

# CORPORATE GOVERNANCE REPORT

## Note:

The questions listed out in this column are extracted from the Singapore Exchange Limited's Disclosure Guide on Compliance with the Code of Corporate Governance 2012. The response to each question is set out in bold after the question.

## General:

- (a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.

**The Company has complied with most of the principles and guidelines of the Code. Where there are specific deviations, these are set out within this report.**

- (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?

**The reasons for the specific deviations are also set out within this report.**

SingHaiyi Group Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance. Good corporate governance establishes and maintains an ethical environment and enhances the interests of all shareholders. This report describes the Company's corporate governance practices during the financial year ended 31 March 2017 ("**FY2017**") with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**"). The Company is pleased to report that it has complied in all material aspects with the principles and guidelines set out in the Code. Deviations from the Code, if any, are explained under the respective sections.

Outlined below are the policies, processes and practices adopted by the Group in compliance with the principles and spirit of the Code.

## A. BOARD MATTERS

### Principle 1: The Board's Conduct of Affairs

#### The Primary Functions of the Board

The primary role of the Board of Directors (the "**Board**") is to lead and control the Company's operations and affairs and to protect and enhance the long-term shareholder value. The Board is collectively responsible for the setting of the overall strategy and the success of the Company. Currently, the Company is headed by an effective Board comprising a majority of Non-Executive Directors. The Board is supported by three Board Committees, namely the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"). Each Board Committee is governed by clear terms of reference setting out the duties and authorities which have been approved by the Board.

The principal roles and responsibilities of the Board include:

- Providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- Establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- Identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;
- Setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
- Considering sustainability issues (including environmental and social factors) as part of the Company's overall strategy;
- Supervising the management of the business and affairs of the Group;

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- Reviewing the financial performance of the Group;
- Approving the nominations of board directors and appointment of key personnel;
- Approving annual budgets, major funding proposals, investment and divestment proposals, including material capital compliance;
- Assuming responsibility for corporate governance; and
- Reviewing Management performance.

Each member of the Board has a fiduciary duty to discharge his or her duties and responsibilities in the best interests of the Company at all times.

## **Guideline 1.5**

What are the types of material transactions which require approval from the Board?

**Please refer to the section under "Board Approval".**

## **Board Approval**

The Company has adopted internal guidelines that require Board approval for investments, divestments and bank borrowings. The Company has adopted a framework of delegated authorisation, as set out in its limit of authority ("**LOA**"). The LOA defines the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital expenditures. The LOA also contains a schedule of matters specifically reserved by the Board for approval. These include approval of annual business plans, operating budgets, statutory accounts, declaration of interim, special and final dividends, and material transactions, namely, major acquisitions, joint ventures, strategic alliances, investment proposals, establishment of banking facilities and corporate restructuring.

## **Board Processes**

The Board conducts meetings on a quarterly basis. Ad hoc meetings are also convened when circumstances warrant. For FY2017, the Board met four times. The report on the Directors' attendance for Board and Board Committees meetings is set out on hereunder. Directors who are unable to attend Board or Board Committees meetings may convey their views to the Chairman or the Company Secretary. The Company's Constitution provide for participation in meetings via telephone and/or video conference where Directors are unable to be physically present at such meetings. During FY2017, certain Directors participated in Board and Board Committees meetings via telephone conference. Where required, Directors may raise questions and seek clarification through discussion forums with Management in respect of significant matters passed via circular resolutions. To facilitate a more effective check on Management, Non-Executive Directors would meet amongst themselves without the presence of Management prior to the start of each Board meeting, where necessary.

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## **Directors' Attendance for Board and Board Committees Meetings**

Name of Director	Number of meetings attended in FY2017			
	Board	AC	NC	RC
Neil Bush	4	-	-	-
Gordon Tang	0	-	-	0
Celine Tang	4	-	-	-
Yang Dehe <sup>(1)</sup>	0	-	-	-
Yang Manlin (Alternate Director to Yang Dehe) <sup>(2)</sup>	2	-	-	-
Mao Jinshan	4	-	-	-
Gn Hiang Meng	4	4	1	1
David Hwang Soo Chin	4	4	1	1
See Yen Tarn	4	4	1	1
Yang Manlin <sup>(3)</sup>	2	-	-	-
Number of meetings held in FY2017	4	4	1	1

<sup>(1)</sup> Resigned as Independent Non-Executive Director on 1 October 2016.

<sup>(2)</sup> Attended the meeting in the capacity of an Alternate Director to Mr. Yang Dehe. Ceased to be an Alternate Director to Mr. Yang Dehe on 1 October 2016.

<sup>(3)</sup> Appointed as Independent Non-Executive Director on 1 October 2016. Attended the meeting in the capacity of an Independent Non-Executive Director.

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## **Guideline 1.6**

- (a) Are new directors given formal training? If not, please explain why.

**Yes. Please refer to the section under "Board Orientation and Training".**

- (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?

**The types of information and training provided are set out in the section under "Board Orientation and Training".**

## **Board Orientation and Training**

The Company conducts an orientation programme for newly appointed Directors to familiarise them with the businesses, operations and financial performance of the Group. They are also briefed on the corporate governance practices, including board processes, policies on disclosure of interests in securities, prohibitions in dealing with the Company's securities and restrictions on disclosure of price-sensitive information.

