

# REPORT ON CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE, ETHICS AND COMPLIANCE

The Board of Directors is committed to maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group, which strives to preserve the interests of all stakeholders and to promote investors' confidence in the Group.

This report sets out the Company's corporate governance practices for the financial year ended 31 December 2023, with specific reference to the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "MAS") on 6 August 2018 (the "2018 CG Code"). Where the Company's practices differ from the principles and guidelines under the 2018 CG Code, the Company's position and reasons in respect of the same are explained in this report.

## BOARD MATTERS

### The Board's Conduct of its Affairs

#### *Principle 1*

The Board plays an important role to oversee the Group's business affairs and to provide entrepreneurial leadership to the Company.

#### Board Approval

This includes the approval of the Group's strategic plans, key business initiatives, financial objectives, major investments and funding decisions, the review of the Group's financial performance, the evaluation of the performance of the management and the Group, the establishment of a prudent and effective controls framework, the values and standards of the Company and the fulfilment of obligations to the shareholders.

The Company has adopted internal guidelines setting forth matters that require the Board's approval. In that aspect, the Board has delegated to the management of the Company the authority to approve transactions in the ordinary course of business as specified in the following table. Any transactions falling outside the scope as specified in the following table would then have to be approved by the Board:

<b>Nature of transactions</b>	<b>Quantum of transactions</b>
Capital expenditure (budgeted)	Any amount more than S\$3 million
Capital expenditure (unbudgeted)	Any amount
Mergers, acquisitions and divestments	Any amount more than S\$10 million

The Directors ensure the decisions made by them are objectively in the interest of the Company. The Board has also examined the relationships or circumstances under which the Directors are involved and has confirmed that no such relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgment. The Board has put in place requirements that all Directors should disclose to the Board as and when any such relationship or circumstance arises. In the event of conflict of interest arising in respect of a matter under consideration by the Board, the Director concerned shall comply with disclosure obligations and shall recuse himself from participating in the Board's deliberation and decision on the matter.

#### Board and Board Committees

The Board is supported by four board committees namely: (1) Audit and Risk Committee ("ARC"); (2) Nominating Committee ("NC"); (3) Compensation Committee ("CC"); and (4) Investment Committee ("IC"). The duties, authorities and accountabilities of each committee are set out in their respective written terms of reference. While these Board Committees have the authority to examine particular issues in their respective areas, the Board Committees report to the Board with their decisions and recommendations as the ultimate responsibility on all matters lies with the entire Board. Further information on the roles and responsibilities as well as a summary of the activities of each of the ARC, NC, CC and IC are set out in the Principles throughout this Corporate Governance Report.

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The Company is not required under the SGX-ST Listing Rules to perform quarterly reporting, which came into effect on 7 February 2020. Notwithstanding this, the Board continues to conduct regularly scheduled meetings for the first and third quarters of the financial year to receive key financial, business and operational updates, in addition to the half-yearly meetings which coincide with the announcement of the Group's half-year and full-year results respectively.

Ad-hoc meetings may also be convened as and when warranted by particular circumstances, as deemed appropriate by the Board. The Company has provided for telephonic and videoconference meetings in its Constitution. Annually, the Company will have an offsite planning meeting for the Directors and key executives to come together to discuss the key business growth and the growth plans going forward. In 2023, the Board had one strategy meeting with key executives.

The Directors' attendance at Board, Board Committee and General Meetings during the financial year ended 31 December 2023 ("FY2023") are set out as follows:

	Board	Audit and Risk Committee	Nominating Committee	Compensation Committee	Investment Committee	General Meeting
No. of meetings held during the financial year ended 31 December 2023	5	4	1	1	1	1
	<b>No. of meetings attended</b>					
Lim Ming Seong	5	–	1	1	1	1
Lim Boon Kheng	5	4 <sup>(1)</sup>	1 <sup>(1)</sup>	1 <sup>(1)</sup>	1	1
Sin Boon Ann	5	–	1	1	–	1
Lee Kong Ting	5	4	–	1	1	1
Tan Chian Khong	5	4	1	–	–	1
Ng Shin Ein	5	4	–	–	–	1
Wong Su Yen	5	–	–	1	–	1
Derek Lau Tiong Seng	4	–	1	–	–	1
Tan Teck Koon*	4	3	–	–	–	–

Note:

1 Attendance by invitation

\* Mr Tan Teck Koon was appointed on 1 May 2023

### Directors' Induction, Training and Development

The Company has in place general induction-training programmes to ensure that every newly appointed Director of the Company is familiar with the Group's structure, the Group's business and its operations, the Company's governance practices and relevant statutory and regulatory compliance issues. Every newly appointed Director of the Company is expected to undergo an induction programme which includes meetings with the Chairman, Managing Director and Group Chief Financial Officer as part of the training in the affairs of the business.

For new Directors who do not have prior experience as a director of a public listed company in Singapore, they must undergo the mandatory training courses as prescribed by Singapore Exchange Securities Trading Limited.

The Company will issue a formal appointment letter, which sets out the director's duties and obligations, to each director upon appointment. A formal letter was issued to Mr Tan Teck Koon who was appointed on 1 May 2023.

To ensure that Directors have the opportunities to develop their skills and knowledge and to continually improve performance of the Board, all Directors are encouraged by the Company to undergo continual professional development at the Company's expense, during the term of their appointment. Our Directors are also encouraged to be members of the Singapore Institute of Directors ("SID") and to receive updates and training from SID in order to stay abreast of relevant developments in financial, legal and regulatory requirements.

## REPORT ON CORPORATE GOVERNANCE

Our Directors are regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and technical developments and good corporate governance may be in writing or disseminated by way of briefings, presentations and/or handouts.

During the financial year:

- a) The external auditor, Ernst & Young LLP briefed the ARC on changes in accounting standards that affects the Group;
- b) The Chief Executive Officer regularly updates the Board on the business activities and strategies of the Group during Board meetings. Such update would also include any significant developments, issues or risks affecting the Group;
- c) The Board and Senior Management also held business planning meetings to have a more in-depth discussion on the strategic issues and direction of the Group; and
- d) Some of the Directors also conducted site visits to the overseas subsidiaries to understand the operations as well as interaction with the senior management in the overseas subsidiaries.

### Access to Information

The management of the Company has an on-going obligation to supply the Board with complete, adequate and relevant information in a timely manner. In addition, the Board has separate and independent access to the Company's management in respect of obtaining information, as reliance purely on what is volunteered by the management of the Company may not be adequate in certain circumstances and further enquiries may be required for the Board to fulfil its duties properly.

The information that is provided by the management of the Company to the Board includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. In addition, in respect of budgets, any material variances between the projections and actual results are also disclosed and explained.

As a general rule, board papers are sent to Board members at least 3 working days before the board meeting to afford the Directors with sufficient time to review the board papers prior to the meetings.

Directors have separate and independent access to the senior management, company secretary and external advisers (where necessary) at the Company's expenses. The role of the Company Secretary is clearly defined and includes the responsibility for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary (or his authorised nominee) attends all Board and ARC meetings. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and the ARC and between senior management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required. The appointment or the removal of the Company Secretary is subject to the Board's approval.

