

# Corporate Governance Report

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**The Company is committed towards good corporate governance and it has adopted a comprehensive corporate governance framework that meets best practice principles.**

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Outlined herein are the policies, processes and practices adopted by the Company in compliance with the principles and provisions of the Code of Corporate Governance 2018 (the "Code"). Where there is any deviation from the Code, appropriate explanations are provided in this report on each area of non-compliance and how the Company's practices are consistent with the intent and philosophy of the principle in question.

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## Board Matters

Principle 1:  
The Board's Conduct of its Affairs

**The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

The board of directors (the "Board" or "Directors") is responsible for the overall management of the Company, and the Directors objectively make important decisions in the best interests of the Company.

The principal functions of the Board include:-

- providing overall strategy and direction for the Company and its subsidiaries (the "Group");
- reviewing the corporate policies and financial performance of the Group;
- reviewing Management's performance;
- establishing an enterprise risk management framework of prudent and effective controls to assess and manage risks;
- considering sustainability issues including environmental and social factors, as part of its strategic formulation;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and
- setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.

Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflict of interests recuse themselves from discussions and decisions involving the issues of conflict (*Provision 1.1*).

The Board conducts regular meetings on a quarterly basis, and following the amendments to Rule 705 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual (which came into effect on 7 February 2020), on a half-yearly basis and whenever necessary as circumstances arise. A total of four Board meetings were held in the financial year ended 30 June 2020 ("FY2020"). To assist the Board in discharging its duties and functions,

the Board has delegated authorities to the Board Committees, namely the Audit & Risk Committee ("ARC"), Remuneration Committee ("RC") and Nominating Committee ("NC"). Each of the ARC, RC and NC has been constituted with terms of reference setting out their composition, authorities and duties approved by the Board and may recommend and/or decide on matters within its terms of reference. The Board reviews the composition of the membership of the Board Committees whenever there are changes to the Board membership. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in this Annual Report (*Provision 1.4*).

The details of the Directors' attendance at the Board and Board Committee meetings and Annual General Meeting ("AGM") for the year are set out in the table below (*Provision 1.5*).

When a Director serves on multiple boards of different companies, that Director ensures that sufficient time and attention are allocated to the affairs of each company with assistance from the Management, which provides relevant and complete information to that Director on a regular basis for the effective discharge of his/her duties.

To address the competing time commitments that a Director may face in holding multiple board appointments, the internal guideline recommended by the NC provides that the maximum number of listed company board representations which any Director may hold at any one point in time is five directorships. The NC is satisfied that for FY2020, each of the Directors has given sufficient time and attention in discharging his/her responsibilities as Director by providing invaluable guidance, advice and support to the Group (*Provision 1.5*).

## Directors' Attendance at AGM, Board and Board Committee Meetings for FY2020

Name	Board	Audit & Risk Committee	Remuneration Committee	Nominating Committee	AGM
	Meetings Held: 4*	Meetings Held: 4	Meetings Held: 2	Meeting Held: 1	Meeting Held: 1
	Meetings Attended	Meetings Attended	Meetings Attended	Meeting Attended	Meeting Attended
Cheng Wai Keung <sup>(a)</sup>	4	–	–	1	1
Edmund Cheng Wai Wing	4	–	–	–	1
Boey Tak Hap <sup>(b)</sup>	3	2	2	–	1
Cheng Man Tak	4	–	–	–	1
Christopher Lau Loke Sam	4	4	2	–	1
Paul Hon To Tong	4	4	–	1	1
Tan Hwee Bin	4	–	–	–	1
Guy Daniel Harvey-Samuel	4	–	2	1	1
Tan Sri Dr Zulkurnain Bin Hj. Awang	4	–	–	–	1
Mrs Mildred Tan <sup>(c)</sup>	4	4	–	–	1
Eric Ang Teik Lim <sup>(d)</sup>	–	–	–	–	–

(a) Mr Cheng Wai Keung stepped down as a member of the NC on 30 June 2020.

(b) Mr Boey Tak Hap retired from the Board and relinquished all Board Committee appointments on 2 January 2020.

(c) Mrs Mildred Tan was appointed as a member of the RC on 1 September 2020.

(d) Mr Eric Ang Teik Lim was appointed as an independent non-executive Director and a member of the RC and the NC on 1 July 2020.

\* Following the change from quarterly to half-yearly reporting pursuant to the amendments to Rule 705 of the SGX-ST Listing Manual which came into effect on 7 February 2020, no Board meeting was held for the third quarter ended 31 March 2020.