All new Directors appointed on the Board, if any, will also be provided with a formal letter of appointment setting out the director's duties and obligations. During the year, a formal letter of appointment was issued to Ms. Yang Manlin who was appointed as an Independent Non-Executive Director on 1 October 2016.

Directors are at liberty to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from Management.

The Board is updated regularly on corporate governance, risk management, and key changes in the relevant regulatory requirements and financial reporting standards by the Management, Auditors and Company Secretary. Relevant news releases issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Accounting and Corporate Regulatory Authority and the Monetary Authority of Singapore are also circulated to the Board.

To keep pace with the fast-changing laws, regulations and commercial risks, Directors have an on-going budget to receive further relevant training of their choice in connection with their duties as directors. They are also given unrestricted access to professionals for consultations as and when they deem it necessary at the expense of the Company.

The Board was continuously briefed and updated on directors' duties and responsibilities and corporate governance matters, so as to enable them to discharge their duties effectively as a Board and where applicable, as Board Committee members. During the year, Ms. Yang Manlin who was appointed as an Independent Non-Executive Director, was given detailed briefings and an induction by Management.

Directors may also attend other appropriate courses, conferences and seminars, at the Company's expense. These include programmes organised by the Singapore Institute of Directors ("**SID**"), Singapore Exchange Limited and Auditors. During the year, Directors attended in-house briefings on sustainability reporting conducted by its Sustainability Consultant and changes to the Financial Reporting Standards by its Auditors. Ms. Yang Manlin had attended courses organised by SID after her appointment as Independent Non-Executive Director on 1 October 2016.

The Nominating Committee is responsible for reviewing and recommending training programmes for the Board.

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## **Guideline 2.1**

Does the Company comply with the guidelines on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.

**Yes. Please refer to the section under "Board Independence".**

## **Guideline 2.3**

- (a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.  
**No.**

- (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.  
**Not applicable.**

## **Guideline 2.4**

Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him as independent?  
**No.**

## **Guideline 2.6**

- (a) What is the Board's policy with regard to diversity in identifying director nominees?  
**Please refer to the section under "Board Composition and Size".**

## ***Principle 2: Board Composition and Guidance***

### **Board Independence**

When there are changes to the Board, the NC will take into account the appropriateness of the board size and composition. The Board presently comprises eight (8) directors. All members of the Board, except for the Group Managing Director and Managing Director of the US Operations, are Non-Executive Directors. Four (4) of the Directors are Independent Non-Executive Directors.

The independence of each of the Directors has been assessed by the Board (after taking into account the NC's views) in accordance with the requirements of the Code for assessing independence. Under the Code, an Independent Non-Executive Director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The integrity and professionalism of the Directors have enabled and facilitated them to discharge their responsibilities with due care and diligence. Through active participation during Board meetings, the Directors constructively and judiciously challenge the proposals and assumptions of Management. The Directors will review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Company does not have any Independent Directors who have served the Board beyond nine years from the date of his or her appointment as a Director of the Company.

### **Board Composition and Size**

The composition of the Board is reviewed annually. The Board is also taking steps to ensure that the Board has sufficient Independent Non-Executive Directors to comply with the recommendations of the Code. The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Company's businesses, for effective decision making. The Board currently includes two female Directors who have served for different tenures. The members of the Board have the core competencies, such as accounting or finance, business or management experience, industry knowledge, corporate actions and strategic planning experience required for the Board to be effective in all aspects of its roles. The objective judgement of the Independent and Non-Executive Directors on corporate affairs and their collective experience and contributions are invaluable to the Company.

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(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data when appropriate.

**Please refer to the section under “Board Composition and Size”.**

(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?

**Please refer to the section under “Board Composition and Size”.**

The Board members comprise businessmen and professionals with financial background and business/management experience, all of whom as a group, provides the Board with the necessary experience and expertise to direct and lead the Group:

Neil Bush	-	Non-Executive Chairman
Gordon Tang	-	Non-Executive Director
Celine Tang	-	Group Managing Director
Mao Jinshan	-	Managing Director of the US Operations
Gn Hiang Meng	-	Lead Independent Non-Executive Director
David Hwang Soo Chin	-	Independent Non-Executive Director
See Yen Tarn	-	Independent Non-Executive Director
Yang Manlin	-	Independent Non-Executive Director

Key information on the Directors’ particulars and background can be found in the “Board of Directors” section of the Annual Report. The Notice of Annual General Meeting sets out the directors proposed for re-election at the Annual General Meeting (“AGM”).

### **Principle 3: Chairman and Group Managing Director**

The Board is chaired by Mr. Neil Bush, Non-Executive Chairman, in consultation with Management, sets the agenda for Board meetings and ensures that they are held regularly and whenever necessary. The Company does not have a Chief Executive Officer. However, Mrs. Celine Tang, Group Managing Director (“GMD”) and Mr. Mao Jinshan, Managing Director of the US Operations, the Executive Director of the Company, actively manage the day-to-day running of the operations and also ensure information flow between Management and the Board.

There is a clear separation of responsibilities between the Non-Executive Chairman and the GMD, so as to maintain an appropriate balance of power and authority. The Chairman and the GMD are not related to each other.

