there is a prima facie case to answer. However, if the matter is made against the Group CEO or any senior management staff, the matter will be escalated to the Lead Independent Director or the chairman of the ARC who then decides if there is a prima facie case to answer.

All cases will be investigated with objectivity and appropriate remedial measures will be taken where warranted. To ensure independence in the investigation of whistle blowing reports, depending on the nature of the matter raised, the investigation may be (i) investigated internally, (ii) referred to the external auditors or (iii) the subject of independent enquiry. For instance, an independent function, such as the Internal Auditors and/or external auditors, may conduct the investigation in case of a financial irregularity. In addition, when deciding if there is a case to answer and what procedures to follow, the reporting committee may set up a special internal independent investigation or refer the matter to an external authority, such as the police, for further investigation.

The ARC is responsible for the oversight and monitoring of whistle blowing. All whistle blowing matters are reviewed monthly by the chairman of the ARC and quarterly by the members of the ARC. Matters requiring immediate or urgent attention are reported immediately to the chairman of the ARC.

The whistle blowing policy is communicated via the Staff Handbook and is also available on the Company's corporate website. On an ongoing basis, the whistle blowing policy is covered during staff training and periodic communication to all staff as part of the Group's efforts to promote awareness of fraud control.

### Provision 10.4 - Internal Audit Rule 1207(10C) of the SGX-ST Listing Manual

The internal audit function is outsourced to KPMG which is staffed by qualified personnel. The ARC approves the hiring, removal, evaluation and compensation of the auditing firm to which the internal audit function is outsourced.

The Internal Auditors are guided by the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors report to the chairman of the ARC and have unrestricted access to the ARC. The Internal Auditors also have unfettered access to all the Group's documents, records, properties and personnel.

The ARC will review the findings of the Internal Auditors and will ensure that the Group follows up on the recommendations of the Internal Auditors. The ARC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively.

For FY2021, the ARC is satisfied that the internal audit function is independent, effective and adequately resourced.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Board ensures that all the Company's shareholders are treated equitably for them to exercise their 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.

#### Provisions 11.1 to 11.5 – Participation and voting at general meetings of shareholders

General meetings are the principal forum for dialogue with shareholders. The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings of shareholders and informs shareholders of the rules, including voting procedures, governing such meetings. The Board believes that general meetings serve as an opportune forum for the Board and key management personnel to engage shareholders to solicit and understand their views. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via the website of the SGX-ST at [www.sgx.com](http://www.sgx.com) ("SGXNET") and on the Company's corporate website.

Every matter requiring shareholders' approval is proposed as a separate resolution. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked as to form one significant proposal. Where the Company considers it warranted to "bundle" the resolutions, the Company will explain the reasons and material implications.

All resolutions tabled by the Company at a general meeting are usually put to the vote by poll. Where physical meetings are held, electronic poll voting is typically conducted "live" during such meeting. Even when meetings are conducted by electronic means (such as the AGMs for the financial years ended 31 December 2019 and 31 December 2020 and the forthcoming AGM to be held on 22 April 2022), the resolutions tabled by the Company at such meetings are still voted on by poll notwithstanding that shareholders do not vote "live" during the meeting itself. The chairman of the meeting, acting as proxy, will cast the votes in accordance with the instructions specified by shareholders in their respective proxy forms. Such arrangement is in accordance with the requirements under the Alternative Arrangements Order (as defined below). Voting by poll allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. The independent scrutineer briefs the shareholders on the e-polling voting process and verify and tabulate votes after each resolution. The results of the voting at the general meetings showing the number of votes cast for and against each resolution and the respective percentages are shown to the shareholders at the end of each resolution before the chairman of the meeting makes a declaration on the passing (or not) of the resolution. In addition, the voting results at the general meetings and the name of the independent scrutineer will be announced via SGXNET immediately after each general meeting.

The Company's Constitution permits shareholders to participate at a general meeting by telephone or video conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and members (or their proxy or in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the meeting. However, in practice, as the authentication of shareholder identity and other related security and integrity issues remain a concern, the Company has yet to implement such absentia voting at its general meetings.

Nonetheless, shareholders may vote in person by way of proxy forms deposited, in person or by mail, at the registered office of the Company at least 72 hours before the meetings. Registered corporate shareholders or nominee companies, who are unable to attend a meeting are provided with the option to appoint not more than two proxies to attend and vote at such meeting. This allows shareholders who hold shares through such corporation to attend and participate in general meetings as proxies.