The Constitution of the Company ("Constitution") allows the Directors to participate in Board and Board Committee meetings by way of telephone, video conference or other similar means of communication equipment whereby all persons participating in the meetings are able to hear each other, without requiring their physical presence at the meetings.

In this regard, alternative means of participation by way of telephone and video conference have been adopted in the Board and Board Committee meetings, whenever necessary.

As the Chairman has a deciding vote in the event of any matter, there is no presence of board interlock within the Company.

Matters which require the Board's approval include, *inter alia*, those involving material acquisition and disposal of assets of the Company, annual budget, financial results announcements, annual report and financial statements, distribution of dividends and other returns to shareholders, fund raising exercises, corporate and financial restructuring, and interested person transactions of a material nature (*Provision 1.3*).

Upon appointment of each Director, the Company will provide a formal letter to the Director, setting out clearly the Director's duties and obligations. Newly appointed Directors are given orientation briefings by the Management including site visits to the Company's assets to ensure that they are familiar with the Group's businesses, directions and policies. The Board is regularly updated on the latest amendments to the law as well as changes to regulations and accounting standards. Every Director will receive from time to time further relevant training or briefings by professionals, particularly on the enactment of relevant new laws and regulations as well as on new and evolving or

emerging commercial risks. The Company Secretary readily keeps the Directors informed as and when there are appropriate courses, conferences and seminars such as those conducted by the Accounting and Corporate Regulatory Authority ("ACRA"), the SGX-ST and the Singapore Institute of Directors ("SID") (*Provision 1.2*).

The Directors are encouraged to regularly attend such training which are funded by the Company. During FY2020, the Directors attended a number of courses and seminars, namely, "Key Changes to SGX Listing Rules implemented on 7 February 2020 & Other Regulatory Developments", "ACRA-SGX-SID Audit Committee Seminar 2020" and "LED: Audit Committee Essentials", conducted by external counsels and professionals to update the Board on, *inter alia*, changes to the SGX-ST Listing Manual and regulatory developments.

A Director's contribution may extend beyond the confines of formal Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

Prior to each meeting and whenever the need arises, the Board is furnished with complete and adequate information in a timely manner to enable full deliberation of the issues to be considered. To ensure that the Board is able to fulfil its responsibilities, the Management readily provides the Board with board papers and related materials, background or explanatory information and copies of disclosure documents, management reports, forecasts, budgets, financial statements and other relevant information of the Group on a quarterly basis, and following the amendments to Rule 705 of the SGX-ST Listing Manual (which came into effect on 7 February 2020), on a half-yearly basis prior to

meetings, and on an on-going basis whenever necessary (*Provision 1.6*).

The Board has separate and independent access to the Management and the Company Secretary at all times. Directors are entitled to request from and are provided by the Management, in a timely manner, with such additional information as may be needed to make informed decisions. The Board also seeks independent professional advice at the Company's expense as and when necessary to enable the Directors (whether individually or as a group) to discharge their responsibilities effectively.

The Company Secretary attends all Board meetings and ensures that Board procedures are strictly adhered to. The Company Secretary, together with the Management, also ensure that the Company complies with all applicable statutory and regulatory rules. In addition, the Company Secretary ensures that there is good information flow within the Board and the Board Committees, and between Management and non-executive Directors. The Company Secretary facilitates orientation and assists with professional development of the Directors as may be required. The appointment and removal of the Company Secretary is subject to the approval of the Board (*Provision 1.7*).

## Principle 2: Board Composition and Guidance

### **The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

The Board currently comprises a majority of non-executive Directors, with more than one-half of the Board being made up of independent Directors as the Chairman of the Board is also the Managing Director (*Provisions 2.2 & 2.3*).

The NC reviews the independence of each Director annually based on the definition of "independence" as prescribed in the SGX-ST Listing Manual and also in the Code to ensure that there is a strong element of independence and autonomy on the Board. Pursuant to the Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company (*Provision 2.1*). There is no existence of a relationship as stated in the Code that would otherwise deem any independent Director to be non-independent.

Mr Boey Tak Hap retired from the Board on 2 January 2020 and Mr Eric Ang Teik Lim was appointed on 1 July 2020 as an independent non-executive Director. There are currently ten members on the Board, three of whom are executive Directors and six of whom are independent non-executive Directors (*Provisions 2.2 & 2.3*).

To further enhance the independence of the Board and the Board Committees, it is the Company's policy that no Director or independent Director sits on all three Committees, the ARC, RC and NC.

