

**NEW WAVE HOLDINGS LTD.**  
(Incorporated in the Republic of Singapore)  
Company Reg. No. 199906870Z  
(the “Company”)

**MINUTES OF TWENTY-SECOND ANNUAL GENERAL MEETING AND THE RESPONSE TO QUERIES RAISED BY THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

DATE	Thursday, 29 July 2021
TIME	10.00 a.m.
MODE OF MEETING	By way of electronic means
PRESENT	<u>Directors</u> Mr Tito Shane Isaac - Non - Executive Chairman and Independent Director Mr Ong Kian Soon - Executive Director/Chief Executive Officer Mr Tan Bon Tan - Executive Director Mr Chea Chia Chan - Executive Director Mdm Choo Tung Kheng - Non-Executive Director Mr Lee Teong Sang - Independent Director  <u>Shareholders</u> As set out in the attendance records maintained by the Company
IN ATTENDANCE	As set out in the attendance records maintained by the Company
CHAIRMAN OF MEETING	Mr Tito Shane Isaac, Non-Executive Chairman of the Company, took the chair of the meeting.

## **1 CHAIRMAN’S ADDRESS**

As a quorum was present, the Chairman of the Meeting (the Chairman) called the meeting to order at 10.00 a.m. and declared the Annual General Meeting (the AGM) of the Company duly convened and constituted.

He extended a warm welcome to all present at the meeting and proceeded to introduce the members of the Board of Directors, management and professionals.

In view of the on-going Covid-19 situation and the related safe management measures put in place by the Government, the Company had made alternative arrangement to conduct the AGM by electronic means via a live webcast.

The Chairman declared that as required by the Listing Rules of the Singapore Exchange, voting on all the resolutions to be passed at the AGM would be conducted by poll. He informed that the Company had appointed Boardroom Corporate & Advisory Services Pte. Ltd. as the Polling Agent and DrewCorp Services Pte Ltd as the independent Scrutineer for the AGM. The Polling Agent had reviewed and counted the valid proxy votes received and the Scrutineer had verified and certified the results of the proxy votes. The poll results would be announced after each resolution had been addressed.

The Chairman shared that in his capacity as the Chairman of the Meeting, he had been appointed as proxy by a number of shareholders to vote on their behalf and that he had voted in accordance with their instructions.

He added that the shareholders had been requested to raise and submit questions in advance of the AGM but no questions had been received from the shareholders. However, the Company had received some questions from the Securities Investors Association (Singapore) (SIAS). The questions and the Company's responses thereto are set out in the Appendix annexed to these minutes.

## **2 NOTICE OF MEETING**

The Notice of Meeting dated 13 July 2021 was taken as read.

The Chairman then proceeded with the formal business of the AGM.

## **ORDINARY BUSINESS**

### **3 RESOLUTION 1 – ADOPTION OF DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT THEREON**

The following resolution had been duly voted on by shareholders through the submission of the Proxy Forms:

“That the Directors' Statement and Audited Financial Statements together with the Independent Auditor's Report thereon for the financial year ended 31 March 2021 be and are hereby received and adopted.”

#### Poll Results

	<u>No. of Shares</u>	<u>In Percentage (%)</u>
Number of votes “FOR”	: 832,282,869	100
Number of votes “AGAINST”	: 0	0
Total number of valid votes cast	: 832,282,869	100

Based on the poll results set out above, the Chairman declared Resolution 1 carried.

### **4 RESOLUTION 2 - RE-ELECTION OF MDM CHOO TUNG KHENG**

The following resolution had been duly voted on by shareholders through the submission of the Proxy Forms:

“That Mdm Choo Tung Kheng, who retires by rotation pursuant to Article 89 of the Company's Constitution, be and is hereby re-elected a Director of the Company.”

Poll Results

		<u>No. of Shares</u>	<u>In Percentage (%)</u>
Number of votes “FOR”	:	832,282,869	100
Number of votes “AGAINST”	:	<u>0</u>	<u>0</u>
Total number of valid votes cast	:	<u>832,282,869</u>	<u>100</u>

Based on the poll results set out above, the Chairman declared Resolution 2 carried.

It was noted that Mdm Choo Tung Kheng, a Non-Executive Director, is considered to be non-independent and she will remain as a member of the Audit, Remuneration and Nominating Committees.