The chairman of the Board and the respective chairman of the ARC, the NC and the RC are usually present and available at general meetings to address shareholders' queries. Appropriate key management personnel are also present at such meetings to address operational questions from shareholders. In addition, in the case of AGMs, the External Auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Joint Company Secretaries prepare minutes of general meetings, which record substantial and relevant comments and queries from shareholders relating to the agenda of such meetings, and responses from the Board and Management. The minutes of general meetings will be published by the Company on its corporate website as soon as practicable after the general meetings.

## CORPORATE GOVERNANCE REPORT

### Alternative arrangements for the conduct of general meetings

To minimise the spread of COVID-19 transmissions, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time) ("**Alternative Arrangements Order**") came into force in 2020. The Alternative Arrangements Order provides for alternative arrangements for, amongst others, listed companies in Singapore to hold their general meetings other than physical means. Pursuant to the Alternative Arrangements Order, the Company had held its last two AGMs via electronic means.

Notwithstanding that shareholders of the Company were not allowed to attend the last two AGMs in person, the Company had put in place arrangements for shareholders to participate in the meeting by submitting questions ahead of the meeting, voting by proxy and/or observing and/or listening to the proceedings via "live" audio-visual webcast or by "live" audio-only stream. The submission of questions and proxy forms was done electronically via a website set up for the purposes of the meeting, to an electronic mail address, or by depositing the same at the registered office of the Company. The Company had informed the shareholders of such alternative arrangements and the details relating thereto ahead of the meeting in an announcement released by the Company on SGXNET and its corporate website. The Company also addressed the substantial and relevant questions received from shareholders 72 hours before the meeting in an announcement released on SGXNET and its corporate website ahead of the meeting.

With respect to the last AGM, the Company had tabled separate resolutions at the meeting on each substantially separate issue. The chairman of the meeting was appointed as proxy to vote in accordance with the instructions of the shareholders indicated in the proxy form submitted by such shareholders. Independent scrutineers were appointed to check the validity of the proxy forms received and prepared a report on the results of the votes.

All Directors attended the last AGM, together with the External Auditors and other key management personnel via the "live" audio-visual webcast. The Directors' attendance at the general meetings of the Company held in 2021 is disclosed under provision 1.5 above.

In accordance with the requirements pursuant to the Alternative Arrangements Order, the Company had published its minutes of the last AGM on SGXNET and its corporate website within one month after the meeting.

Previously, the Alternative Arrangements Order allowed entities to hold general meetings via electronic means up to 30 June 2021. On 6 April 2021, the Ministry of Law announced the extension of temporary legislative relief, which allows entities to conduct general meetings via electronic means, beyond 30 June 2021. Such legislation allows entities to hold general meetings via electronic means amid the COVID-19 situation, and will continue to be in force until revoked or amended by the Ministry of Law.

Pursuant to the Alternative Arrangements Order, the Company will be conducting its forthcoming AGM to be held on 22 April 2022 via electronic means. The Company has taken steps to ensure that the requirements in the Alternative Arrangements Order and the latest requirements issued by the SGX-ST in its regulator's column of 16 December 2021 and its joint statement of 4 February 2022 are complied with. In particular, shareholders will have at least 7 calendar days after the publication of the notice of AGM to submit their questions to the Company and the Company will respond to substantial and relevant questions at least 48 hours prior to the deadline for shareholders to submit their proxy forms. This is to ensure that shareholders will have the benefit of the Company's responses to their substantial and relevant questions before they cast their votes through the lodgement of proxy forms.

### Provision 11.6 - Dividend policy

The practice adopted by the Company thus far is to declare and pay an annual dividend, should circumstances permit. In the event that the Board decides not to declare or recommend a dividend, the Company will disclose the reason(s) for the decision together with the announcement of the financial statements.

For FY2021, the Board has proposed a final dividend of 2.0 Singapore cents per ordinary share, which is subject to approval of the shareholders at the forthcoming AGM.