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

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### Board Composition and Guidance

#### *Principle 2*

The members of the Board of Directors at the date of this report comprise the following Directors:-

#### ***Non-Executive Independent Directors:***

Lim Ming Seong – Chairman  
 Sin Boon Ann  
 Dr Lee Kong Ting  
 Tan Chian Khong  
 Ng Shin Ein  
 Wong Su Yen

#### ***Non-Executive Non-Independent Directors:***

Derek Lau Tiong Seng  
 Tan Teck Koon

#### ***Executive Director:***

Lim Boon Kheng – Group Managing Director/ Chief Executive Officer

The Board presently comprises nine Directors of whom six are Non-Executive Independent Directors and two Non-Executive Non-Independent Directors. Accordingly, a majority of the Board is made up of Independent Directors who are free of any material business or financial connection with the Company. The Board has an appropriate level of independence and diversity of thought which is appropriate for the nature and scope of the Group's current operations. The Board is already made up of majority non-executive independent Directors, serves to reinforce management accountability. Matters requiring the Board's approval are discussed robustly with participation from each member of the Board and decisions are made collectively without any individual or select group of individuals dominating the decision-making process. Directors are required to take the necessary actions to resolve any conflict of interest they might have, including recusing themselves from meetings or discussions or abstaining from voting on matters in which they are interested or conflicted. There is no alternate director appointed during the year.

#### Board Independence

The Board, through the NC, assessed the independence of each Board member taking into consideration of Provision 2.1 of the 2018 CG Code and Rule 210 (5)(d)(i), (ii) and (iv) of the Listing Manual of the SGX-ST (the "**Listing Rules**") and the individual Director's declaration. As at the date of this report, the non-executive directors who had served continuous period of more than nine years are Mr Lim Ming Seong and Mr Sin Boon Ann.

The Board noted that Mr Lim Ming Seong will cease to be independent at the conclusion of the upcoming AGM to be held on 29 April 2024 (the "FY2023 AGM") as he has served for a continuous period of more than nine years. Mr Lim Ming Seong is also one of the Directors who will be standing for re-election at the upcoming AGM. If re-elected back into office, Mr Lim Ming Seong will be re-designated as Non-Executive Non-Independent Director and will continue to serve as Non-Executive Chairman of the Company. Given that the Chairman will be Non-Executive Non-Independent Director, a Lead Independent Director will be appointed. The appointment of the Lead Independent Director will be announced after the conclusion of the FY2023 AGM.

As part of board renewal process, Mr Sin Boon Ann has indicated his decision to step down as a Director at the FY2023 AGM.

Based on the declarations of independence which are submitted by each of the Independent Directors annually and reviewed by the NC, none of the independent Directors has any relationship with the Company, its related corporations, its substantial shareholders or the officers of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company. In particular, none of the independent Directors is or has been employed by the Company or any of its related corporations in the current or any of the past three financial years or has an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the Compensation Committee of the Company.

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Mr Derek Lau Tiong Seng is nominated by Heliconia Capital Management Pte. Ltd. ("Heliconia"), a substantial shareholder of the Company. Therefore, the NC and Board has deemed him as non-independent.

Mr Tan Teck Koon is an advisor of Heliconia, who is a substantial shareholder of the Company, in the capacity as an Operating Partner and thus the NC and Board has deemed him as non-independent.

As the Chief Executive Officer of the Company, Mr Lim Boon Kheng is considered non-independent by virtue of his employment with the Company.

Each member of the NC and the Board recused himself from the NC's and the Board's deliberations respectively on his own independence.

### Board Diversity

The Board has a Board Diversity Policy which sets out the approach to diversity of the Board. The Board Diversity Policy recognises that a diverse Board would be beneficial to the Company as it would allow for the harnessing of a variety of skills, industry and business experiences, gender, independence and other distinguishing qualities of members of the Board. The Company is committed to implementing the Board Diversity Policy for any board composition changes and the Board is of the view that any new appointments would provide further diversity to core competencies and skill sets of the Board.

In terms of gender diversity, the Board currently comprises of two female directors. The NC noted the recommendation of the Council for Board Diversity ("CBD") for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030. With Ms Ng Shin Ein and Ms Wong Su Yen on the Board currently, the Company has 22% female representation on the Board.

In this regard, the NC aims to ensure that:

- (a) The Board would have 30% female representation by 2030; and
- (b) When seeking to identify a new Director for appointment to the Board, the NC will request female candidates to be fielded for consideration.

The Board has Directors with ages ranging from the 40s to late 70s, who have served on the Board for different tenures, with 67% of the Board being independent. The current average age of the Board is 63 and the Company targets to reduce the average age of directors to 60 by 2025, and 55 by 2028. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Further information on the individual Directors' background, experience and skills can be found in the 'Board of Directors' section in this Annual Report.