**5 RESOLUTION 3 - RE-ELECTION OF MR CHEA CHIA CHAN**

The following resolution had been duly voted on by shareholders through the submission of the Proxy Forms:

“That Mr Chea Chia Chan, who retires by rotation pursuant to Article 89 of the Company’s Constitution, be and is hereby re-elected a Director of the Company.”

Poll Results

		<u>No. of Shares</u>	<u>In Percentage (%)</u>
Number of votes “FOR”	:	832,282,869	100
Number of votes “AGAINST”	:	<u>0</u>	<u>0</u>
Total number of valid votes cast	:	<u>832,282,869</u>	<u>100</u>

Based on the poll results set out above, the Chairman declared Resolution 3 carried.

**6 RESOLUTION 4 – APPROVAL OF DIRECTORS’ FEES**

The following resolution had been duly voted on by shareholders through the submission of the Proxy Forms:

“That a sum of \$46,000 be approved for payment as Directors’ fees for the financial year ended 31 March 2021.”

Poll Results

		<u>No. of Shares</u>	<u>In Percentage (%)</u>
Number of votes “FOR”	:	832,282,869	100
Number of votes “AGAINST”	:	<u>0</u>	<u>0</u>
Total number of valid votes cast	:	<u>832,282,869</u>	<u>100</u>

Based on the poll results set out above, the Chairman declared Resolution 4 carried.

## 7 RESOLUTION 5 – RE-APPOINTMENT OF INDEPENDENT AUDITOR

The Audit Committee had nominated BDO LLP for re-appointment as the Company’s independent auditor and the nomination was endorsed by the Board of Directors.

The following resolution had been duly voted on by shareholders through the submission of the Proxy Forms:

“That BDO LLP be and is hereby re-appointed as independent auditor of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors.”

### Poll Results

	<u>No. of Shares</u>	<u>In Percentage (%)</u>
Number of votes “FOR”	: 832,282,869	100
Number of votes “AGAINST”	: 0	0
Total number of valid votes cast	: 832,282,869	100.00

Based on the poll results set out above, the Chairman declared Resolution 5 carried.

## 8 ANY OTHER ORDINARY BUSINESS

It was reported that the Company did not receive any notice from shareholders to transact any other ordinary business at the AGM.

The meeting proceeded to deal with the Special Business set out in the Notice of Meeting.

## SPECIAL BUSINESS

### 9 RESOLUTION 6 – APPROVAL FOR THE CONTINUED APPOINTMENT OF MR TITO SHANE ISAAC AS AN INDEPENDENT DIRECTOR BY ALL SHAREHOLDERS

Chairman informed the Meeting that Resolutions 6 to 9 are to seek approval from shareholders via a two-tier voting process for Mr Tito Shane Isaac and Mr Lee Teong Sang, to continue in office as Independent Non-Executive Directors of the Company, until the earlier of their retirement or resignation, or the conclusion of the third annual general meeting following the passing of these resolutions in accordance with Catalist Rule 406(3)(d)(iii) which will take effect on 1 January 2022.

Catalist Rule 406(3)(d)(iii) mandates that the continued appointment as Independent Director, after an aggregate period of more than 9 years on the Board, must be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders excluding Directors, Chief Executive Officer (CEO), and their associates.

Since Resolutions 6 and 7 concerned his own re-appointment, Mr Tito Shane Isaac passed the Chair to Mr Ong Kian Soon, Executive Director/CEO to address these resolutions.

The following Resolution 6 which had been duly voted on by shareholders through the submission of the Proxy Forms was tabled:

“That for the purposes of Rule 406(3)(d)(iii) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”), which will take effect from 1 January 2022 and subject to and contingent upon the passing of Resolution 7:

- (a) the continued appointment of Mr Tito Shane Isaac as an Independent Director of the Company be and is hereby approved; and
- (b) such approval shall continue in force until (i) the retirement or resignation of Mr Tito Shane Isaac as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution, whichever is the earlier.”

Poll Results

	<u>No. of Shares</u>	<u>In Percentage (%)</u>
Number of votes “FOR”	832,282,869	100
Number of votes “AGAINST”	0	0
Total number of valid votes cast	832,282,869	100

Based on the poll results set out above, Mr Ong declared Resolution 6 carried.