Although the independent Director, Mr Paul Hon To Tong, has served on the Board for more than nine years, the Board has, with the NC's recommendation, reviewed his appointment and considers him to be independent, having satisfied itself on the more important inquiry as to whether the Director has truly demonstrated integrity, independent judgement, objectivity in the discharge of his duties, and professionalism and that there is no conflict of interests in dealings with the Company, rather than simply imposing a maximum number of years that he should serve on the Board, which can be arbitrary. In this regard, the Board is fully satisfied as to the performance and continued independent judgement of this Director. Further, the Board does not consider it to be in the best interests of the Company or shareholders to require this Director who has served on the Board for more than nine years to retire, but rather, to continue to build on the Company's acquired experience and expertise by preserving continuity and stability within the Company through orderly succession. There is no relationship or circumstance that is likely to affect the judgement of this Director.

The Company has a policy to appoint members of the Board from diverse and varied skills, experience, gender and knowledge and has ensured that there is at least one independent Director on the Board who has experience in the industry in which the Company operates. The Board will examine its size and composition whenever circumstances require (*Provision 2.4*). The Company adopts the principle of collective decision process and hence,

no individual or smaller group of individuals will dominate the Board's decision-making process.

Given the present scope and nature of the Company's operations, the Board considers its current size and profile of its members, whose core competencies, qualifications, skills and experience are diverse, extensive and complementary, to be appropriate.

Non-executive Directors and/or independent Directors, led by an independent Director, will meet periodically without the presence of Management. The chairman of such meetings will provide feedback to the Board and/or the Chairman as appropriate (*Provision 2.5*).

The profiles of the Directors are set out on pages 4 to 6 of this Annual Report.

## Principle 3: Chairman and Chief Executive Officer

### **There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

The Chairman of the Board, Mr Cheng Wai Keung, is also the Managing Director ("MD") of the Group and has overall responsibility for the management and operations of the Group.

In order to address the issue of independence given that the Chairman and the MD are the same person, the Board has formally appointed Mr Paul Hon To Tong as Lead Independent Director to serve as a sounding board for the Chairman and also as an intermediary between the non-executive Directors and the Chairman to ensure an appropriate balance of power, increased accountability,

and greater capacity of the Board for independent decision-making. In addition, Mr Paul Hon To Tong is available to the shareholders whenever they have any concerns which cannot be resolved or which may not be appropriate to be raised through normal contact channels of the MD or the chief financial officer (“CFO”) (*Provisions 3.1 & 3.3*).

Mr Cheng Wai Keung’s primary role as Chairman of the Board is to lead the Board in developing sound policies and strategies for the Company and ensuring that they are implemented effectively, as well as to promote high standards of corporate governance. Mr Cheng Wai Keung also provides leadership to the Board, and ensures that Board meetings are held whenever necessary to promote a culture of openness and debate at the Board and that Board members are provided with complete, adequate and timely information. As the MD, Mr Cheng Wai Keung makes key decisions on the management and operations of the Group and is responsible for the conduct of the business and affairs of the Group, supported by the key management. The continued growth of the Company under Mr Cheng Wai Keung’s leadership over the years clearly demonstrates his ability to discharge the responsibilities of both his roles as Chairman and MD effectively (*Provision 3.2*).

#### Principle 4: Board Membership

**The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

To assist the Board in the discharge of its responsibilities and to enhance the Company’s corporate governance framework, the Board, without abdicating its responsibility, delegates

specific functions to the various Board Committees, namely, the ARC, the RC and the NC. Each of these Board Committees has its own terms of reference and reports its activities regularly to the Board.

The NC comprises three members, namely, Mr Guy Daniel Harvey-Samuel – Chairman of the NC, Mr Paul Hon To Tong, Lead Independent Director and Mr Eric Ang Teik Lim (who was appointed as a member of the NC in place of Mr Cheng Wai Keung, on 1 July 2020) (*Provision 4.2*).

The NC has adopted its own specific written terms of reference. The principal functions of the NC are to make recommendations to the Board for succession plans for Directors, the appointment and re-appointment of Directors to the Board and to review the independence of each Director annually and as and when circumstances require. The NC also recommends to the Board the process and criteria for evaluation of the performance of the Board, the Board Committees and the individual Directors. In addition, the NC reviews the training and professional development programmes for the Board and its Directors (*Provision 4.1*).

Pursuant to the Company’s Constitution and in compliance with Rule 720(5) of the SGX-ST Listing Manual, one-third of the Directors are required to submit themselves for re-nomination and re-election at least once every three years. The Directors to retire every year at the AGM shall be those who have been longest in office since their last re-election, and as between persons who became Directors on the same day, those to retire shall be determined by lot. A newly appointed Director will hold office until the next AGM following his/her appointment and he/she will be eligible for re-election. The Company has no alternate Directors.