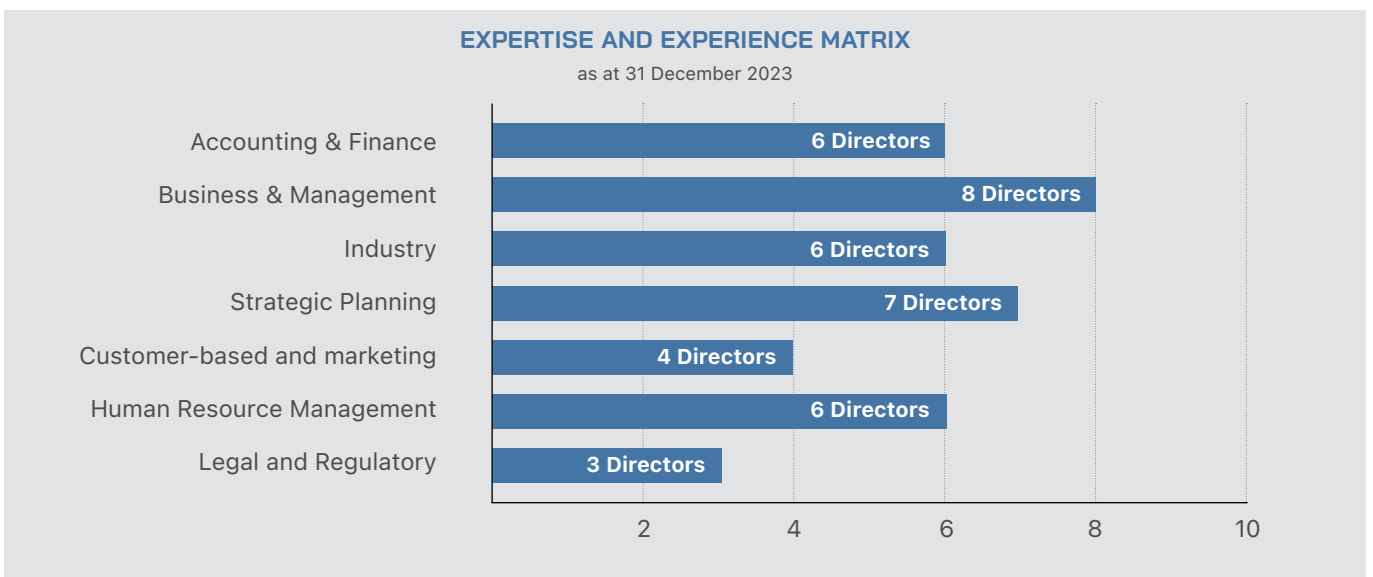
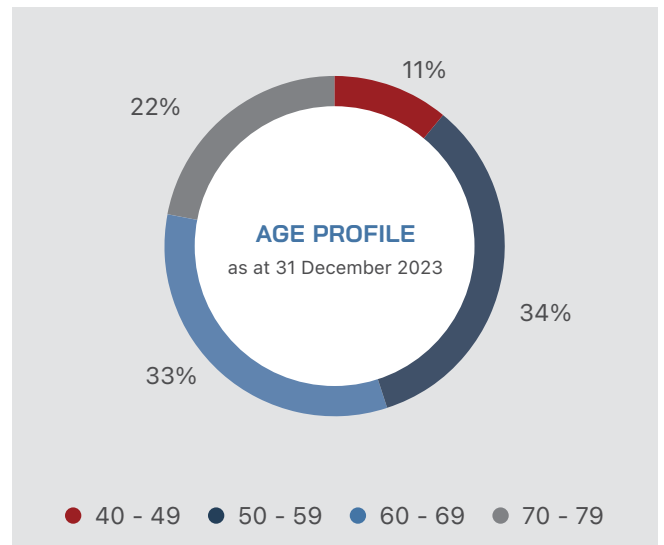
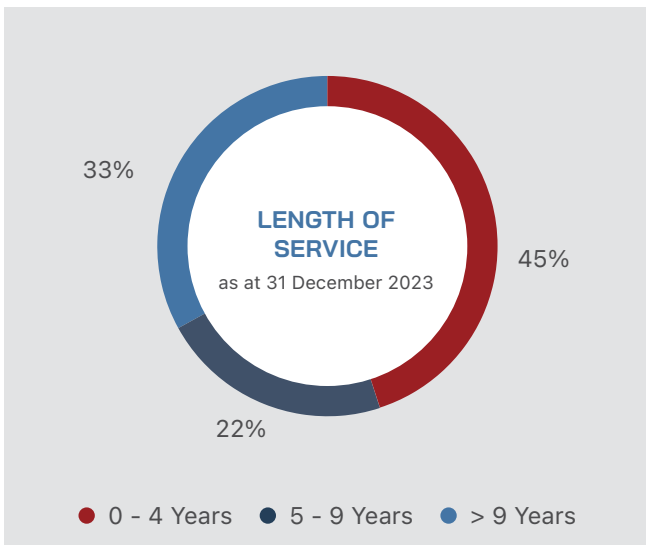
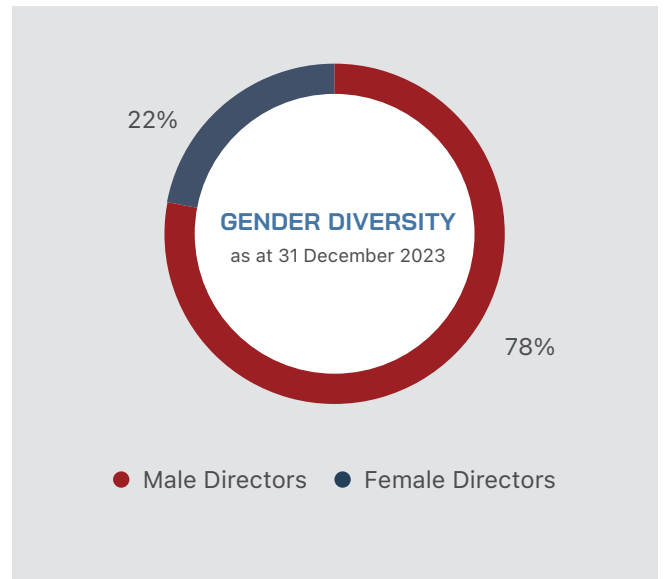
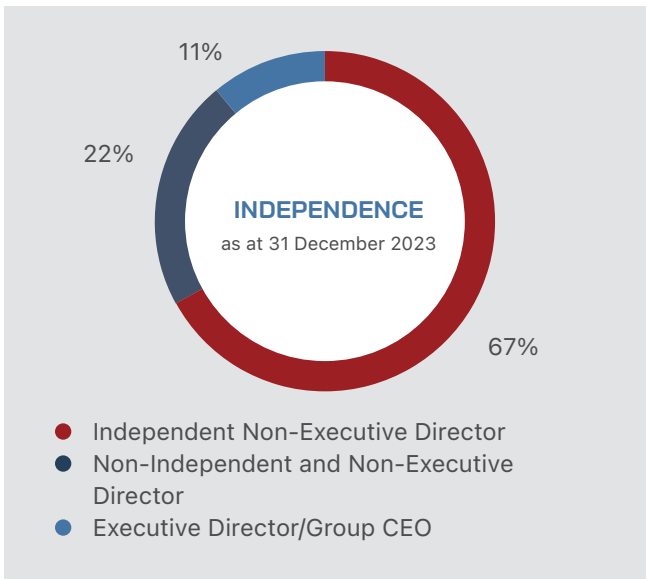
The NC is responsible for setting the relevant objectives that promote and achieve diversity on the Board. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NC will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board. In order to maintain or enhance its balance and diversity, the Board, with the assistance of the NC, would continue to take the following steps:

- annual review by the NC to assess if the existing attributions and core competencies of the Board are complementary to the Group's risk profile, business operations and future business strategies in order to enhance the efficacy of the Board; and
- annual evaluation by the Directors of the skill sets that the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The Board and NC would consider the results of these exercises in its recommendation for the appointment of new Directors and/ or the re-appointment of incumbent Directors.

When reviewing candidates for future Board appointment, the NC will be considering candidates from other disciplines such as information technology and digital transformation and with relevant industry sector experiences, in order to provide more diverse viewpoints and introduce additional skill sets to the Board.

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During the year, a review of the size and composition of the Board (and Board Committees) was also undertaken by the Company to ensure alignment with the needs of the Group and the objectives set out in the Board Diversity Policy. The Board is of the view that there is sufficient diversity in skills, experience, knowledge, age and gender in its current Board composition to maximise effectiveness after taking into account the scope and nature of the operations of the Group and is satisfied that the objectives set out in the Board Diversity Policy have been met.

As part of the board renewal process and in view of the impending retirement of Mr Sin Boon Ann at the FY2023 AGM, the NC had considered and interviewed suitable candidates with legal and regulatory background with the intent to bring onboard a new independent director after the conclusion of the FY2023 AGM to fill the skill gap vacated by the retirement of Mr Sin Boon Ann. The appropriate announcement will be made by the Company in relation to this new appointment.

### Board Guidance

The Non-Executive Directors contribute to the board process by monitoring and reviewing Management's performance. For the financial year under review, the Non-Executive, Independent and Non-Independent Directors have constructively challenged Management's proposals and decisions and reviewed Management's performance. They have unrestricted access to Management for any information that they may require to discharge their oversight function effectively. As Non-Executive Independent Directors constitute a majority of the Board, objectivity on Board's deliberations is assured.

The responsibilities of the Non-Executive Directors include:

- assisting the Board to develop proposals on strategy, constructively challenging it when necessary; and
- reviewing and monitoring the performance of the management in meeting the goals and objectives committed.

Besides the above, the Non-Executive Directors' responsibilities include other duties as required in their capacity as members of the ARC, NC, CC and IC.

### Meeting of Directors without Management

The Independent Directors would meet without the presence of the Management and Executive Directors at each Board meeting. The Chairman of the Board who is also Non-Executive Director would feedback to the CEO on any concerns or feedback raised by Non-Executive Directors during such meeting.