**10 RESOLUTION 7 – APPROVAL FOR THE CONTINUED APPOINTMENT OF MR TITO SHANE ISAAC AS AN INDEPENDENT DIRECTOR BY SHAREHOLDERS (EXCLUDING DIRECTORS, CEO AND THEIR ASSOCIATES)**

The following Resolution 7 which had been duly voted on by shareholders (excluding Directors, CEO of the Company and associates of such Directors and CEO) through the submission of the Proxy Forms was tabled:

“That for the purposes of Rule 406(3)(d)(iii) of the Catalist Rules which will take effect on 1 January 2022 and subject to and contingent upon the passing of Resolution 6 above and the passing of this Resolution 7 by shareholders excluding the Directors and the Chief Executive Officer of the Company and their respective associates as defined in the Catalist Rules:

- (a) the continued appointment of Mr Tito Shane Isaac as an Independent Director of the Company be and is hereby approved; and
- (b) such approval shall continue in force until (i) the retirement or resignation of Mr Tito Shane Isaac as a Director, or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution, whichever is the earlier.”

Poll Results

	<u>No. of Shares</u>	<u>In Percentage (%)</u>
Number of votes "FOR"	: 369,735,672	100
Number of votes "AGAINST"	: 0	0
Total number of valid votes cast	: <u>369,735,672</u>	<u>100</u>

Based on the poll results, Mr Ong declared Resolution 7 carried.

Mr Ong then passed the Chair back to Mr Tito Shane Isaac.

**11 RESOLUTION 8 – APPROVAL FOR THE CONTINUED APPOINTMENT OF MR LEE TEONG SANG AS AN INDEPENDENT DIRECTOR BY ALL SHAREHOLDERS**

The following Resolution 8 which had been duly voted on by shareholders through the submission of the Proxy Forms was tabled:

“That for the purposes of Rule 406(3)(d)(iii) of the Catalist Rules which will take effect from 1 January 2022 and subject to and contingent upon the passing of Resolution 9:

- (a) the continued appointment of Mr Lee Teong Sang as an Independent Director of the Company be and is hereby approved; and
- (b) such approval shall continue in force until (i) the retirement or resignation of Mr Lee Teong Sang as a Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution, whichever is the earlier.”

Poll Results

	<u>No. of Shares</u>	<u>In Percentage (%)</u>
Number of votes "FOR"	: 832,282,869	100
Number of votes "AGAINST"	: 0	0
Total number of valid votes cast	: <u>832,282,869</u>	<u>100</u>

Based on the poll results set out above, the Chairman declared Resolution 8 carried.

**12 RESOLUTION 9 – APPROVAL FOR THE CONTINUED APPOINTMENT OF MR LEE TEONG SANG AS AN INDEPENDENT DIRECTOR BY SHAREHOLDERS (EXCLUDING DIRECTORS, CEO AND THEIR ASSOCIATES)**

The following Resolution 9 which had been duly voted on by shareholders through the submission of the Proxy Forms was tabled:

“That for the purposes of Rule 406(3)(d)(iii) of the Catalist Rules which will take effect on 1 January 2022 and subject to and contingent upon the passing of Resolution 8 above and the passing of this Resolution 9 by shareholders excluding the Directors and the Chief Executive Officer of the Company and their respective associates as defined in the Catalist Rules:

- (a) the continued appointment of Mr Lee Teong Sang as an Independent Director of the Company be and is hereby approved; and
- (b) such approval shall continue in force until (i) the retirement or resignation of Mr Lee Teong Sang as a Director, or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution, whichever is the earlier.”

Poll Results

	<u>No. of Shares</u>	<u>In Percentage (%)</u>
Number of votes “FOR”	: 369,735,672	100
Number of votes “AGAINST”	: 0	0
Total number of valid votes cast	: <u>369,735,672</u>	<u>100</u>

Based on the poll results set out above, the Chairman declared Resolution 9 carried

**13 RESOLUTION 10 – AUTHORITY TO DIRECTORS TO ISSUE SHARES AND/OR CONVERTIBLE SECURITIES**

The Chairman explained that this resolution is to seek shareholders’ approval for a general mandate to enable the Directors to issue new shares and/or convertible securities by way of bonus and/or rights issue or otherwise as and when appropriate pursuant to Section 161 of the Companies Act and Rule 806 of the Catalist Rules. The general mandate, if approved, would remain in force until the conclusion of the next AGM to be held in 2022.