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, additional information on the Directors seeking re-election has been set out in the section titled “Additional Information on Directors Seeking Re-Election at the Annual General Meeting” which is appended to the Notice of AGM.

The NC will review and make recommendations on board succession plans for Directors and the composition of the Board from time to time, and search for and identify suitable candidates with the right qualifications, expertise and experience to be appointed as Directors. Each candidate will be evaluated based on his/her ability to enhance the Board’s capabilities through his/her contributions in his/her area of expertise and to improve the Group’s business strategies, controls and/or corporate governance (*Provision 4.3*).

All Directors and members of the Board are appointed following a comprehensive and extensive external search based on their credentials and qualities.

When considering the independence of Directors, the NC also reviews the annual declaration by the independent non-executive Directors regarding their independence and the Directors’ disclosures of interests in transactions (*Provision 4.4*).

For first-time directors, the Company provides training in areas such as accounting, legal or such other industry-specific knowledge, where appropriate. As mentioned before, upon appointment of each Director, the Company will provide a formal letter to the Director, setting out clearly the Director’s duties and obligations to ensure that the new Director is aware of his/her duties and obligations (*Provision 4.5*).

## Principle 5: Board Performance

### **The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

With the assistance of KPMG Services Pte Ltd (“KPMG”), the Company’s objective performance criteria and process for the evaluation of the effectiveness of the Board was developed, established and approved for use to ascertain the effectiveness of the Board as a whole, its Board Committees and each Director. This framework is reviewed and refined annually or when required, to incorporate better practices to enable an effective and relevant assessment process (*Provision 5.1*).

The NC’s assessment of the effectiveness and performance of the Board as a whole and its Board Committees is conducted on an annual basis (by circulating the evaluation forms for Board and Board Committees amongst the Directors) taking into account the level of participation and contribution of each individual Director towards the Board’s effectiveness and competencies, as well as the strategic insight, financial literacy, business judgement, integrity and relevant industry knowledge rendered for the benefit of the Group. The aim of the assessment is to assess whether each Director is able to and continues to contribute effectively and demonstrate commitment to his/her role. Individual evaluation and self-assessment of each Director are also conducted on an annual basis. Additional performance

criteria based on the Code has also been incorporated. These performance criteria allow for comparison with industry peers and go towards enhancing long-term shareholder value. Based on the results of the evaluation, the Board has met its performance objectives (*Provision 5.2*).

The Chairman of the Board will act on the results of the evaluation and, in consultation with the NC, may propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

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## Remuneration Matters

### Principle 6: Procedures for Developing Remuneration Policies

#### **The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

The RC comprises four members, all of whom, including the Chairman of the RC, are independent non-executive Directors. The RC members are Mr Christopher Lau Loke Sam – Chairman of the RC, Mr Guy Daniel Harvey-Samuel, Mr Eric Ang Teik Lim (who was appointed as a RC member on 1 July 2020) and Mrs Mildred Tan (who was appointed as a RC member on 1 September 2020)

(*Provision 6.2*). Former RC member, Mr Boey Tak Hap, retired from the Board on 2 January 2020.

The RC has adopted its own specific written terms of reference. The principal functions of the RC are to review and recommend to the Board a general framework for remuneration within the Company and the specific remuneration packages for each Director as well as for the key management personnel of the Group (*Provision 6.1*). As and when required, the RC obtains independent and professional advice on remuneration matters (including but not limited to Directors’ fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind) from human resource advisers and an external management consultancy firm specialising in people-pay-performance management strategies, Carrots Consulting Pte Ltd (“Carrots”). Other than its professional appointment, Carrots has no affiliation

or relationship with the Company or any of its Directors that will affect the independence and objectivity of its performance (*Provision 6.4*). The RC reviews the structure of the remuneration packages for the Directors and key management personnel to ensure that they are competitive and sufficient to attract, retain and motivate key executives. No Director is involved in deciding his/her own remuneration.

The RC reviews the Company’s obligations arising in relation to termination of the executive Directors’ and key management personnel’s contracts of service, to ensure that such contracts of service contain fair and reasonable terms of termination which are industry norm and not overly generous, onerous or adverse to the Company. There are no termination, retirement or post-employment benefits granted to the executive Directors and key management personnel (*Provision 6.3*).