The Chairman leads the Board to ensure its effectiveness on all aspects of the Board’s role and promotes high standards of corporate governance and ensures that Non-Executive Directors are able to speak freely and contribute effectively. The Chairman plays a significant leadership role by providing clear oversight, advice and guidance to the Group Managing Director, Managing Director and Management in his drive to transform the Group. At Board meetings, he ensures that adequate time is available for discussion of all agenda items especially strategic issues, promotes a culture of openness and debate at the Board, and facilitates effective contribution of non-executive directors. He ensures the quality, quantity and timeliness of information flow between the Board and Management and that the Board has sufficient opportunities for interaction with Management through meetings, both formal and informal, telephone calls as well as by electronic mail. The Chairman also monitors the translation of the Board’s decisions and directions into executive action. The Chairman maintains effective communication with shareholders and also engages with a wide range of other stakeholders.

A healthy exchange of ideas and views between the Board and Management through regular meetings and updates enhances the management of the Company. This, together with a clear separation of roles between the Chairman and Group Managing Director, increases accountability and greater capacity of the Board for independent decision making.

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Mr. Gn Hiang Meng (“**Mr. Gn**”) is the Lead Independent Director (“**Lead ID**”), he serves as a sounding board for the Chairman and also as an intermediary between the Non-Executive Directors and the Chairman. Due to the seniority and extensive experience of Mr. Gn, the Board is of the view that he is qualified to perform the role of the Lead ID. The Lead ID is available to the shareholders of the Company should they have concerns which cannot be resolved through the normal channel of the Non-Executive Chairman, the GMD or the Chief Financial Officer or for which such contact is inappropriate. The Lead ID may call for meetings of Independent Directors from time to time without the presence of other directors and provide feedback to the Chairman after such meetings. In FY 2017, the Independent Directors had met separately without the presence of Management.

## **B. BOARD COMMITTEES**

### ***Principle 4: Board Membership***

#### **The Composition and Role of NC**

The NC currently comprises three Independent Non-Executive Directors, namely Mr. See Yen Tarn (Chairman), Mr. David Hwang Soo Chin and Mr. Gn Hiang Meng. The NC met once in FY2017.

The NC is regulated by a set of written Terms of Reference and its key functions include:

- To review the structure, size and composition of the Board and to make recommendations to the Board with regards to any adjustment to the structure and size that are deemed necessary;
- To make recommendations to the Board on all Board appointments and re-appointments, having regard to each individual director’s contribution and performance;
- To determine the criteria for identifying candidates and to review nominations for new appointments, including but not limited to the factors of integrity, expertise, reputation and standing in the market;
- To review and to determine on an annual basis the independence of each independent non-executive director;
- To determine/propose the objective performance criteria for the Board’s approval and to review the Board’s performance in terms of the performance criteria;
- To conduct a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, particularly when a director serves on multiple boards; and
- To make recommendations to the Board on candidates it considers appropriate for appointment.

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## **Re-nomination of Directors**

The NC reviews and evaluates nomination of Directors for appointment to the Board, evaluating the performance of the Directors and the Board as a whole and its Board Committees, assessing and being mindful of the independence of the Directors, reviewing the training and professional development programs for the Board and reviewing the retirement and re-election of Directors.

The NC reviews the Directors who are due to retire in accordance with the Company's Constitution and make relevant recommendation on their re-election or re-appointment. All Directors are subject to re-election at regular intervals of at least once every three years.

The NC determines on an annual basis whether or not a director is independent, taking into account the Code's guidance on what constitutes an "independent" director, and the existence of relationships or circumstance which would deem a director to be not independent. A Director who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interest of the Company, is considered to be independent.

The Company does not have any Alternate Director on board.

## **Guideline 4.4**

- (a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?

**There is no maximum number prescribed.**

- (b) If a maximum number has not been determined, what are the reasons?

**Please refer to the explanation in the section under "Directors' Time Commitment".**

- (c) What are the specific considerations in considering the capacity of Directors?

**Please refer to the section under "Directors' Time Commitment".**

## **Criteria and Process for Nomination and Selection of New Directors**

In its search and selection process, the NC reviews the composition of the Board including the mix of expertise, skills and attributes of existing Directors, so as to identify needed and/or desired competencies to supplement the Board's existing attributes. In doing so, where necessary or appropriate, the NC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates. The NC then meets the shortlisted potential candidates before recommending the most suitable candidate to the Board for appointment as Director.

## **Directors' Time Commitment**

The NC takes into account the competing time commitments faced by Directors with multiple board representations and/or other principal commitments when considering the re-nomination of Directors for re-election. Directors must ensure that they are able to give sufficient time and attention to the affairs of the Company, which is also evident in their level of attendance and participation at Board and Committee Meetings, and as part of its review process, the NC decides whether or not a director is able to do so and whether he has been adequately carrying out his duties as a director of the Company. The NC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.



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## **Guideline 5.1**

- (a) What was the process upon which the Board reached the conclusion on its performance for the financial year?  
**Please refer to the section under “Board Evaluation Process and Individual Director Evaluation Criteria”**
- (b) Has the Board met its performance objectives?  
**The Board has met its performance objectives and the Board and its Board Committees are operating effectively.**

## **Guideline 6.1**

What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?