### **Chairman and Chief Executive Officer**

#### *Principle 3*

The Company has a separate Chairman and Chief Executive Officer to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. In addition, the Chairman and the Chief Executive Officer are not related to each other. The Board has set out in writing the division of responsibilities between the Chairman and CEO.

The Chairman, Mr Lim Ming Seong, is a Non-Executive Director who is independent of the management of the Company and his responsibilities pertaining to the Board includes but are not limited to:

- (a) leading the Board in a strategic effective and decisive way;
- (b) Setting the agenda and ensuring (with the assistance of the Company Secretary) that adequate time is available to discuss all agenda items, in particular, strategic issues;
- (c) promoting a culture of openness and debate within the Board;
- (d) ensuring (with the assistance of Management and Company Secretary) that the directors receive complete, adequate and timely information;
- (e) ensuring effective communication with the shareholders and other stakeholders;

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- (f) encouraging constructive relationships within the Board and between the Board and Management;
- (g) ensuring Non-Executive Directors contribute effectively and that their contribution are taken into account by the Board; and
- (h) promoting high standards of corporate governance.

The Chairman's responsibilities pertaining to the Board also includes those other duties as required in his capacity as a member of the NC, CC and IC.

The Chief Executive Officer, Mr Lim Boon Kheng, has full executive responsibilities over business direction and operational decisions concerning the Group. He works closely with the Board to implement the policies set by the Board.

The clear separation of roles of the Chairman and Chief Executive Officer provides a healthy professional relationship between the Board and Management with clarity of roles and robust deliberations on the business activities of the Group.

Should Mr Lim Ming Seong be re-elected at the FY2023 AGM, he will be re-designated as Non-Executive Non-Independent Director and he will remain as Chairman of the Board. In this regard, a Lead Independent Director will be appointed. The Company will make the appropriate SGXNet announcement following the conclusion of the FY2023 AGM.

### Board Membership

#### *Principle 4*

The members of the NC at the date of this report comprise the following Directors:-

Lim Ming Seong – Chairman  
 Sin Boon Ann  
 Tan Chian Khong  
 Derek Lau Tiong Seng

The NC comprises four members, three of whom are Independent Directors including the NC Chairman.

During FY2023, the NC held one meeting.

The NC is regulated by a set of written terms of reference and has been updated to be in line with the 2018 CG Code. The primary function of the NC is to provide assistance to the Board in reviewing the composition of the Board and Board committees annually, taking into account the performance and contribution of each individual director. Board composition is also evaluated to ensure that diversity of skills, core competencies, knowledge, professional experience, educational background, gender, age and length of service as prescribed under the Board Diversity Policy is maintained within the Board and Board committees.

The responsibilities of the NC include:

- (a) Reviewing succession plans for Directors, in particular, the Chairman, the CEO and key management personnel;
- (b) Evaluating the performance of the Board, its Board Committees and Individual Director and proposing objective performance criteria for Board's approval;
- (c) Determining annually if a Director is independent pursuant to the guidelines set forth in the 2018 CG Code and Listing Rules;
- (d) Evaluating if a Director is able to and has been adequately carrying out his or her duties as a Director when the Director concerned holds multiple board representations; and
- (e) Reviewing training and professional development programmes for the Board.

The Company's Constitution provides for all Directors, including the CEO of the Company to retire by rotation at least once every three years. The Directors, who are eligible for re-election, may submit themselves for re-election at the AGM.



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The Directors who are retiring at the forthcoming AGM are as follows:

### **Under Regulation 91**

Mr Lim Ming Seong (last re-elected on 20 April 2021)  
 Mr Lim Boon Kheng (last re-elected on 20 April 2022)  
 Mr Sin Boon Ann (last re-elected on 20 April 2021)

### **Under Regulation 97**

Mr Tan Teck Koon (first appointed on 1 May 2023)

After assessing the performance and contribution of the retiring Directors, the NC has also recommended the re-election of Mr Lim Ming Seong and Mr Lim Boon Kheng who are retiring pursuant to Regulation 91 of the Company's Constitution, and Mr Tan Teck Koon who is retiring pursuant to Regulation 97 of the Company's Constitution to be re-elected as Directors of the Company at the FY2023 AGM. Mr Sin Boon Ann who is also retiring pursuant to Regulation 91 of the Company's Constitution would not be offering himself for re-election at the forthcoming AGM. Consequent to Mr Sin Boon Ann's retirement at the FY2023 AGM, he will also cease to be a member of the Nominating and Compensation Committees. The Board has accepted all the NC's recommendations.

The NC will seek to refresh the Board membership progressively and in an orderly manner, for long-term continuity and stability.

Shareholders are provided with relevant information on the candidates for re-election on pages 217 to 218 of this Annual Report.

### **Nomination and Selection of Directors**

The NC is responsible for identifying and recommending to the Board new Board members, after considering the necessary and desirable competencies. Accordingly, in selecting potential new directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. In doing so, the NC will have regard to the results of the annual appraisal of the Board's performance. The NC may engage consultants to undertake research on, or assess candidates for new positions on the Board, or to engage such other independent experts as it considers necessary to carry out its duties and responsibilities. Recommendations for new Board members are put to the Board for its consideration.

When reviewing a nomination for a proposed Board appointment, the NC will look at the following criteria:

- (a) a determination of the candidate's independence;
- (b) the qualifications and expertise required or expected of a new Board member taking into account the current Board size, structure, composition, diversity of skill competencies and gender, and progressive renewal of the Board;
- (c) whether the candidate would be able to commit time to his appointment having regard to his other Board appointments and principal commitments; and
- (d) prescribed factors under the Board Diversity Policy.

### **Review of Directors' Independence**

The NC conducts an annual review of each director's independence and takes into consideration the relevant provisions in the 2018 CG Code and Listing Rules. The NC has ascertained that, save for Mr Derek Lau Tiong Seng, Mr Tan Teck Koon and Mr Lim Boon Kheng, all Directors are considered independent according to the criteria. Please refer to our disclosure under Principle 2 above on the determination of independence. Directors must also immediately report any changes in their external appointments which may affect their independence.

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### Directors' Time Commitment

The NC has adopted internal guidelines to address the conflict of competing time commitments that are faced by the Directors when the Directors have multiple board representations. With due respect to individual autonomy of each Director, no maximum number of listed company board representations a Director may hold is prescribed. However, each Director is required to disclose to the Board his board representation whenever there are changes to his directorship. If a Director is on the Board of other companies, the NC will consider whether adequate time and attention have been devoted to the Company. In the event that there are sufficient grounds for concern, the Chairman of the Board shall discuss, and if necessary, warn the Director of the issues and in any continuance, the consequences flowing from the situation.

In respect of the financial year under review, the NC was of the view that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his/her duties as director effectively. The NC is satisfied that all the Directors have been able to and had adequately carried out their duties as Directors of the Company for the financial year ended 31 December 2023 notwithstanding their multiple directorships where applicable and other principal commitments.

Director's listed company board directorships and principal commitments which may be found in the "Board of Directors" section in the Annual Report.

### Key Information on Directors

The profile of the Directors and key information are set out under "Board of Directors" section in this Annual Report. Additional information on Directors seeking for re-election as required under Rule 720 (6) of the Listing Rules is also appended to the Notice of AGM.