Principle 7:  
Level and Mix of Remuneration

**The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

The Company's remuneration framework for executive Directors and key management personnel comprises a fixed component (in the form of a base salary, annual wage supplement, fixed allowances where applicable, together with other benefits-in-kind in accordance with the Company's prevailing human resource policies), and a variable component in the form of variable bonuses, as well as share plans, where applicable. The remuneration packages take into account the individual's performance, the Group's overall performance, as well as acceptable market practices and employment conditions within the industry. Such performance-related remuneration takes into account the risk policies of the Company, is symmetric to risk outcomes and is sensitive to the time horizon of risks. In assessing the performance of the executive Directors and key management personnel, the RC takes into account the financial and operational performance of the Group. Carrots undertakes a benchmarking exercise on the remuneration packages of the executive Directors and key management personnel of the Group on an annual basis.

The Company seeks to remunerate all employees based on their individual performances and contributions towards the Company. To this end, the Company has in place a robust performance management system

with which to appraise employees' performance against a set of key performance indicators on an annual basis (*Provision 7.1*).

Non-executive Directors are paid a fixed fee appropriate to their level of contribution, taking into account factors such as effort, time spent, and responsibilities. Directors who participate in Board Committees receive higher fees for the additional responsibilities they take on. The Company recognises that non-executive Directors should not be over-compensated to the extent that their independence may be compromised. All Directors' fees are approved by shareholders at the AGM of the Company before they are paid (*Provision 7.2*).

The Company uses the Wing Tai Performance Share Plan ("Wing Tai PSP") and the Wing Tai Restricted Share Plan ("Wing Tai RSP") to incentivise both employees and Directors to promote the long-term success of the Company. The performance conditions which the Wing Tai PSP seeks to promote are broader targets aimed at sustaining more extensive and longer-term growth, and they are set over a three-year performance period. On the other hand, the performance conditions prescribed under the Wing Tai RSP are shorter-term targets aimed at encouraging continued service, and the shares have a vesting schedule of three years. Other than the Wing Tai RSP and Wing Tai PSP (collectively "Share Plan Shares") granted to the Executive Director, Ms Tan Hwee Bin, no Share Plan Shares was granted to the other Directors during the financial year (*Provision 7.3*).

The RC has the discretion not to award variable incentive in any year if an executive Director or a key management personnel is involved in exceptional circumstances of

misstatement of financial results or misconduct resulting in financial loss to the Company. The Company currently has contractual provisions to allow the Company to reclaim incentive components of remuneration from executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

Principle 8:  
Disclosure on Remuneration

**The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

The remuneration packages of Directors and key management personnel are a competitive advantage of the Group. The Company uses both short-term and long-term incentives such as variable bonus and share plans, to motivate its executive Directors and employees to deliver greater performance for the Company. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus and share plans that are linked to the performance of the Group and each individual's performance, which is based on the criteria of the respective key performance indicators allocated to the individual. The key performance indicators include the Company's profitability and other financial and operational indicators as determined by the Board. Staff appraisals are conducted once a year. The executive Directors do not receive Directors' fees.

Provision 8.1 of the Code recommends that companies fully disclose the remuneration of each individual director and their CEO, and that they should name and disclose the remuneration of at least their top five

key management personnel (who are not directors or the CEO) in bands no wider than \$250,000, including the aggregate remuneration paid to these top five key management personnel. Provision 8.3 of the Code also recommends that companies disclose all forms of remuneration and other payments and benefits as well as details of employee share schemes.

The Company has chosen to make disclosures in bands of \$250,000 with a breakdown in percentage terms of fees, base salary, bonus, share awards and other benefits for all the Directors, including the MD, executive Directors, and key management personnel. The Company is of the view that Principle 8 of the Code was met, as the remuneration policies, the

procedure for setting remuneration for the MD, executive Directors and key management personnel as well as the level and mix of remuneration are disclosed below and taking into account the confidential and sensitive nature of such information, specific disclosure would otherwise place the Group in a competitively disadvantageous position.

The breakdown (in percentage terms) of the Directors' remuneration paid in FY2020 is as follows (*Provisions 8.1(a) & 8.3*):-

Remuneration Bands	Fees (%)	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)	Shares granted during the year
<b>\$2,500,001 to \$2,750,000</b>						
Cheng Wai Keung	–	53	36	11	100	–
<b>\$2,250,001 to \$2,500,000</b>						
Edmund Cheng Wai Wing	–	51	35	14	100	–
<b>\$1,500,001 to \$1,750,000</b>						
Tan Hwee Bin	–	42	33	25 <sup>^</sup>	100	203,000
<b>Below \$250,000</b>						
Boey Tak Hap <sup>*</sup>	100	–	–	–	100	–
Cheng Man Tak	100	–	–	–	100	–
Christopher Lau Loke Sam	100	–	–	–	100	–
Paul Hon To Tong	100	–	–	–	100	–
Guy Daniel Harvey-Samuel	100	–	–	–	100	–
Tan Sri Dr Zulkurnain Bin Hj. Awang	100	–	–	–	100	–
Mrs Mildred Tan	100	–	–	–	100	–
Eric Ang Teik Lim <sup>+</sup>	–	–	–	–	–	–