**Please refer to the section under “Complete and Timely Information and Access to Management” and the section under “Accountability of the Board and Management” in Principle 10.**

## ***Principle 5: Board Performance***

### **Board Evaluation Process and Individual Director Evaluation Criteria**

The NC assesses the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board. A formal appraisal process to assess the effectiveness of the Board and Board Committees has been implemented. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of Directors. The performance assessment forms were completed by each Director. The Company Secretary compiles Directors’ responses to the questionnaire into a consolidated report. The report is discussed at an NC meeting and is also shared with the entire Board. In evaluating each Director’s performance and that of the Board and the Board Committees, the NC considers, inter alia, the Directors’ attendance, contribution and participation at Board and Board Committees meetings, Directors’ individual evaluations and the overall effectiveness of the Board in steering and overseeing the conduct of the Company’s businesses.

The Directors have opportunities for continuing education in a number of areas including directors’ duties, corporate governance, financial reporting, insider trading, the Companies Act and Listing Rules and real estate industry-related matters and other areas to enhance their performance as Board and Board Committees members.

## ***Principle 6: Access to Information***

### **Complete and Timely Information and Access to Management**

The Board is furnished with detailed information concerning the Group from time to time, to enable the Board to fulfil its responsibilities and to be fully cognizant of the decisions and actions of the Group’s executive management. All the Directors have unrestricted access to the Company’s records and information. Board papers are prepared for each meeting of the Board and include sufficient information from Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. The Independent Non-Executive Directors have access to all levels of senior executives in the Group and are encouraged to speak to other employees to seek additional information if they so require.

### **Company Secretary**

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out its duties. The Company Secretary provides the Board with regular updates on the requirements of the Companies Act and all other rules and regulations of the Listing Manual of the SGX-ST.

The Company Secretary attends all formal Board meetings and meetings of the Board Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary was also involved in discussing and reviewing the announcements of the quarterly and full-year results for release to SGX-ST. Minutes of all Board and Board Committees meetings are circulated to the Board and Board Committees as appropriate. The appointment and removal of the

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Company Secretary are subject to the approval of the Board as a whole.

## **Independent Professional Advice**

Should the Directors, whether as a group or individually, need independent professional advice, the Company will, upon direction by the Board, appoint a professional advisor selected by the group or the individual to render the advice.

## **Guideline 9.6**

- (a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria?

**Please refer to the section under "Remuneration of Directors and Key Management Personnel ("KMP")".**

- (b) Where were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?

**Please refer to the section under "Remuneration of Directors and Key Management Personnel ("KMP")" and "Disclosure of Remuneration".**

**Remuneration components are determined by the individual's performance, the performance of the Group and industry practices.**

- (c) Were all these performance conditions met? If not, what were the reasons?

**The variable components of the remuneration for the Executive Directors and KMP were awarded for FY2017 pursuant to the RC's review of the individual's performance, the performance of the Group and industry practices.**

## ***Principle 7: Procedures for Developing Remuneration Policies***

### **The Composition and Role of RC**

The RC comprises four members, namely Mr. David Hwang Soo Chin (Chairman), Mr. See Yen Tarn, Mr. Gn Hiang Meng (all of whom are independent) and Mr. Gordon Tang. The RC met once in FY2017.

The principal functions of the RC are to inter alia:

- recommend to the Board a general framework of remuneration for Board members and also for KMP; and
- to review and determine the specific remuneration packages and terms of employment for each of the Executive Directors and KMP, including termination clauses, to ensure it is fair and reasonable.

The RC sets compensation to ensure that the Company is competitive and can attract, retain and motivate Directors and KMP of the required experience and expertise to run the Company successfully. In setting remuneration packages for Directors and KMP, the remuneration and other conditions within the industry and in comparable companies are taken into consideration. While structured to attract and retain highly qualified people, the overall goal is to encourage sustained value-oriented management. The RC also aims to be fair and avoids rewarding poor performance.

## ***Principle 8: Level and Mix of Remuneration***

### **Remuneration of Directors and Key Management Personnel ("KMP")**

Fees payable to the Independent and Non-Executive Directors are proposed at the AGM as a lump sum. The lump sum which represents the aggregated fees of the Directors, is subject to the approval of shareholders of the Company at its forthcoming AGM. The amount for each Director will take into account the level of responsibilities held. The compensation framework is made up of fixed pay and incentives. The Company links Executive Directors and KMP's remuneration to the Group's performance, individual performance, based on appraisal, performance assessment, competencies and potential of individuals. The remuneration of Directors takes into account their level of contribution and respective responsibilities, including attendance, time and effort at Board meetings and Board Committees meetings.

The Company has adopted a remuneration policy for staff comprising a fixed component (in the form of a base salary) and a variable component, which is in the form of a variable bonus that is linked to the Company's and the individual's performance. Another element of the variable component is the grant of share options to staff under the Scheme (as defined below) that is designed to motivate staff towards strategic business objectives and for staff retention.

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## **Guideline 9.2**

Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into based/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?

**No. Please refer to the section under "Disclosure of Remuneration" for the Company's reasons for non-disclosure of Directors' and the CEO's remuneration.**

The Company has not implemented any clawback provision for the service contracts of Executive Directors and its KMP to allow the Company to reclaim incentive components of remuneration from them in exceptional events such as material violation of risk limits, misstatement of financial results, misconduct or fraud.