The following resolution had been duly voted on by shareholders through the submission of the Proxy Forms:

“That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Act**”) and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:

- (1) (a) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (b) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (2) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (calculated in accordance with sub-paragraph (b) below), or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;
- (b) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
- (i) new Shares arising from the conversion or exercise of any convertible securities;
  - (ii) new Shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (iii) any subsequent bonus issue, consolidation or sub-division of Shares;

Adjustments in accordance with sub-paragraph (b)(i) or sub-paragraph (b)(ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (c) in exercising the authority conferred by this Resolution, the Directors shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

- (d) unless previously revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.”

Poll Results

	<u>No. of Shares</u>	<u>In Percentage (%)</u>
Number of votes “FOR”	832,282,869	100
Number of votes “AGAINST”	0	0
Total number of valid votes cast	832,282,869	100

Based on the poll results set out above, the Chairman declared Resolution 10 carried.

**14 CLOSE OF MEETING**

There being no further business, the Chairman thanked all present for their attendance and declared the AGM closed at 10.30 a.m.

**Confirmed as a true record of the proceedings held**

Tito Shane Isaac  
Non-Executive Chairman

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*This announcement has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

*The contact person for the Sponsor is Ms. Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*

## APPENDIX

**Q1.** In the chairman's message, the group's businesses were described as "aluminium product distribution" and "components distribution" and other generic, high-level phrases and terms were used in the message to shareholders including:

... revenue grew by 16.7% to S\$16.50 million, while gross margin increased from 21.1% to 23.2% mainly due to a better product mix and a quicker turnaround of orders... distribution costs decreased by 14.0% due to reduction on transport and entertainment expenditure...increased purchases to support the growth in sales...

... revenue from the group's aluminium product distribution business grew by 24.0% to S\$15.0 ... mainly due to the nature of our business, which involves supplying materials to essential services industries...

... components distribution division revenue dropped by 26.8% from S\$2.0 million in the previous year to S\$1.5 million in FY2021 as various current and potential projects were either delayed or cancelled due to the pandemic...

... The surge in business activities has given rise to some logistical challenges resulting in a delay of raw material supplies ... actively seek to broaden our supply sources from the PRC's local mills ... continue to closely monitor the international trade relations between global trends in order to make adjustments to our operations.... strives to stay nimble amidst a business environment of relative uncertainty through continually enhancing our operational efficiency and strengthening our customer coverage....

A reader of the annual report would develop no understanding of the group's business, its performance and the associated risks. The reader would remain uninformed of the products and services offered by the group other than "aluminium products" and "components".

- (i) Would the board be reviewing how it could improve the quality of the annual report so that new and long-standing shareholders gain a better understanding of the group's operations, business model, risks and opportunities?**
- (ii) How does the group create and capture long-term value for shareholders?**
- (iii) In particular, please include an operational review which can highlight the operational achievements of the group, its main products and services, its network, the geographical coverage, storage/manufacturing facilities, technical capabilities, customers/industries served and with pictures, charts and infographics where applicable.**

The profit/(loss) in the past 7 years were:

FY2021: \$(725,818)  
FY2020: \$(2,186,121)  
FY2019: \$(1,523,196)  
FY2018: \$1,387,718  
FY2017: \$(1,152,966)  
FY2016: \$(1,329,982)  
FY2015: \$ (720,989)

The accumulated losses have increased to \$(9.7) million as at 31 March 2021. Equity attributable to owners of the parents amount to \$16.6 million.

- (iv) Would the board consider it opportune to carry out a strategic review of the group's operations to assess the core competencies of the group, its management team and its financial strength and to fine-tune its strategies so as to create long-term sustainable value for all shareholders?**

### **Company's Response**

The Company strives to provide an informative operational review of our businesses in the Annual Report and would like our shareholders to understand our businesses better. The Company works with its professional advisors to present a balanced overview of its business operations. The Chairman's Message gives an overview of the Group's performance for the financial year and the business outlook for the next period.

A more detailed review of the Company's business operations and performance can be found in the Financial Review page in our Annual Report wherein material factors affecting revenue, costs and earnings of the Group are highlighted. The Company also provides salient information on cash flows, working capital, assets and liabilities of the Group in the Financial Review page.