In considering the level of dividend payments, the Board takes into account various factors including:

- the profitability of the Company;
- the level of the Company's available cash;
- the return on equity and retained earnings; and
- the Group's projected levels of capital expenditure and other investment plans.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

### Provisions 12.1 to 12.3 – Interaction/engagement with shareholders

The Company is committed to providing its investors with a high level of transparency by engaging in regular, effective and fair communication with shareholders. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST Listing Manual, the Board's policy is to provide timely information to all shareholders of all major developments that impact the Group via SGXNET.

The Company values dialogue sessions with its shareholders and is committed to hearing shareholders' views and addressing their concerns. During general meetings of the Company, the Board devotes time and attention to address questions from and concerns raised by shareholders and the Directors are generally present for the entire duration of the meetings. The chairman of the meeting will also endeavour to facilitate constructive dialogue between shareholders and the Board. In addition, members of the Board and key management personnel make themselves available to interact with shareholders both before and after general meetings (where such meetings are held physically). When necessary and appropriate, Management will also meet up with analysts and fund managers who wish to seek a better understanding of the Group's operations.

Other than communicating with members of the Board and key management personnel at general meetings, shareholders may also contact the CFO or the Company on any investor relations matters by emailing to [ir@chipengseng.com.sg](mailto:ir@chipengseng.com.sg). Shareholders should however be cognisant that the Company has to consider the interests of all shareholders and its other stakeholders as a whole and the Company cannot respond to questions involving price sensitive or trade sensitive information on a selective basis. In so far as there is any information known to the Company concerning it or any of its subsidiaries or associated company which is necessary to avoid the establishment of a false market in the Company's securities or would be likely to materially affect the price or value of the Company's securities, the Company will make a timely announcement on SGXNET.

Please also refer to provision 13.3 below for information relating to the Company's corporate website, which contains investor-related information.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

#### Provisions 13.1 and 13.2 – Identification and engagement with material stakeholder groups, including managing relationships with such groups

The Group believes that forging good relationships with its stakeholders is crucial for the sustainable growth of its business and its material stakeholders include suppliers, customers, employees, authorities and local communities.

To understand stakeholders' expectations, the Group engages and fosters trusted relationships through listening to their views and responding to their concerns. The frequency of ongoing engagement with various stakeholders depends on mutual needs and expectations.

The strategy and key areas of focus in relation to the management of stakeholder relationships are set out in the Company's annual sustainability report.

#### Provision 13.3 – Corporate website

The Group maintains a current and updated corporate website.

All materials on the Company's financial results, announcements, as well as the latest annual report of the Company, are available on the Company's website at [www.chipengseng.com.sg](http://www.chipengseng.com.sg). The website also contains various other investor-related information about the Company which serves as an important resource for its shareholders and all other stakeholders.

## MATERIAL CONTRACTS

Except as disclosed in Note 27 (Related Party Transactions) of the notes to the financial statements, there were no other material contracts of the Company and its subsidiaries involving the interests of each Director or controlling shareholder, either still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

## CORPORATE GOVERNANCE REPORT

### DEALING IN COMPANY'S SECURITIES

The Group has adopted a code of conduct for dealing in securities to provide guidance to the Directors of the Company as well as other officers and employees of the Group with regard to dealings in securities issued by the Company or any of the Company's subsidiaries (the "Securities").

The code cautions against (a) insider trading such as dealing in Securities while in possession of material unpublished price-sensitive information; (b) other prohibited actions under the Securities and Futures Act 2001 of Singapore such as false trading and market rigging transactions; and (c) other prohibited dealing in Securities such as on short-term considerations or on speculative considerations.

Directors of the Company, the Group CEO and all employees of the Group who are of Assistant Manager level and above are additionally subject to the following:

- (a) prohibitions on dealing in Securities during a blackout period (being the one-month period before the release of the announcement of the Company's half-year and full-year financial results). An email will be sent to these personnel notifying them of the commencement and end date for each of such blackout period; and
- (b) outside of a blackout period, any dealings in Securities are subject to the following pre-dealing and post-dealing procedures:
  - (i) pre-dealing: seek clearance in writing from the Group CEO or CFO before dealing in the Company's securities; and
  - (ii) post-dealing: notify the Company within two business days after dealing in the Company's securities.

The code is disseminated to the Group's directors, officers and employees.

In view of the processes that are in place, in the opinion of the Directors, the Company has complied with the best practices on dealings in the Company's securities pursuant to Rule 1207(19) of the SGX-ST Listing Manual (Dealings in Securities).