



GOODLAND GROUP LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No.: 200405522N

RESPONSE TO SGX QUERIES ON ANNUAL REPORT FOR FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

The Board of Directors of Goodland Group Limited (the “**Company**”), and together with its subsidiaries (the “**Group**”), refers to the Company’s Annual Report for the financial year ended 30 September 2020 which was uploaded on the website of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 5 January 2021. The Company would like to provide the following additional information in reply to the queries raised by SGX-ST on 15 January 2021:-

SGX-ST Query 1

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.1 and 8.2 of the Code with regards to the disclosure of remuneration, and there were no explanations provided for in your FY2020 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company’s Response

The Company refers to its disclosure on pages 27 to 28 of the FY2020 Annual Report. The Company has disclosed in the FY2020 Annual Report the breakdown of the remuneration of the Chief Executive Officer (“**CEO**”), Directors and key management personnel into types of compensation in percentage terms and in bands of S\$250,000. The Company is of the view that it is not in the best interest of the Company to disclose the remuneration of each Director, the CEO and key management personnel as this disclosure may adversely affect the Group’s ability to retain talent, given the confidentiality and sensitive nature of the subject and the competitive environment and the nature of the industry. Other than as disclosed in the FY2020 Annual Report, none of the employees who are immediate family members of a Director or the CEO received remuneration exceeding S\$100,000 during FY2020.

The Board is of the view that the current disclosure on remuneration on pages 26 to 28 in the FY2020 Annual Report provides shareholders a meaningful and sufficiently transparent information on the remuneration of the Directors and key management personnel, the Company’s remuneration policies, level and mix of remuneration, performance and value creation. Based on the above, the Board believes that its practices are consistent with the intent of Principle 8 of the Code.

SGX-ST Query 2

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced (emphasis added). It is noted on page 32 of the FY2020 annual report that:- *"The internal audit function is outsourced to a professional consultancy firm, Crowe Horwath First Trust Risk Advisory Pte. Ltd.....The AC is satisfied that the internal auditor is adequately resourced and has the appropriate standing within the Group. The AC is also satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience."*

In this regard, please provide the information required pursuant to Listing Rule 1207(10C), as well as information on the relevant experience of accounting firm and the engagement team.

Company's Response

The Company refers to its disclosure on pages 31 to 32 of the FY2020 Annual Report.

Independence of Internal Audit Function

The internal audit function is outsourced to a professional consultancy firm, Crowe Horwath First Trust Risk Advisory Pte. Ltd. The internal auditor ("IA") has unfettered access to all of the Group's documents, records, properties and personnel, including access to the Audit Committee ("AC"). During FY2020, the IA had carried out its function according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Effectiveness of Internal Audit Function

The IA have conducted an annual review in accordance with their audit plans, of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC has also reviewed the effectiveness of actions taken by the Management on the recommendations made by the IA in this respect.

Adequacy of Resources of Internal Audit Function

The AC decides on the timing of the commissioning of the internal audit function from time to time and ensures that adequate resources are directed to carry out those plans. The AC is satisfied that the IA is adequately resourced.

The AC has in its annual review concluded that the internal audit function is independent, effective and adequately resourced.

Relevant Information on IA

Crowe Horwath First Trust Risk Advisory Pte. Ltd. was established in 2007 and offers diversified business advisory services in Singapore. The company has more than 10 years of experience in providing internal audit, enterprise risk management and sustainability reporting services to public listed companies.

The engagement team comprises the Executive Director, Director, Manager and other team members. Credentials of the key engagement team members are as follows:

(a) Engagement Executive Director, Mr. Alfred Cheong

- More than 20 years of diverse professional experience providing internal and statutory audit, corporate governance review, risk consulting and business advisory services to clients from various industries. He is also the Regional Leader (ASEAN) for Crowe Global's Corporate Advisory Group.
- Practicing Member of the Institute of Singapore Chartered Accountants (ISCA) and a member of CPA Australia.
- Honorary Treasury & Chairman of the Admin and Finance Committee for Singapore Road Safety Council.

(b) Engagement Director, Mr. Chia Shu Siang

- Over 17 years of experience in providing financial assurance and risk consulting services to companies ranging from multinationals, public listed companies and government corporations.
- Member of the Institute of Singapore Chartered Accountants (ISCA) and a Certified Internal Auditor.

(c) Engagement Manager, Mr. Benedict Cho

- More than 10 years of experience in providing assurance, advisory and attestation services.
- Member of the Information Systems Audit and Control Association (ISACA) and a licensed member of Federation of Investment Managers Malaysia (FIMM).

SGX-ST Query 3

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have 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.

Company's Response

The Company refers to its disclosure on pages 8 to 10, 20 to 24 of the FY2020 Annual Report.

The Board recognises the importance of having a Board comprising persons whose diverse skills, knowledge, experience and attributes provide for effective direction for the Group, although the Company does not have a formal diversity policy.

The Board members possess core competencies such as financial, accounting, legal, management experiences and industry knowledge. The current composition enables the Management to benefit from a diverse and objective external perspective on issues raised before the Board. The Board considers that its Directors possess the necessary competencies to lead and govern the Company effectively.

The Nominating Committee reviews the Board composition annually and is of the view that the present Board comprises persons who as a group provide capabilities required for the Board to be effective. Key information regarding the Directors is set out on pages 8 to 10 of the Annual Report.

Based on the above, the Board believes that its practices are consistent with the intent of Principle 2 of the Code.

BY ORDER OF THE BOARD
GOODLAND GROUP LIMITED

Hor Swee Liang
19 January 2021