In addition, information on revenue, results, and assets and liabilities by business segment, non-current assets by geographical location and revenue from major customers are disclosed in the notes to the financial statements under "Segment Information". The Company will continually examine ways to improve communication with shareholders, including the quality of its annual report.

The Board has been on the lookout for viable businesses to be acquired to enhance and help grow our business so as to create long-term sustainable value for all shareholders. The Group had in FY2018 completed the acquisition of the Alutech Group to broaden our market coverage for our aluminium products distribution business in the People's Republic of China market. In FY2019, the Group established a metal service centre in Penang, Malaysia to expand and facilitate the distribution of our aluminium products in the region. These initiatives have strengthened the Group's market reach and growth in market share and revenue. In addition, the Board continues to actively review and assess the Group's core competencies, its management team and its financial strength.

**Q2.** On page 24, the board stated that it is of the opinion that the size of the group's operations does not warrant a separate full-time internal audit function.

The board and the audit committee (AC) have approved and endorsed a system of internal controls with the appointment of a Risk Officer ("RO") to provide executive oversight and co-ordination of the group's enterprise-wide risk management framework which encompasses the internal audit function.

As disclosed, the RO reports to the board and the AC in this role and is independent of the operations of the group on which he is performing his assessment of its internal control systems (page 24). In his performance of the internal audit function, the RO has unfettered access to all the documents, records, properties and personnel, including the AC, and has appropriate standing within the group.

Specifically, the board has stated that one of the main roles of the RO is to "design, implement and monitor the risk management and internal control systems of the group in accordance with board policies on risks and controls, using effective processes and procedures" (page 24).

- (i) Can the AC help shareholders understand the background, the profile and the level of seniority of the RO?**
- (ii) What is the split of the RO's time in carrying out the internal audit function and other duties? Can the AC confirm that only a single executive (i.e the RO, without additional support from his teammates or subordinates) is the internal audit function?**
- (iii) On what basis does the AC consider the current arrangement to be adequate?**
- (iv) In addition, given that the RO is tasked to design, implement and monitor the risk management and internal control systems of the group, would the AC be putting the RO in a position of self-review by tasking him to carry out the internal audit functions as well?**
- (v) Has the sponsor reviewed the current arrangement for the group's internal audit function? What guidance has the sponsor given to the audit committee?**
- (vi) Would the audit committee consider looking into engaging professional, third party, service providers who have experience in internal audits?**

### **Company's Response**

The Group has in place a system of internal controls and a risk management framework that addresses financial, operational, compliance and information technology risks of its operations. The internal controls and the risk management framework maintained by the management are in place throughout the financial year to provide reasonable assurance against material financial misstatements or loss, and include the safeguarding of assets, maintenance of proper accounting records, compliance with appropriate legislation, regulations and best practices, and the identification and containment of business risks.

The Company's external auditors conduct a review of the effectiveness and adequacy of the Company's internal controls and risk management policies on an annual basis and report to the Audit Committee ("AC") with recommendations for improvements where necessary. The AC also reviews the effectiveness of the actions taken by the management and any recommendations made by the external auditors.

The Risk Officer ("RO") is engaged by the Group on a half yearly basis to conduct an internal audit and to report his findings to the AC with follow-up actions, if required. The RO is not an employee of the Group and he has more than 15 years' experience in the areas of quality control and assurance and ISO internal audits. He works independently while performing his internal audit function for the Group and he is given full access and authority to request for information, documents and records. The RO reports directly to the AC and the Board. The AC also meets with the RO without the presence of management every half yearly.

The AC ensures that the internal audit function is adequately resourced and that the RO has the appropriate standing within the Group to perform his function effectively. As such, the AC is satisfied that the current internal audit arrangements, which, coupled with the external auditors' review of the effectiveness and adequacy of the Company's internal controls and risk management policies, is adequate in view of the size of the Group's operations.

The Sponsor provides guidance and/or reminders to the Company in relation to its continuing listing obligations under the Catalist Rules on an ongoing basis together with other relevant professionals, when required. The Sponsor enquires on key matters faced by the Group and thereafter provides relevant feedback to the Company's management and board of directors on market and regulatory expectations in order to enhance the Company's decision making and to ensure that the Company meets its continuing obligations. The Sponsor will work with other professionals, such as the Group's external auditors, to offer recommendations to strengthen the Group's internal controls and procedures on a timely basis.