## **Board Performance**

### *Principle 5*

### Board Evaluation

The NC undertakes a process to assess the effectiveness of the Board and its Board Committees. Directors are requested to complete both the Board and Board Committees Evaluation Questionnaires to assess the overall effectiveness of the Board and the Board Committees. The NC has extracted salient recommendations from the 2018 CG Code and incorporated these recommendations into the Board and Board Committees Evaluation Questionnaires. On an annual basis, the Directors will complete both the Board and Board Committees Evaluation Questionnaires of which results are then collated by the Company Secretary in the form of a collective report. The reports will be discussed during the NC meeting to assess and further enhance the effectiveness of the Board and/or the Board Committees. The Board Chairman, who is also the Chairman of the NC, will act on the results of the performance evaluation and in consultation with the NC propose, where appropriate, new members to be appointed to the Board or seek the resignation of existing members.

The NC, having reviewed the performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board and the Board committees have operated efficiently, the Board has met its performance objectives and each Director has contributed to the overall effectiveness of the Board in the financial year under review.

### Board Performance Criteria

In evaluating the performance of the Directors, the NC took into account, amongst other factors, the Directors' qualification by knowledge and experience to fulfil their duties, attendance and participation at Board meetings and Committee meetings (where applicable), quality of interventions or differences of opinion expressed and any other special contributions. The NC also considered whether the Directors have reasonable understanding of the Company's business and the industry, and the Directors' working relationship with the other members of the Board. These performance criteria shall not change from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the NC and the Board shall justify its decision for the change.

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As the NC will be measuring the Board's stewardship of the Company based principally on qualitative criteria, it is therefore not easy to show a direct correlation between the Board's actions taken as a whole and the Company's long term performance. Therefore, the NC will not attempt to specifically quantify the Board's contribution to enhancing long term shareholders' value, for instance, by measuring it against the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index. As such, the Company's share price performance will not be used as a performance evaluation criterion of the Board. In addition, there are no specific benchmark indices of industry peers for comparison in respect of such quantitative performance criteria. In the absence of any appropriate and relevant benchmark indices, the benchmark indices of industry peers will also not be used as a performance evaluation criterion of the Board.

### *Individual Director Evaluation*

Individual Director self-assessment is also conducted to provide performance feedback which can help individuals to evaluate their own skills and performance as directors and motivate them to more effective contributors. The Board is cognizant that individual director evaluations are an important complement to the evaluation of a board's overall performance and the results of the Individual Director self-assessment are also compiled by the Company Secretary and discussed by the NC.

The assessment of CEO's performance is undertaken by the Board and the results are reviewed by the NC and Board. Feedback is also provided to the CEO by the NC Chairman and the NC will also report the same to the Board.

## REMUNERATION MATTERS

### **Procedures for Developing Remuneration Policies**

#### *Principle 6*

The members of the CC at the date of this report comprise the following Directors: -

Lim Ming Seong – Chairman  
Sin Boon Ann  
Wong Su Yen  
Derek Lau Tiong Seng

The CC comprises four members of whom 3 are non-executive and independent directors and 1 is non-executive and non-independent director.

The Chairman of the CC, Mr Lim Ming Seong, is an Independent Director, who is knowledgeable in the field of executive compensation. In addition, the CC has access to the relevant expert advice within the Company.

During FY2023, the CC held one meeting.

The CC is guided by its terms of reference which is in line with the 2018 CG Code and its responsibilities of the CC include:

- (a) recommending to the Board the fee framework for Non-Executive Directors;
- (b) recommending to the Board the framework of remuneration for CEO, and key management personnel (who are not Directors);
- (c) determining and setting specific remuneration packages (such as annual increments, variable bonuses, long-term incentive awards and other incentive awards or benefits in kind) for each of CEO and key management personnel in accordance with the approved remuneration framework and ensuring that an appropriate proportion of their remuneration is structured so as to link rewards to corporate and individual performance;
- (d) approving the total bonus pool for distribution to staff of all grades at each year end;
- (e) administering share plan that may be established from time to time for the Directors and KMP;

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- (f) reviewing the remuneration packages of employees who are related to any Director, substantial shareholder or the CEO; and
- (g) reviewing the Company's obligations to ensure that contracts of service of CEO and key management personnel contain fair and reasonable termination clauses.

### Level and Mix of Remuneration Disclosure of Remuneration

*Principles 7 and 8*

In setting remuneration packages, the CC will take into consideration the pay and employment conditions within the industry the Group operates in as well as companies within the same business segment as there are no exactly comparable companies. In addition, the CC will take into account the Group's relative performance and the key management of the Group when setting the remuneration packages.

#### Non-Executive Director Remuneration

The fees for Non-Executive Directors comprise a basic retainer fee, additional retainer fees for appointment to Board Committees, attendance fees for Directors for Board and Board Committee meetings held in Singapore and overseas. In FY2021, the CC has engaged third party professional firm to conduct a benchmarking exercise on the Non-Executive Directors' remuneration. Arising from this benchmarking exercise, the CC noted that CSE fee structure remains competitive and in line with market practice. Hence, the fee structure for FY2023 is set out as follows:

Board and Committees	Retainer per annum	Attendance Fee Per Meeting
a. Main Board		
- Chairman	S\$40,000	S\$2,000
- Member	S\$30,000	S\$2,000
b. Audit & Risk Committee		
- Chairman	S\$25,000	S\$2,000
- Member	S\$12,000	S\$2,000
c. Other Committees		
- Chairman	S\$12,000	S\$1,000
- Member	S\$6,000	S\$1,000
d. Annual Planning Meeting		S\$1,385 per day

Directors' fees recommended by the Board are subject to the approval of the shareholders at the forthcoming AGM. No Director is involved in deciding his own remuneration. The Director's fees are paid wholly in cash.

The following table shows the Directors' fees recommended by the Board for the financial year ended 31 December 2023 which will be tabled for shareholders' approval at the forthcoming AGM:

Name	Total Directors' Fee proposed (\$'000)
Lim Ming Seong	90
Sin Boon Ann	55
Lee Kong Ting	69
Tan Chian Khong	81
Ng Shin Ein	61
Wong Su Yen	48
Derek Lau Tiong Seng	51
Tan Teck Koon	42*
<b>Total</b>	<b>496</b>

\* Prorated from date of appointment to 31 December 2023.

## REPORT ON CORPORATE GOVERNANCE

### Executive Director Remuneration

The CEO, being the Executive Director, does not receive Directors' fees. The compensation of the CEO comprises performance-related elements, which form a significant proportion of his total remuneration package. These performance-related elements are designed to align the interests of the CEO with those of the shareholders such that the CEO's rewards are linked to the performance of the Group as well as his individual performance. There are appropriate and meaningful measures for the purpose of assessing the CEO's performance. There is no existing service contract between the Company and the Executive Director.

The following table shows the remuneration of the Executive Director (who is also the CEO) for the year ended 31 December 2023:

Name	Total remuneration (\$'000)	Salary (%)	Bonus (%)	Other Benefits	
				& Provident Fund (%)	Share Based Compensation (%)
Lim Boon Kheng	2,100	33	21	7	39

The Group's remuneration policy is to be competitive within its industry and to offer fair and reasonable remuneration packages that are commensurate with competence, level of responsibility, performance and contributions to the Group. Based on this broad principle, the CC has the responsibility and discretion to recommend to the Board the remuneration packages for the Executive Director, all of the Non-Executive Directors and key management personnel of the Group, and the CEO has the responsibility and discretion to determine remuneration packages of all other employees who are non-key management of the Group.