The RC also functions as the Administrative Committee of the SingHaiyi Share Option Scheme 2013 (the "**Scheme**"), the adoption of which was approved by the shareholders of the Company in the extraordinary general meeting held on 29 July 2013. Please refer to pages 126 to 128 of this annual report for details of the Scheme.

During FY2017, there were no share options granted to the directors and the controlling shareholders of the Company or their associates, or the parent company's directors or employees. No employee had received 5% or more of the total number of options available under the Scheme. In addition, no options had been granted under a discount.

## **Principle 9: Disclosure on Remuneration**

### **Disclosure of Remuneration**

The compensation packages for employees including the GMD, executive director and KMP comprised fixed component (in the form of a base salary and fixed allowances), a variable component (which would normally include year-end and variable bonuses), where applicable taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

No termination, retirement or post-employment benefits were granted to any Director or KMP of the Company during FY2017.

### **Remuneration of Directors for FY2017**

Name of Director	(Resigned)/ Appointed	Directors' Fee %	Salary %	Bonus %	Others %	Total Remuneration %
Below S\$250,000						
Neil Bush		100%	-	-	-	100%
Gordon Tang		100%	-	-	-	100%
Celine Tang		-	83%	7%	10%	100%
Mao Jinshan		-	100%	-	-	100%
Yang Dehe	(1/10/2016)	100%	-	-	-	100%
Gn Hiang Meng		100%	-	-	-	100%
David Hwang Soo Chin		100%	-	-	-	100%
See Yen Tarn		100%	-	-	-	100%
Yang Manlin	01/10/2016	100%	-	-	-	100%

After careful deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual director is not in the best interests of the Company or its shareholders and has decided to disclose remuneration in the bands of S\$250,000 with further breakdown. In arriving at this decision, the Board took into consideration, inter alia, the confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact such disclosure may have on the Group.

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## **Guideline 9.3**

- (a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as breakdown (in percentage or dollar terms) into based/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?

**No. Please refer to the section under "Remuneration of KMPs for FY2017 (inclusive of those who had resigned during the year)" for the Company's reasons for non-disclosure of KMPs' remuneration.**

- (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the GMD)

**No. Please refer to the section under "Remuneration of KMPs for FY2017 (inclusive of those who had resigned during the year)" for the Company's reasons for non-disclosure of KMPs' remuneration.**

## **Guideline 9.4**

Is there any employee who is an immediate family member of a director or the GMD, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the GMD.

**No.**

## **Remuneration of KMPs for FY2017 (inclusive of those who had resigned during the year)**

Remuneration Bands	Number of KMP (who are not also Directors or the GMD)
Below S\$250,000	1
S\$250,000 to S\$499,999	2
S\$500,000 to S\$749,999	2
S\$750,000 to S\$999,999	-

After careful deliberation, the Company has decided not to disclose the remuneration of its top five KMP as well as in aggregate the total remuneration paid to its top five KMP, as the disadvantages to the Group's business interests would far outweigh the benefits of such disclosure, in view of the confidentiality of and commercial sensitivity attached to executive remuneration matters.

## **Remuneration of Directors' Immediate Family Members for FY2017**

The Company does not have any employee who is an immediate family member of a Director or the GMD.

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## **Guideline 11.3**

- (a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board' view on the adequacy and effectiveness of the Company's internal controls and risk management systems.

**Please refer to the section under "Risk Management and Internal Controls".**

- (b) In respect of the past 12 months has the Board received assurance from the GMD and the CFO that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operation and finances; (ii) the Company's risk management and internal control system are effective? If not, how does the Board assure itself of points (i) and (ii) above?

**Please refer to the section under "Accountability of the Board and Management" in Principle 10 and section under "Risk Management and Internal Controls".**

## **Principle 10: Accountability**

### **Accountability of the Board and Management**

The Board is responsible for presenting a balanced and understandable assessment of the Company's performance, position and prospects to its shareholders, the public and the regulators. Management is accountable to the Board and provides the Board with quarterly and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST. Management also currently provides the Board with appropriately detailed management accounts of the Company's performance, position and prospects on a quarterly basis.

Results for the first three quarters are released to shareholders within 45 days of the end of each quarter whilst full-year results are released within 60 days from the financial year end. For the quarterly financial statements, the Board provides a statement of negative assurance to shareholders, in line with the Listing Rules. For the financial year under review, the GMD and Executive Director have provided assurance to the Board on the integrity of the financial statements for the Group as set out on page 62 of this Report. In presenting our quarterly and full-year financial results to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Company's performance, position and prospects.

The Board also reviews legislation and regulatory compliance reports from Management to ensure that the Group complies with relevant statutory reporting requirements.

### **Principle 11: Risk Management and Internal Controls**

The Board determines the Company's levels of risk tolerance and risk policies. The Company has in place a set of internal controls which sets out approval limits for expenditure, investments and divestments and cheque signatory arrangements. Approval sub-limits are also provided at management and committee levels to facilitate operational efficiency.

The Board believes that the system of internal controls maintained by the management that was in place throughout the financial year under review and up to the date of this report, provides reasonable, but not absolute, assurance against material financial misstatements or losses, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, and the identification and containment of business risks.