The AC is constantly looking for ways to improve the internal audit function. The AC is currently considering to engage a professional consultancy firm to undertake an overall review of the Group's internal control systems and would reach a decision in the near term.

**Q3.** Provision 2.3 of the Code of Corporate Governance 2018 states that non-executive directors should make up a majority of the board. On page 13, the board stated that it has three executive directors and three non-executive directors and thus it has deviated from Provision 2.3.

To "explain" the deviation, the board stated the following (page 13):

*Nevertheless, two of our three non-executive directors are also independent directors, and this enables the board to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on various issues.*

Listing Rule 710 of the SGX Listing Manual requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018, the provision from which it has varied, **the reason(s) for the variation**, and the explanation(s) on how the practices it had adopted are consistent with the intent of the relevant principle [emphasis added].

- (i) Can the board explain why it had deviated from Provision 2.3 (and not simply state that the current board exercise independent judgement)?**
- (ii) Would the nominating committee be reviewing the board composition to better meet the requirements of the CG Code 2018?** The board had stated that it "recognises the importance of maintaining good corporate governance to protect the interest of shareholders and promote investors' confidence" (page 10).

In addition, Mr Tito Shane Isaac and Mr Lee Teong Sang have served on the board as independent directors since 30 August 2006 and 27 March 2003 respectively, i.e. over 14 years and over 18 years respectively. The long tenured independent directors are seeking a two-tier vote at the AGM for their continued appointment as independent directors.

- (iii) As the independent director and chairman of the board, would Mr Tito Shane Isaac be holding himself to higher governance standards and lead by example, especially in setting the tone with regard to the tenure of independent directors?**
- (iv) What are the plans for the progressive renewal of the board (Principle 4 of the Code of Corporate Governance 2018)?**

## **Company's Response**

On an annual basis the Nominating Committee ("NC") will review the appropriateness of the current Board size and composition, taking into consideration the nature and scope of the Group's operations as well as any change in the regulatory environment.

With reference to Provision 2.3 of the Singapore Code of Corporate Governance 2018, the Board and its committees currently comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience, and knowledge of the Company and the Group, required for an effective Board. At Board and committee meetings, key issues and strategies, as well as challenges arising from the changes in the evolving competitive environment are critically examined, taking into consideration the long-term interests of the Group and its shareholders. In light of the foregoing, although the Company does not have a written policy on board diversity, the Board nevertheless has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

As such, the Board and the NC have considered and are satisfied that the current size and composition of the Board is appropriate and has adequate ability to perform its functions.

Mr Tito Shane Isaac and Mr Lee Teong Sang have served on the Board as Independent Directors for more than nine years. Both Directors had sought clarification and amplification when deemed necessary, contributed constructively and demonstrated strong independence both in character and in judgement over the years when discharging their duties and responsibilities as Independent Directors of the Company. They are also familiar with the fundamentals of the Group's business which further enhances their ability to perform the oversight role. The Board (with the respective members concerned abstaining from deliberations) is of the view that each of them brings relevant expertise, experience and knowledge to the Board and resolved that they are independent, notwithstanding their length of service which does not in any way interfere with their exercise of independent judgement nor hinder their ability to act in the best interests of the Company.

Mr Tito's appointment as an Independent Director conforms to the Catalist Rules and guidelines for independence as provided for under the Singapore Code of Corporate Governance 2018 and its accompanying Practice Guidance. Further, in compliance with Rule 406(3)(d)(iii) of the Catalist Rules which will take effect from 1 January 2022, Mr Tito's position as an Independent Director is also subject to shareholders' approval under the two-tier voting process at this annual general meeting. As Chairman and Independent Director, he has provided an independent perspective and contributed to a balanced viewpoint on matters discussed, notwithstanding the length of tenure of service. Mr Tito and the Board (with Mr Tito abstaining from deliberations) believe that he can continue to discharge his duties independently with integrity and competency.

The NC seeks to refresh board membership progressively and in an orderly manner. As mentioned earlier, the NC reviews the appropriateness of the current Board size and composition, taking into consideration the nature and scope of the Group's operations as well as any change in the regulatory environment on an annual basis. The NC will carefully manage the board composition to ensure an ongoing balance between preserving continuity, retaining experience and institutional knowledge while refreshing the Board to match the pace of change in the industry.