The remuneration package for the key management personnel consists of both fixed and variable components. The variable component in the form of profit sharing is based on annual profits and achievement of the mid-to-long term business targets of the individual business units and the Group in the relevant financial year.

The Company has implemented a share-based long term incentive plan known as CSE Performance Share Plan ("Share Plan") in lieu of an existing cash plan on 20 April 2017, details of which are disclosed in the Directors' Statement. The Share Plan will allow management to further align their interest and share in the future of the Company with the shareholders. The Share Plan is administered by the CC. During the financial year under review, there was no share award granted in respect of performance in FY2022. On 27 February 2024, a total of 3,193,023 performance shares ("Performance Shares") were awarded to the Executive Director and key management personnel of the Company (the "Participants") for their performance in FY2023. The Performance Shares were awarded to reward the Participants based on the performance criteria as determined by the CC who is administering the Share Plan. The awards consist of the grant of fully paid shares. The share awards are not subject to a vesting period, but are subject to a selling moratorium period of 1 to 5 years from the date of award against any disposal or sale and/or other dealings in the shares. The Performance Shares were released to the Participants via the release of Treasury shares.

The Company does not have any contractual provisions which allow it to reclaim incentive components of remuneration from key executives as such provisions may have a negative impact on attracting and retaining talent in the Company.

## REPORT ON CORPORATE GOVERNANCE

### Remuneration of Top Five Key Management Personnel ("KMP")

To maintain confidentiality of staff remuneration, the names of the top five KMP are not stated. The Company believes that it may not be in the best interest of the Company to disclose the remuneration of key executives on an individually named basis as recommended by the 2018 CG Code. Having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, the Company had not disclosed the names of the KMP as this may give rise to recruitment and talent retention issues. There would be negative impact to the Company if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership critical for the achievement of the strategic objectives of the Company. The Company believes that shareholders' interest will not be prejudiced as a result of such non-disclosure of the names of the KMP. After considering the recommendations set out in 8.1 and 8.3 of the 2018 CG Code carefully, having taking into account the highly competitive conditions for talent in the industry, the Board is of the view that the Group's key management personnel's remuneration shall be disclosed as bands, as laid out in the following table.

Other than this, the Company has complied with the rest of the disclosure requirements under Provision 8.1 of the 2018 CG Code.

Information relating to the remuneration of the Group's top 5 key management personnel (who are not Directors or the CEO of the Company) for the year ended 31 December 2023 are as follows:

<b>Remuneration Band</b>	<b>No of employees</b>	<b>Salary (%)</b>	<b>Bonus (%)</b>	<b>Other Benefits &amp; Provident Fund (%)</b>	<b>Share Based compensation (%)</b>
\$1,750,001 - \$2,000,000	1	33	65	2	–
\$1,250,001 - \$1,500,000	2	40	36	4	20
\$750,001 - \$1,000,000	1	53	41	6	–
\$500,001 - \$750,000	1	75	25	–	–

The total remuneration of the top five key management personnel (who are not Directors or the CEO of the Company) for the year ended 31 December 2023 amounted to S\$5,945,249.

There were no termination, retirement and post-employment benefits paid to any Directors and the top five key executives in the year ended 31 December 2023. In addition, the CC was satisfied that the service contracts with the key executives do not contain termination clauses that are overly generous.

### Remuneration of employees who are immediate family members of a Director or the CEO

There are currently no employees whose remuneration exceeds \$100,000 per year who are immediate family members of a Director or the Managing Director/CEO.

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## REPORT ON CORPORATE GOVERNANCE

### ACCOUNTABILITY AND AUDIT

#### Risk Management and Internal Controls

##### *Principle 9*

The ARC assists the Board in overseeing the risk governance of the Group to ensure that there is a sound system of risk management and internal controls to manage risks in a way that is aligned with the Group's risk tolerance. The Company has put in place an Enterprise Risk Management ("ERM") framework which was established to ensure adequate and effective management of risks and facilitate the Board's assessment on the adequacy and effectiveness of the Group's risk management system. The framework sets out governing policies, processes and systems pertaining to each of the key risk areas to which the Group are exposed. The framework also facilitates the assessment by the Board in the effectiveness of the Group in managing each of the key risks.

The Board, through the ARC's reviews, monitors the adequacy of the Company's internal controls including financial, operational, compliance and information technology controls and risk management policies and systems established by Management. The internal auditor also conducts independent reviews of the adequacy and effectiveness of the Company's material internal controls, including financial, operational and compliance controls, information technology and risk management, at least annually and reports these findings to the ARC. The ARC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal auditor in this respect. In addition, the external auditors have also performed a review of the internal financial systems and operating controls for the financial statements attestation purpose. Such reviews have also been reported to the ARC.

Further details on the CSE Global Risk Management Framework can be found on pages 63 to 73 of this Annual Report.

The Board has received assurance from the CEO and CFO that, as at 31 December 2023, the financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received assurance from the CEO and key management personnel that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2023 to address the risks that the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and reviews performed by Management, as well as the said assurances set out above, the Board, with the concurrence of the ARC, is of the view that the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) were adequate and effective as at 31 December 2023 to risks which the Company considers relevant and material to the Group's operations.

The system of risk management and internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of risk management and internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

The process of reviewing and strengthening the Company and Group's control environment is an evolving process. When controls should be enhanced, the Board and Management take action to rectify and strengthen the internal controls and risk management systems. The Board and Management will continue to devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.



## REPORT ON CORPORATE GOVERNANCE

### Audit and Risk Committee

#### *Principle 10*

To ensure that corporate governance is effectively practiced, the Directors have established self-regulatory and monitoring mechanisms, including the establishment of the ARC.

The members of the ARC at the date of this report comprise the following Directors:

Tan Chian Khong – Chairman  
Dr Lee Kong Ting  
Ng Shin Ein  
Tan Teck Koon

The ARC comprises four members, all of whom including Chairman, are independent. The members of the ARC are appropriately qualified to discharge their responsibilities and have relevant accounting and related financial management experience and expertise. None of the ARC members were previous partners or directors of the Company's external auditor, Ernst & Young LLP, within the last two years or hold any financial interest in the external auditor.

The ARC, together with the external auditors and internal auditor, meets regularly with at least four ARC meetings within each financial year, and also as warranted by particular circumstances, as deemed appropriate by the ARC. In addition, the ARC also met with the external auditors and internal auditor, without the presence of the Company's management during the financial year under review. The ARC met four times during FY2023 during which the external and internal auditors were present for four times.

The Board is satisfied that all the members of the ARC have accounting, financial, business management, corporate legal expertise and work experience to discharge their responsibilities. The Chairman of the ARC, Mr Tan Chian Khong, has accounting or related financial management expertise or experience. Mr Tan Chian Khong is a veteran with more than 35 years of experience in providing audit and business advisory services to clients in a wide range of industries.

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

The primary function of the ARC is to provide assistance to the Board in fulfilling its responsibilities relating to corporate accounting and auditing, reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's risk management and internal control systems regarding finance, accounting, legal and regulatory compliance, contractual obligations and ethics established by the Board and the management of the Company.

