



NAM CHEONG LIMITED  
(Incorporated in Bermuda)  
(Company Registration Number 25458)

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## RESPONSE TO THE QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON ANNUAL REPORT 2014

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The Board of Directors of Nam Cheong Limited (the "Company") refers to the queries received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 21 April 2015 in relation to the Company's Annual Report for FY 2014 ("Annual Report").

### SGX-ST's Query 1

Guideline 9.3 of the Code of Corporate Governance 2012 (the "Code") states that the Company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentive and awards, and other long term incentives.

In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.

As required under Listing Rule 1207(12) of the Listing Manual, please make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation.

### Company's Response:

The Company is mindful of Rule 9.3 of the Code. On page 43 of the Company's Annual Report, the Company has disclosed the names and remuneration of all the Company's key executive officers in two bands of "S\$0 to \$250,000" and "\$250,001 and above". The Company has not disclosed the upper limit for the higher remuneration band, given the confidentiality and commercial sensitivity attached to remuneration matters, as well as the competition for talent in the job market in relation to the skillsets of these personnel.

In compliance with the Code, the Company has disclosed, on page 43 of the Annual Report, the breakdown, in percentage terms, of each key executive officer's remuneration earned through base/fixed salary, variable or performance-related income/bonuses and benefits in kind. The Company has also disclosed the aggregate total remuneration for all key executive officers for FY 2014. Given the confidentiality and commercial sensitivity attached to remuneration matters, the Board is of the view that in the best interest of the Company, the aggregate remuneration paid to the top five key management personnel should not be disclosed.

### SGX-ST's Query 2

Guideline 9.4 of the Code states that for transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000. The company need only show the applicable bands.

As required under Listing Rule 1207(12) of the Listing Manual, please make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation

#### Company's Response:

As disclosed on page 49 of the Annual Report, Mr. Tiong Chiong Soon (Joseph), a key executive officer of the Company, is the son of Datuk Tiong Su Kouk, the Executive Chairman of the Company. For FY 2014, the remuneration of Mr. Tiong Chiong Soon (Joseph) fell within the "*S\$250,000 and above*" remuneration band as disclosed on page 43 of the Annual Report. Given the confidentiality and commercial sensitivity attached to remuneration matters, the remuneration for Mr. Tiong Chiong Soon (Joseph) will not be disclosed in bands of \$50,000.

Save for Mr. Tiong Chiong Soon (Joseph), there were no employees of the Company who are immediate family members of a director or the CEO of the Company, and whose remuneration exceeded S\$50,000 in FY 2014.

### SGX-ST's Query 3

Guideline 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO:

- (a) that 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) regarding the effectiveness of the company's risk management and internal control systems.

As required under Listing Rule 710, please make disclosure as recommended in the Code; in particular, the effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, or otherwise explain the reason(s) for the deviation.

#### Company's Response:

The Company would like to clarify and elaborate on the opinion given in the Corporate Governance Report segment of the Annual Report, under the heading "RISK MANAGEMENT AND INTERNAL CONTROLS" by replacing the penultimate paragraph with the following (changes as underlined below):

*“Based on the internal controls established and maintained by the Group, work performance by the internal and external auditors, and performance reviews by Management, the AC and the Board are of the opinion that the Group’s internal controls, addressing financial, operational, compliance and internal technology controls, and risk management systems were adequate and effective as at 31 December 2014.”*

BY ORDER OF THE BOARD

Datuk Tiong Su Kouk  
Executive Chairman

Date: 22 April 2015