



(Registration No. 199202071D)
(Incorporated in the Republic of Singapore on 22 April 1992)
(the “Company”)

RESPONSE TO SGX QUERY ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The board of directors of the Company (“Board”) refers to the query received from the Singapore Exchange Securities Trading Limited (“SGX”) on 17 April 2014 relating to the Company’s Annual Report for the financial year ended 31 December 2013 (“Annual Report”). The Company’s response is as follows:

SGX’s query (a)(i):

- (a) As required under Listing Rule 710, please make disclosures as recommended in the Code of Corporate Governance 2012 (the “Code”) or otherwise explain the reason(s) for the deviation from the following Code guidelines:-
- (i) Paragraph 2.4 of the Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

Company’s Response to (a)(i):

For good corporate governance, the Board carries out rigorous review of the contributions and independence of directors who have served on the Board beyond nine years and if necessary, exercise its discretion to extend the tenures of these directors. Currently, Mr Ravindran s/o Ramasamy and Mr Lee Teck Leng Robson have both served as independent director of the Company for more than nine years. The Board has determined that both directors remain independent in character and judgement and there were no relationships with management or substantial shareholders or circumstances which were likely to affect, or could appear to affect, their independence. The Board also reviews the performance of each of the two independent directors and considers that each of these directors who had gained good understanding of the Group’s business and operations will be able to continue to bring invaluable expertise, experience and knowledge to the Board. The Board is therefore satisfied with their performance and continued independence. Moreover, the Board has appointed three new directors in the past five years, namely Mr Peter Ho I Chin in August 2009, a new Audit Committee Chairman, Mr Tan Lye Heng Paul in June 2011, and Mr Goi Kok Neng Ben in April 2013. To ensure continuity of management and governance, the Board verily believes that the continued presence of Mr Ravindran s/o Ramasamy and Mr Lee Teck Leng Robson on the Board will provide the requisite stability and ballast in the mix of new and old directors who are collectively charting the corporate directions and discharging the governance watch on the Group. The Board holds the view that continuity and stability of the Board is important and considers it is not currently in the interests of the Company and shareholders to require directors who have served for nine years or longer to retire. The Board nevertheless will on a continual basis, review the need for progressive refreshing of its Board.

SGX's query (a)(ii)(a):

- (ii) Paragraph 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 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.

Company's Response to (a)(ii)(a):

The Company had disclosed on page 31 of the Annual report, under "Accountability and audit" that "for the financial year under review, the Group CEO and the Group CFO have provided assurance to the Board on the integrity of the financial statements for the Company and its subsidiaries".

The Group CEO and the Group CFO further provide assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Company's Response to (a)(ii)(b):

The Board has received assurance from the Group CEO and the Group CFO that the Group's risk management and internal control systems in place is adequate and effective in addressing the key financial, operational and compliance risks in the Group in its current business environment.

The Board appointed PwC in FY2012 to carry out a comprehensive review of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and the Group's risk management systems. In FY2013, the Group's internal auditors carried out followed-up procedures based on the recommendations of PwC in FY2012. Accordingly, based on the foregoing including the audit work performed by the Group's external auditors in FY 2013, the Audit Committee and the Board are of the opinion that the Group's internal controls were adequate as at 31 December 2013 to address the financial, operational and compliance risks, which the Group considers relevant and material to its operations.

SGX's query (b):

- (b) Paragraph 9.2 of the Code states that the Company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the Company may round off the disclosed figures to the nearest thousand dollars. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

As the Company is required under Listing Rule 1207(12) to make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation, please disclose whether the Company has complied with the Code on the disclosure of directors' remuneration.

Company's Response to (b):

The Board has reviewed the disclosure of the remuneration of the Directors as recommended by the Code of Corporate Governance. After careful deliberation, the Board decided that to fully disclose the remuneration of each individual director and the CEO on a named basis would be prejudicial to its business given the highly competitive business environment. There are other expected disadvantages such as potential staff motivational and retention issues that such detailed disclosures may bring. The Board believes that disclosure of each director's and the CEO's remuneration breakdown in remuneration bands, in percentage terms on page 31 of the Annual Report would be sufficient to address concerns of stakeholders in this area.

BY ORDER OF THE BOARD

Dr. Derek Goh Bak Heng

Executive Chairman and Group CEO

22 April 2014