Based on the internal controls maintained by the Group, works performed by the internal and external auditors, review done by the management, various Board Committees and the Board, the Board with the concurrence of the AC is satisfied that the Group's risk management systems and internal controls are adequate and effective in addressing financial, operational, compliance and IT risks as at 31 March 2017.

The Board recognises the importance of maintaining a system of internal control processes to safeguard shareholders' interest and the Group's business and assets. The Board notes that no system of internal controls could provide absolute

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assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities. The annual conduct of audits by the internal auditors assesses the effectiveness of the Group's internal control procedures and provides reasonable assurance to the AC and Management that the Group's risk management, controls and governance processes are adequate and effective.

The Company has an Enterprise Risk Management Framework in place for the Group. In view of the size and operations of the Company, the Company does not have a separate board risk management committee. The AC and Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

The Company has in place a whistle-blowing policy which encourages employees and outside parties such as vendors, clients, contractors and other stakeholders raise concerns, in confidence, about possible irregularities to the whistle-blowing committee. It aims to provide an avenue for employees and outside parties to raise concerns and offer reassurance that they will be protected from reprisals or victimization for whistle-blowing in good faith within the limits of the law.

The AC oversees the administration of the Whistle Blowing Policy. Periodic reports will be submitted to the AC stating the number and the complaints received, the results of the investigations, follow-up actions and unresolved complaints. The AC has the responsibility to ensure that there is proper maintenance, regular review and relevant updates of the policy. Revisions, amendments and alterations to the Whistle Blowing Policy are subject to the approval of the AC and the Board prior to implementation. Changes will be notified when they are implemented. There were no complaints received during FY2017. Report can be lodged via email at [acm@singhaiyi.com](mailto:acm@singhaiyi.com). This policy has been published on the Company's website.

For FY2017, the GMD and Chief Financial Officer have provided written confirmation to the Board that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (b) the Company's risk management, compliance and internal control systems are effective. This certification covers the Company and subsidiaries which are under the Company's management control. In line with the Listing Rules, the Board provides a negative assurance statement to shareholders in respect of the interim financial statements, which is supported by a negative assurance statement from the GMD and Chief Financial Officer, and which is in turn supported by a negative assurance confirmation from the various key business and operating/functional heads within the Group that nothing has come to their attention that would render the quarterly and year-end financial results to be false or misleading.

Further details on the Group's risk management philosophy and approach in respect to the financial and business risks can be found on pages 131 to 143 of this Annual Report.

## ***Principle 12: Audit Committee***

### **The Composition and Role of the AC**

The AC consists of three Independent Non-Executive Directors, namely Mr. Gn Hiang Meng (Chairman), Mr. David Hwang Soo Chin and Mr. See Yen Tarn. All members of

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the AC have many years of experience in senior management positions. The members of the AC including the AC Chairman have recent and relevant accounting knowledge or related financial management expertise and experience to discharge the AC's duties and responsibilities. None of the AC members were previous partners or directors of the Company's external auditors, KPMG LLP and the Company's internal auditor, Ernst & Young Advisory Pte. Ltd. ("E&Y"), within the last twelve months or hold any financial interest in KPMG LLP and E&Y. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities. The AC met four times in FY2017.

The principal functions of the AC include, inter-alia:

- To review with the external auditors the audit plans, including the nature and scope of the audit before the commencement of each audit, the evaluation of the Company's system of internal controls, the audit reports and management letters issued by the external auditors and Management's response to the letters;
- To review the nature and extent of non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors, seek to balance the maintenance of objectivity and value for money;
- To make recommendations to the Board on the appointment, re-appointment and removal of external auditors, and to approve the remuneration and terms of engagement of the external auditors;
- To review the significant financial reports so as to ensure the integrity of the financial statements of the company and focus in particular on the changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit and compliance with financial reporting standards, and to review results announcements prior to submission to the Board for approval for release to the SGX-ST;
- To review the independence of the external auditors annually;
- To review the adequacy of internal audits in respect of cost, scope and performance;
- To ensure, at least annually, the adequacy and the effectiveness of the internal audit function;
- To review interested person transactions in accordance with the requirements of Chapter 9 of the Listing Rules; and
- To undertake such other functions, duties, reviews and projects as may be requested by the Board or as may be required by statute or the Listing Rules.

During the year, the results of the AC's review are reported to the Board.

The AC has full access to the internal and external auditors without the presence of the Management of the Company. The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management of the Company and full discretion to invite any Director or Management of the Company to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

It may also examine any other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal



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nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

## **Guideline 12.6**

- (a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.

**Please refer to the section under "External Auditors".**

- (b) If the external auditors have supplied a substantial amount of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.

**Please refer to the section under "External Auditors".**

## **External Auditors**

The external auditors, KPMG LLP, provide periodic updates to the AC members on changes to the accounting standards to enable AC members to keep abreast of such changes and its corresponding impact on the financial statements, if any, and these are discussed at the AC meetings.

The AC has authority to meet with the external auditors during the financial year under review, without the presence of the Company's Management. The AC only met with the external auditors in AC meetings approving the quarterly/year-end results during the year.

The AC, from time to time, considers the appropriateness of continuing with the existing external auditors or appointment of new external auditors and factors taken into consideration include performance of the auditors, the technical competence of the audit team and the audit firm, ability to communicate issues and concerns to the AC, ability to meet deadlines and ability to work with Management while maintaining independence and objectivity. The Board and the AC consider it appropriate to continue with the incumbent auditors.