<sup>^</sup> Includes the fair value of restricted shares and performance shares

<sup>\*</sup> Retired on 2 January 2020

<sup>+</sup> Appointed on 1 July 2020

The breakdown (in percentage terms) of the remuneration of the top five key management personnel in bands of \$250,000 paid in FY2020 is set out below. The total remuneration paid to the five key management personnel for FY2020 amounted to \$4.7 million (*Provisions 8.1(b) & 8.3*).

Remuneration Bands	Salary (%)	Bonus (%)	Other Benefits (%)	Share Awards <sup>^</sup> (%)	Total (%)
<b>\$1,250,001 to \$1,500,000</b>					
Helen Chow	52	38	10	–	100
<b>\$750,001 to \$1,000,000</b>					
Helen Khoo	52	28	6	14	100
Ng Kim Huat	46	35	5	14	100
Karine Lim	42	39	5	14	100
<b>\$500,001 to \$750,000</b>					
Stacey Ow Yeong	51	31	6	12	100

<sup>^</sup> Includes the fair value of restricted shares and performance shares (where applicable)

Ms Helen Chow is the spouse of the MD, Mr Cheng Wai Keung and also one of the five key management personnel whose remuneration is disclosed in bands of \$250,000. Mrs Kit Cheng, who is the spouse of the Deputy Managing Director, Mr Edmund Cheng Wai Wing, received remuneration that is between \$200,000 and \$300,000 during FY2020 (*Provision 8.2*).

Provision 8.2 of the Code provides, *inter alia*, that the company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds \$100,000 during the year, in bands no wider than \$100,000. The Company

has disclosed the remuneration of Ms Helen Chow in bands of \$250,000. The Company is of the view that the intent of Principle 8 of the Code was met, as the remuneration policies, the procedure for setting remuneration applicable to the key management personnel of the Company, and the level and mix of remuneration are disclosed in the table on the previous page. Moreover, Ms Helen Chow is in a senior position and is considered as key management personnel, hence the disclosure made in bands of \$250,000 would be meaningful to investors as to the level of remuneration paid to these employees as well as serving the Company's purpose in retaining and nurturing the Group's talent pool across all key management personnel, regardless of their relationship with the controlling shareholder or director.

Having consulted Carrots as well as the Company's Human Resource department, there is assurance from the Board and/or the RC that the level and structure of remuneration are aligned with the long-term interests and risk management policies of the Company. The Company is of the view that the disclosures herein would provide adequate information on the remuneration policies and practices for Directors and key management personnel.

## Accountability and Audit

### Principle 9: Risk Management and Internal Controls

**The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

The Board places great importance in having adequate and effective internal controls and risk management practices within the Company in order to achieve good corporate governance. The Group's internal controls provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are well-maintained, financial information are reliable and applicable laws and regulations are properly complied with.

The Board ensures that the Management maintains an adequate and effective system of internal controls and risk management which addresses key material risks including those posed in financial, operational, compliance and information technology domains. The Board requires the ARC to fully review and report annually on the adequacy and effectiveness of the internal controls and risk management as well as to assist in its risk management oversight.

The Company has established and maintains, on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits, as required under Rule 719(3) of the SGX-ST Listing Manual.

The Group has in place an enterprise risk management ("ERM") framework to provide the Board with a Group-wide view of the risks in the

respective business units. The ERM framework enables the identification, assessment, management and monitoring of key risks to the Group's business. It also sets out the risk tolerance and describes the tolerance for various classes of risk by the Board based on the percentage of the Company's net tangible asset (NTA). As part of this framework, risk registers are set up to document the identified key material risks and mitigating controls/actions. The policies and procedures within the ERM framework allow the Group to regularly review the significance of its key material risks, and to consider the adequacy and effectiveness of the Group's system of internal controls to limit, mitigate and monitor the identified key material risks and the implementation of further action plans to manage strategic business risks, especially financial, operational, compliance and information technology risks.