The ARC is guided by its terms of reference which sets out its responsibilities. The terms of reference are in line with the 2018 CG Code. The responsibilities of the ARC include:

- (a) recommending to the Board the appointment, re-appointment or discharge of the external auditors, and approving the remuneration and terms of engagement of the external auditors and in this connection, considering the independence and objectivity of the external auditors annually;
- (b) keeping under review the scope and results of the audit and its cost effectiveness, keeping the nature and extent of non-audit services supplied by the external auditors under review yearly where the external auditors also supply a substantial volume of such services to the company, with the objective of balancing the maintenance of objectivity and value for money;
- (c) considering and reviewing with the external auditors and the internal auditor, at least annually, the adequacy, effectiveness and efficiency of the management processes, internal financial controls, operational and compliance controls, risk management policies and any significant findings and recommendations of the external auditors and the internal auditor, together with the management's responses thereto;



## REPORT ON CORPORATE GOVERNANCE

- (d) meeting with the external auditors, the internal auditor, the management and any others considered appropriate in separate executive sessions to discuss any matters the ARC believes should be discussed privately and establishing a practice to meet with the external auditors without the presence of the management of the Company at least annually;
- (e) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance;
- (f) reviewing the effectiveness of the company's internal audit function that is independent of the activities that it audits, appropriate standing within the Company and adequately resourced;
- (g) reviewing and taking actions on the arrangements by which staff of the company and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- (h) reviewing the interested person transactions falling within the scope of the Listing Rules; and
- (i) meeting principal overseas subsidiaries' independent directors, the management and any others considered appropriate in their periodic visits to these subsidiaries.

During the financial year, the ARC held four meetings and has carried out the above duties as provided in their terms of reference.

The ARC keeps abreast of the changes to accounting standards and issues that may have a direct impact on the financial statements by referring to the best practices and guidance in the Guidebook for Audit Committee in Singapore and the reports issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority. During the year, the ARC was also briefed on the new accounting standards that might impact the Group's consolidated financial statements by the external auditors at the ARC meetings.

In appointing the auditing firms for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712, 715, 716 and 717 of the Listing Rules.

In line with Rule 1207(6) of the Listing Rules, the ARC has undertaken a review of all non-audit services that are provided by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. The fees that are charged to the Group in respect of the audit and non-audit work by the external auditors are set out as follows:

	2023 \$'000	2022 \$'000
<b>Audit fees :</b>		
<b>- Auditors of the Company</b>		
- Statutory audit	508	420
- Other assurance services	45	45
<b>- Other auditors of subsidiaries</b>	417	352
<b>Total audit fees</b>	<b>970</b>	<b>817</b>
<b>Non-audit fees :</b>		
<b>(a) Tax compliance services</b>		
- Auditor of the Company	50	38
- Member firm of Ernst & Young Global Limited	138	186
- Other auditors of subsidiaries	230	141
<b>(b) Tax residency services</b>		
- Member firm of Ernst & Young Global Limited	65	-
<b>Total non-audit fees</b>	<b>483</b>	<b>365</b>
<b>Total audit and non-audit fees</b>	<b>1,453</b>	<b>1,182</b>

The ARC has a policy that, for services rendered by the external auditors of the Company, non-audit fees exceeding 50% of the audit fees would not be approved by the ARC.

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## REPORT ON CORPORATE GOVERNANCE

### **Whistle-Blowing Policy**

The Group has in place a Whistle-Blowing Policy. This Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting or other matters may be raised by employees and external parties in confidence and in good faith, without fear of reprisal. Details of this policy have been disseminated and made available to all employees of the Company. All matters which are raised are then independently investigated and appropriate actions taken. The ARC ensures that independent investigations and any appropriate follow-up actions are carried out.

There were no whistle-blowing reports received by the ARC in the financial year under review.

### **Bribery and Corruption Prevention Policy**

The Company adopts a strong stance against bribery and corruption. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Group are required to make a declaration on an annual basis where they pledge to uphold the Company's core values and not to engage in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings. The Company's stance against bribery and corruption is also reiterated by Management during its regular staff communications sessions.

### **Employee Code of Conduct**

The Company has a strict Code of Conduct that applies to all employees, who are required to acknowledge and comply with the code. The Code of Conduct sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Company, customers and suppliers. It covers areas such as conduct in the workplace and business conduct, including anti-corruption and conflict of interests. These policies are reviewed regularly and updated to reflect changes where required.

### **Sanctions Policy**

The Company is firmly committed to complying with all applicable economic sanctions laws that are legally binding upon the Group and its businesses. Any breach of sanctions may have a serious impact on our reputation, franchise, regulatory relationships and could impair the Group's ability to provide products and services to clients. The Group has therefore established a sanctions policy that may be more stringent than what is permitted by law and regulation. The Group adopts a policy of not entering into any business or transaction that either directly or indirectly involves or is for the benefit of any Sanctioned Parties. The Group also prohibits and will not facilitate activity with certain governments or parties within certain geographies that are targeted under the sanctions programs of the United Kingdom, European Union, United States, Singapore or United Nations. The Group neither maintains a presence in these sanctioned geographies nor is it the target of these sanctions programs. As these are a direct consequence of international relations, the Group's Sanctions Policy and specific prohibitions may change from time to time.

### **Key Audit Matters**

The key audit matters in relation to the 2023 financial statements are outlined below. Reviews include discussions with management and the external auditor, Ernst & Young LLP, and, where appropriate, the significant financial reporting matters have been addressed under the Key Audit Matters in the Independent Auditors' Report on pages 110 to 114.

## REPORT ON CORPORATE GOVERNANCE

### Audit and Risk Committee Commentaries

Key Audit Matters	How the ARC reviewed these matters and what decisions were made
Revenue recognition on project contracts	The ARC discussed with management and the external auditor in relation to the revenue recognition on project contracts. The ARC was satisfied with the appropriateness of the project revenues recognised in the consolidated financial statements of the Group for the financial year ended 31 December 2023.
Assessment on expected credit loss of trade receivables and contract assets	The ARC discussed with management and the external auditor on the basis used to determine the level of expected credit loss on trade receivables and contract assets, and was satisfied that as of 31 December 2023, the level of expected credit loss for the Group was appropriate.
Impairment assessment on goodwill	The ARC considered the approach and methodology applied in performing the annual goodwill impairment assessment. It reviewed the key assumptions used in the discounted cash flow model such as discount rate and growth projections. The ARC was satisfied with the appropriateness of the analysis performed by management that no impairment in goodwill is required as at 31 December 2023.

### Internal Audit

The Company has an in-house internal audit function that is independent of the activities that it audits. The ARC has also appointed KPMG to supplement the in-house IA function. KPMG is a member of the Institute of Internal Auditors ("IIA"), a professional internal auditing body affiliated to the IIA. KPMG and the in-house IA (together known as the "Internal Auditors") work together to review the effectiveness of the key internal controls, including financial, operational, technology and compliance controls for selected scope of review annually, as approved by the ARC.

The Group's internal audit function is independent of the external audit. The Internal Auditor's primary line of reporting is directly to the Chairman of the ARC and has unrestricted access to the Company's documents, records, properties, and personnel of the Group. However, the in-house internal auditor also reports administratively to the Managing Director of the Company. The ARC approves the hiring, removal and evaluation of the Internal Auditors.

The ARC is satisfied that the Internal Auditors have met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the IIA. In addition, KPMG has confirmed their independence to the ARC.

The ARC is satisfied that the Internal Audit function is adequately resourced and has the appropriate standing within the Company.

The ARC has reviewed the adequacy and effectiveness of the in-house IA at least annually, and is satisfied that the in-house IA is adequate and effective and has maintained its independence from the activities that he audit.