The Group's external auditors, KPMG LLP, is an accounting firm registered with ACRA. The AC is satisfied that KPMG LLP and the audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. In this connection, the Company has complied with Listing Rules 712 and 715.

The AC has reviewed and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. The amount of audit and non-audit fees paid/payable to the external auditors in respect of FY2017 amounted to S\$260,000 and S\$90,000 respectively. Accordingly, the AC has recommended to the Board the nomination of the external auditors, KPMG LLP, for re-appointment at the forthcoming AGM to be held on 27 July 2017. The AC has met the external auditors and with the internal auditors without the presence of Management during FY2017.

The details of the remuneration of the auditors of the Company during FY2017 are as follows:

	FY2017 (S\$'000)	FY2016 (S\$'000)
Auditors' remuneration paid/payable to:		
- Auditors of the Company	260	255
- Other auditors	76	32
Other fee paid/payable to:		
- Auditors of the Company	90	72

In carrying out its duties, the AC is guided by the Guidebook for Audit Committees in Singapore.



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## **Interested Person Transactions**

The Company has established procedures to monitor and review Interested Person Transactions (“**IPTs**”), including ensuring compliance with the provisions of the Listing Manual related to IPTs. The AC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are found in the Annual Report. The Company has not obtained a general mandate from shareholders for interested person transactions.

The interested person transactions for FY2017 are as below:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,00)
American Pacific International Capital Inc. (“ <b>APIC</b> ”) <sup>(1)</sup>	S\$ 659,000	-
Interest payable to APIC	S\$ 2,946,000 <sup>(2)</sup>	-
Interest payable to Haiyi Holdings Pte Ltd (“ <b>Haiyi</b> ”) <sup>(3)</sup>	S\$ 232,000	-
David Hwang Soo Chin <sup>(4)</sup>	S\$ 120,000	-

### **Note:**

- <sup>(1)</sup> APIC is an entity controlled by the controlling shareholders of the Company, Mr. Gordon Tang and Mrs. Celine Tang. APIC provided consultancy services to the Company’s subsidiaries.
- <sup>(2)</sup> This amount represents the total interest payable to APIC for the provision of loan to a wholly-owned subsidiary of the Company.
- <sup>(3)</sup> Haiyi is the controlling shareholder of the Company. This amount represents the total interest payable to Haiyi for the provision of loan to the Company.
- <sup>(4)</sup> David Hwang Soo Chin is an Independent Non-Executive Director of the Company. He provided consultancy services to the Company.

### **Guideline 13.1**

Does the Company have an internal audit function? If not, please explain why.

**Please refer to the section under “Role and Responsibilities of Internal Auditor”.**

### **Principle 13: Internal Audit**

#### **Role and Responsibilities of Internal Auditor**

The internal audit function of the Company has been outsourced to an independent accounting and auditing firm, E&Y. The AC has reviewed and confirmed that E&Y is a suitable professional service firm to meet the Company’s internal audit obligations, having regard to the adequacy of resources and experience of the firm and the assigned engagement director, number and experience of supervisory and professional staff assigned to internal audits. The Internal Auditors are guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The internal auditors report to the AC Chairman on internal audit matters. The internal audit plan is approved by the AC and the results of the audit findings are submitted to the AC for its review in its meeting. The internal and external auditors conducted an annual review in accordance with their audit plans, the effectiveness of the Company’s material internal controls, including financial, operational, compliance controls, information technology (“**IT**”) controls and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements were reported to the AC. The AC, together

# CORPORATE GOVERNANCE REPORT

with the Board, has also reviewed the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect. The Board and the AC are of the view that the internal audit is adequately resourced and has the appropriate standing within the Group.

## C. COMMUNICATION WITH SHAREHOLDERS

### ***Principle 14: Shareholders Rights***

### ***Principle 16: Conduct of Shareholder Meetings***

Shareholders are given the opportunity to communicate their views and encouraged to raise pertinent questions to the Board members and to vote at shareholders' meetings. The respective Chairmen of the AC, NC and RC, as well as the external auditors are also present at shareholders' meetings to address relevant questions raised by the Shareholders. Shareholders and potential investors are encouraged to visit the Company's website at [www.singhaiyi.com](http://www.singhaiyi.com) for information on the Company.

The Constitution of the Company currently allows a shareholder of the Company to appoint up to two proxies to attend and vote in his stead at general meetings, and shareholders who are a "relevant intermediary" (as defined under Section 181 of the Companies Act) may also appoint multiple proxies pursuant to the Companies Act. The Company encourages shareholder participation at general meetings. Information on shareholder meeting is disseminated through notice in the annual reports or circular sent to shareholders. The notices are also released through SGXNET and published in The Business Times, as well as posted on the Company's website.

All resolutions put to every shareholders' meeting of the Company are voted separately unless the resolutions are interdependent and linked so as to form one significant proposal. Voting at shareholders' meeting held in FY2017 was conducted by poll voting. All polls are conducted in the presence of independent scrutineers. At all such shareholders' meetings, the Company had in place the relevant administrative procedures to facilitate poll voting in the event that shareholders demand for resolutions to be voted upon by poll. The power to demand a poll by shareholders is, in any case, conferred under the Company's Constitution, which in turn, is consistent with the statutory position under the Companies Act. Votes cast, for or against, and the respective percentages on each resolution are tallied and instantaneously announced at the meeting and announced via SGXNET on the same day of the meeting.

