

# Corporate Governance Statement

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

The Directors and Management are committed to high standards of corporate governance and have adopted the principles set out in the Best Practices Guide issued by the Stock Exchange of Singapore ("SES").

## Board of Directors

The Board comprises seven Directors, of which five are independent non-executive Directors. A minimum of four meetings are held a year.

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

## Audit Committee

The Audit Committee comprises three members, two of whom are independent non-executive Directors. Its main functions are to review annual audit plans and audit reports of external and

internal auditors, half-yearly and annual results announcements of the Company and the Group before they are submitted to the Board for approval. The Committee also recommends the appointment of external auditors to the Board. It meets at least four times a year.

## Share Option Scheme Committee

The Committee consists of three members, two of whom are non-executive Directors. The Committee administers the Group's share option schemes established in 1990 and 1999, in accordance with the rules as approved by shareholders.

## Staff Salary Committee

The Committee consists of three members, two of whom are non-executive Directors. The role of the Committee is to review and determine the remuneration packages, policies and promotions for senior executives in the Group. The Committee also decides on the annual wage supplement and bonuses to be paid to all staff at the end of the year, based on the performance of the Group.

## Management Committee

Fortnightly Management Committee meetings are held by the Executive Chairman with the senior management staff, who are the Heads of Divisions in the Company, to review the status of various projects, discuss and

propose strategic objectives and plans and key policies for the Company and recommend any strategic ventures or proposals to the Board.

## Operations Review Committee

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

## Dealings in Securities

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