The Internal Auditors adopts a risk-based auditing approach in formulating the annual audit plan which aligns its activities to the key risks across the Group's business. The reviews performed by the Internal Auditors are aimed at assisting the Board in evaluating the adequacy and effectiveness of risk management, controls and governance processes.

During the year, the Internal Auditors conducted its audit reviews based on the annual internal audit plan which was approved by the ARC. The annual internal audit plan incorporates the audit of key risk areas identified under the Group's Enterprise Risk Management framework. Each quarter, the Internal Auditors would submit a report to the ARC on the key audit findings and actions to be taken by Management on such findings. Key findings are also highlighted at ARC Meetings for discussion and follow up actions. The ARC monitors the timely and proper implementation of the required corrective, preventive or improvement measures to be undertaken by Management.

## REPORT ON CORPORATE GOVERNANCE

### External Auditor

The Board is responsible for the initial appointment of external auditor. Shareholders then approve the appointment at the Company's AGM. The external auditor holds office until its removal or resignation. The ARC assesses the external auditor based on factors such as the performance and quality of its audit and the independence of the auditor, and recommends its appointment to the Board. Pursuant to the requirements of the Listing Rules, an audit partner may only be in charge of not more than of five consecutive annual audits and may then return after two years. Ernst & Young LLP ("EY") has met this requirement, and the current EY's audit partner for the Company took over from the previous audit partner with effect from the financial year ended 31 December 2020.

In reviewing the nomination of EY for re-appointment for the financial year ending 31 December 2024, the ARC had considered the adequacy of the resources and experience of the audit engagement partners assigned to the audit, the size and complexity of the audit exercise for the Group, and the number and experience of the supervisory and professional staff assigned to the Group's audit through a review of the curriculum vita of the EY audit team. The ARC had also considered the quality of discussions with the findings raised by EY, including the Audit Quality Indicators presented. On this basis, the ARC recommended the re-appointment of EY at the upcoming AGM of the Company.

The Company has complied with Rules 712 and 715 of the Listing Rules in relation to the appointment of its auditor.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder rights and conduct of general meeting

*Principle 11*

#### Engagement with shareholders

*Principle 12*

#### Engagement with Stakeholders

*Principle 13*

The shareholders of the Company have the opportunity to participate effectively and to vote at the Company's AGM and any other general meetings. The Company has employed electronic polling since 2014. An independent scrutineer firm is also present to validate the votes at each general meeting. The results of all votes for and against each resolution is tallied and instantaneously displayed at the meeting. The voting results are announced via SGXNet following each general meeting.

Shareholders are allowed to vote in person or by proxy if they are unable to attend the Company's AGM. The Company's Constitution allows a shareholder to appoint not more than two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. The proxy need not be a Member of the Company. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold SGX shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each general meeting of shareholders. Currently, the Company's Constitution does not allow for shareholders to vote at general meetings in absentia.

Information on general meetings will be disseminated through notices in the annual report or circulars, sent to all shareholders; announced on SGXNet; and advertised in local newspapers. The Company's website at [www.cse-global.com](http://www.cse-global.com) also provides updated information to shareholders and investors on its corporate development.

The Company ensures that all material and price sensitive information which may affect the price or value of the Company's shares is promptly disseminated to the public on a comprehensive, accurate and timely basis via SGXNet and is not selectively disclosed. On the rare occasion when such information is inadvertently disclosed to a select group, the Company will make the same disclosure publicly to all others as soon as practicable.

There are separate resolutions at the general meetings on each distinct issue.

## REPORT ON CORPORATE GOVERNANCE

All shareholders receive the Annual Report and the notice of AGM. The notice of AGM is also released via SGXNet, published in local newspapers and uploaded on the corporate website. At each general meeting, each distinct issue is proposed as a separate resolution. At the general meetings, shareholders are given the opportunity to air their views and direct questions to the Board on any matter relating to the Group's business and operations or the resolutions tabled at the meeting. At each AGM, the CEO delivers a presentation to update shareholders on the Group's performance over the past year. Directors and senior management are present at general meetings to address shareholders' queries. The external auditors are also present at the AGMs of the Company to address queries about the conduct of audit and the preparation and content of the Auditors' Report. The Company Secretary prepares minutes of general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and Management. These minutes are made available to shareholders on the Company's website.

Following the amendments to Rule 705(2) of the Listing Rules which came into effect from 7 February 2020, the Company is no longer required to release the Group's unaudited financial statements on a quarterly basis. After due deliberation, the Board decided not to continue with quarterly reporting of the Group's financial results and instead, release financial reports on a half-yearly basis.

To supplement the half-year and full year financial reports which continue in the existing format prescribed by the Listing Rules, the Company has been providing business and financial updates for the Group's first and third quarter performance.

In addition, the Company conducts quarterly briefings with analysts based on the business and financial updates which are posted on SGXNet. At such briefings, Management openly communicates the Group's financial and operational performances, business growth strategies as well as general business updates. The Company does not practice selective disclosure of information.

The Company does not have a formal dividend policy but the Board strives to provide sustainable dividend payouts. For the financial year ended 31 December 2023, the Board has proposed a final dividend of 1.5 Singapore cents per share, which brings the full-year ordinary dividend to 2.75 Singapore cents per share.

### Securities Transactions

The Company has adopted and issued an internal compliance code entitled "Code of Best Practice on Securities Transactions by Officers" to the Officers of the Group. The internal compliance code set out a code of conduct to provide guidance for the Officers of the Group on their dealings with the Company's securities, as well as the implications of insider trading.

Under Company's internal compliance code, the Company, its Directors and officers should not deal in the Company's securities during the following "black out" periods:

- the period commencing two weeks before the announcement of the Company's business and financial updates for the first and third quarters of its financial year and ending after the announcement of the relevant business and financial updates; and
- the period commencing one month before the announcement of the Company's half-year and full-year financial statements and ending immediately after the announcement of the relevant financial statements.

Directors and officers are also advised to adhere to the following rules at all times:

- (a) observe insider trading laws and not to deal in the Company's securities while in possession of any unpublished material price-sensitive information; and
- (b) not to deal in the Company's securities on short-term considerations

In addition, Directors are required to report to the Company Secretary within two business days whenever they deal in the Company's securities and the latter will make the necessary announcements in accordance with the requirements of the Listing Rules.

The Company has complied with its Best Practices Guide on Securities Transactions.

## REPORT ON CORPORATE GOVERNANCE

### **Interested Person Transactions**

The Company has in place procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC for its review.

There was no shareholder mandate obtained for interested person transaction for the financial year under review.

There was also no interested person transactions for the financial year under review.

### **Material Contracts**

Pursuant to the requirements as stipulated under Rule 1207(8) of the Listing Rules, except for the interested person transactions disclosed under item 17, there were no material contracts of the Company or its subsidiary companies involving the interests of any Directors of the Company, the Managing Director of the Company or any controlling shareholders of the Company or their associates, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

### **Update on the use of the Proceeds from Rights Issue**

On 9 February 2023, the Company announced via SGXNet that the net proceeds from the Rights Issue had been fully utilised. For more details, please refer to the SGXNet announcement dated 9 February 2023.

### **Update on the use of the Proceeds from Placement of 60 million new shares**

As at the date of this report, the Company has not utilised the net proceeds from the recent placement of 60 million new shares that was completed on 25 March 2024.