### **Guideline 15.4**

- (a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?

**Please refer to the section under "Communication with Shareholders".**

The minutes of general meetings are prepared with the names of the Directors, KMP, external auditor and consultants (if any) who have attended the meetings as well as details of proceedings including questions and answers session, where relevant. The minutes are available to shareholders upon their request.

### ***Principle 15: Communication with Shareholders***

The Company endeavours to communicate regularly, effectively and fairly with its shareholders.

Financial results and material information are communicated to shareholders on a timely basis. Communication is made through:

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- (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs the role?

**Please refer to the section under “Communication with Shareholders”.**

- (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?

**Please refer to the section under “Communication with Shareholders”.**

- Annual reports that are prepared and issued to all shareholders;
- Announcements via the SGXNET;
- Press releases on major developments;
- The Company’s website at [www.singhaiyi.com](http://www.singhaiyi.com) from which shareholders can access information about the Group; and
- Notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings.

The Company holds briefings with analysts and the media to coincide with the release of the Group’s full year results. Media presentation slides are also released via the SGXNET and made available on the Company’s website. In addition, the Company takes an active role in investor relations by participating in roadshows.

Shareholders are also encouraged to contact or write to the Company’s investor relations as follow:

August Consulting  
Tel: +65 6733 8873  
Foo Yiting, [yitingfoo@august.com.sg](mailto:yitingfoo@august.com.sg)  
Silvia Heng, [silviaheng@august.com.sg](mailto:silviaheng@august.com.sg)

The Company does not have a fixed dividend policy at present as it is currently in its growth phase. The form, frequency and amount of dividends declared will depend on the Company’s earnings, general financial condition, results of operations, projected capital requirements for business growth, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

In respect of FY2017, the Company had recommended a final dividend of 0.3 cent per share which is subjected to Shareholder’s approval at the forthcoming AGM.

## D. DEALINGS IN COMPANY’S SECURITIES

The Company has issued guidelines on dealing in the Company’s securities. This point to the existence of insider trading laws and the rules and regulations with regard to dealings in the Company’s securities by its Directors and officers. The Company sends out memoranda and e-mails to its Directors and officers to remind them that the Directors, key executives of the Group and their connected persons are prohibited from dealing in the Company’s shares two weeks before the announcement of the Company’s quarterly results and one month before the announcement of the Company’s full-year results and ending on the date of announcement of the relevant results.

In addition, the Company also discourages the Directors and officers from dealing in the Company’s securities on short-term considerations.

Directors are required to report to the Company Secretary whenever they deal in the Company’s shares and the latter or the Company will make the necessary announcements in accordance with the requirements of the Singapore Exchange Securities Trading Limited’s Listing Rules and the Securities and Futures Act, Chapter 289.

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## E. CODE OF CONDUCTS

The Company has an Employee Code of Conduct that sets the standards and ethical conduct expected of employees. The Employee Code of Conduct provides guidance on issues such as conflict of interest, the Company's stance against fraud and bribery, and safeguarding of Company's assets, proprietary information and intellectual property. Employees are required to observe and maintain high standards of integrity, as well as compliance with laws and regulations, and company policies. The Company has in place practices covering data protection and workplace health and safety, and clear guidelines on how to handle workplace harassment and grievances. The Employee Code of Conduct, policies and guidelines are published on the Company's internal website, which is accessible by all employees.

## F. MATERIAL CONTRACTS

Save for the IPTs as disclosed above, there were no material contracts entered into between the Company or any of its subsidiaries with any Director or controlling shareholder in FY2017.

## G. NON-SPONSOR FEES

There were \$15,000 non-sponsor fees paid to SAC Capital Pte Ltd for the financial year ended 31 March 2017.

## H. USE OF PROCEEDS

The Company had on 2 August 2013 completed the issuance of 12,867,569,621 new Shares pursuant to a Rights Issue in July 2013. It was intended that the net proceeds of S\$193.01 million be utilised to pursue the property investment in the US.

	<b><u>S\$ million</u></b>
Proceeds from Rights Issue	193.01
<b>Use of proceeds in accordance with the intended use stated in circular dated 13 June 2013:</b>	
1) Professional fees and related expenses of the Rights Issue	0.35
2) Payment of bid price of US\$45.0 million for acquisition of Tri-County Mall ("TCM")	56.57
3) Payment for the acquisition of 5 Thomas Mellon ("5TM") for US\$24.4 million	30.41
4) Partial payment of secured debt of US\$29.8 million in relation to acquisition of Vietnam Town ("VT")	8.59
5) Capital expenditure on TCM	7.68
6) Development costs on 5TM	9.67
7) Transaction costs in relation to TCM	1.95
8) Transaction costs in relation to VT	0.99
9) Transaction costs in relation to 5TM	0.57
10) General working capital <sup>(1)</sup>	8.42
<b>Balance of net proceeds as at date of this report</b>	<b><u>67.81</u></b>

<sup>(1)</sup> General working capital consists of professional fees, financing costs and administrative expenses.