As part of its continuing efforts to improve the risk management policies and systems, the Board, with the assistance of KPMG, reviews the Group's existing internal controls and the risk registers annually. Risk workshops are carried out with the risk owners to identify, assess and prioritise these risks. Mitigating actions in managing the key risks, as well as action plans to address the gaps, are considered and documented. Risk tolerance limits are set up to align with the Group's risk appetite and are subject to annual reviews. Operating within risk tolerance limits provides the Management with greater assurance that the Group operates within its risk appetite (*Provision 9.1*).

The Board has received assurance from the MD and the CFO that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's framework of risk management and internal controls is adequate and effective in addressing the key material risks relating to financial, operational, compliance and information technology controls, which the Company may face in the day-to-day operation of its businesses (*Provision 9.2*).

Based on the internal controls established, the assurance received from the MD and the CFO regarding financial records, risk management and internal controls established and maintained by the Group, the work performed by the internal and external auditors and the existing management controls in place, the Board, with the concurrence of the ARC, is of the opinion that there are adequate and effective internal controls and risk management systems in place within the Group addressing the key material risks relating to financial, operational,

compliance and information technology controls, to meet the needs of the Group in its current business environment as at 30 June 2020.

The system of risk management and internal controls which has been established by the Group provides reasonable assurance that the Group will not be adversely affected by events that can be reasonably foreseen as it strives to achieve its business objectives. The Board, however, notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities. The Board, together with the ARC and the Management, will continue to enhance and improve the existing risk management and internal controls framework to identify and mitigate these risks.

#### Principle 10: Audit & Risk Committee

##### **The Board has an ARC which discharges its duties objectively.**

The ARC comprises three members, all of whom are independent non-executive Directors. The ARC members are Mr Paul Hon To Tong – Chairman of the ARC, Mr Christopher Lau Loke Sam and Mrs Mildred Tan. A former ARC member, Mr Boey Tak Hap retired from the Board on 2 January 2020.

The Board considers the members of the ARC appropriately qualified to discharge the roles and responsibilities of the ARC. The members of the ARC have sufficient accounting and financial management expertise and experience (*Provision 10.2*). The ARC held four meetings in FY2020. The ARC met with the internal

and external auditors without the presence of the Management during FY2020 (*Provision 10.5*).

The ARC is guided by its own written terms of reference setting out its authority and duties. The ARC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management, complete discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions effectively and properly. The ARC maintains a high standard of corporate governance by reviewing, *inter alia*, the significant financial reporting issues and judgements, annual audit plan, internal audit processes and the adequacy and effectiveness of risk management and internal controls, including financial, operational, compliance and information technology controls within the Company as well as any interested person transactions which may arise during the course of the Company's businesses. During the financial year, the ARC reviewed the first two quarters, and following the amendments to Rule 705 of the SGX-ST Listing Manual (which came into effect on 7 February 2020), the year-end financial statements of the Group. In addition, the ARC has received and reviewed the formal assurance from the MD and the CFO on the financial records and financial statements before submitting the same to the Board for its approval. Any changes to existing accounting standards and issues which have a direct impact on financial statements are raised and discussed at the ARC meetings (*Provision 10.1*). The ARC also reviews the procedures for detecting fraud and whistle-blowing, and ensures that arrangements are in place by which staff of the Company and any other persons may, in confidence raise concerns about possible

improprieties in matters of financial reporting, financial control, or any other matters.

In presenting the annual financial statements and announcement of financial results to the shareholders, the Board aims to provide shareholders with a fair, balanced and complete assessment of the Company's performance, financial position and prospects on a quarterly basis, and following the amendments to Rule 705 of the SGX-ST Listing Manual (which came into effect on 7 February 2020), on a half-yearly basis, as well as other price-sensitive public reports, and reports to regulators, where required. The Management furnishes the Board with the first two quarters and year-end management reports which present an independent and accurate appraisal of the Company and its businesses, and all other information that will enable the Board to make a balanced and well-informed assessment of the Company's performance, position and prospects, as the Board may require from time to time. The Board has also put in place adequate steps to ensure compliance with legislative and regulatory requirements.

In the review of the financial statements for FY2020, the ARC has discussed with the Management and the external auditors on the accounting principles that were applied and their judgement of issues that might affect the integrity of the financial statements. The following are key audit matters reported by the external auditors for FY2020:-

Key Audit Matters	How these issues were addressed by the ARC
<b>Valuation of development properties</b>	<p>The ARC has considered the approach and methodology applied to the valuation of development properties, focusing on development properties with slower-than-expected sales, low or negative margins. The ARC was periodically briefed by the Management on the development of key projects, the market trends and the strategies to sell the development properties.</p> <p>The ARC also considered the work performed by the external auditors on their assessment of the reasonableness of the assumptions used in the valuation of development properties.</p> <p>The ARC was satisfied with the valuation process, the methodologies used, and the consideration of the potential financial impact of the COVID-19 pandemic in the basis of the valuation for the development properties as adopted and disclosed in the financial statements.</p>
<b>Valuation of investment properties</b>	<p>The ARC considered and discussed with Management on the approach and methodology applied to the valuation of investment properties.</p> <p>The ARC also considered the work performed by the external auditors on their assessment of the appropriateness of the valuation techniques, the reasonableness of the critical assumptions made for the key inputs used in the valuation techniques and how the impact of the COVID-19 pandemic and market uncertainty has been considered by the independent property valuers in determining the valuation of investment properties.</p> <p>The ARC was satisfied with the valuation process, the methodologies used and the basis of the valuation for the investment properties as adopted and disclosed in the financial statements.</p> <p>The ARC noted certain reports from the independent property valuers have highlighted the heightened uncertainty of the COVID-19 outbreak, and Management will monitor the situation and will perform periodic review of the property values as and when deemed necessary.</p>

The ARC also takes steps to keep itself abreast of new developments in and changes to accounting standards and issues which have a material impact on financial statements by participating in training conducted, and regular updates provided, by professionals or external auditors and consultants.

The ARC meets on a periodic basis to perform, *inter alia*, the following:

- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's performance;
- review and report to the Board at least annually the adequacy and effectiveness of the Company's risk management and internal controls, including financial, operational, compliance and information technology controls;
- recommend the appointment, re-appointment and removal of the external auditors;
- review the scope, results and cost effectiveness of the audit exercise;
- evaluate the independence and objectivity of the external auditors; and
- review the adequacy and effectiveness of the internal audit function (*Provisions 10.1(a)-(e)*).

The ARC makes recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors. Having reviewed the value of the non-audit services provided by the external auditors to the Group, the ARC is satisfied that the nature and extent of such services do not prejudice the independence and objectivity of the external auditors when carrying out its audit function of the Company. The external auditors

have also provided confirmation of their independence to the ARC. The aggregate amount of fees paid by the Company, broken down into audit and non-audit services rendered to the Company for FY2020 is disclosed on page 73 of this Annual Report.

The ARC is primarily responsible for proposing to the Board, the appointment and removal of the external auditors. The ARC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation (*Provision 10.3*). The external auditors are a completely independent function. No Director or senior managers have an employment relationship with the current external auditors. The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the appointment of its external auditors.

The ARC is the body which approves the appointment, removal, evaluation and compensation of the internal audit function in the Group. The ARC ensures that the internal audit function is independent, effective, adequately resourced and has appropriate standing within the Company. The internal audit function is outsourced to KPMG, which is a reputable accounting and auditing firm staffed by qualified professionals with the relevant qualifications and experience. The audit methodology is in conformance with the *International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors*. These standards cover attributes as well as performance and implementation principles. KPMG reports to the Chairman of the ARC and has unfettered access to all of

the Group's documents, records, properties and personnel, including unrestricted access to the ARC. On an annual basis, the ARC reviews the adequacy and effectiveness of the internal audit function. For the financial year, the ARC concludes that the internal audit function is adequate (including adequately resourced), effective and independent (*Provision 10.4 / SGX Listing Rule 1207(10C)*).

The Company also adopts a set of internal controls which sets out approval limits for expenditure, monetary withdrawals, investments and divestments and cheque signatory arrangements within the Company. KPMG assists the ARC in its functions by reporting its audit findings to the ARC and the senior management. The scope of KPMG's role is to perform detailed work to assist the ARC and the Board in their evaluation of internal controls and risk management in the Company's day-to-day operations. Wherever required, KPMG submits its plans and recommendations to the ARC for approval.

## Whistle-blowing Policy

The Company has put in place a policy on whistle-blowing to facilitate the reporting of activities or practices which are in violation of the Group's work ethics and rules. Key details are published on the corporate website and anonymous reporting is allowed. The Group encourages employees or any other parties to report unlawful, unethical or fraudulent activities or practices in strict confidence. All whistle-blowing reports are submitted either to the internal auditors ("IA")

or the Chairman of the ARC so that independent investigation and appropriate follow-up action can be carried out under strict confidentiality. The ARC has the responsibility of overseeing this whistle-blowing policy, which is administered with the assistance of the IA. The process of raising concerns about possible improprieties in matters of financial reporting or other matters has been properly communicated to all employees in the Company and the whistle-blowing hotline is disclosed to all other persons on the Company's

website. It is believed that this will not only encourage openness and promote transparency but also act as a form of check and balance against the internal controls and risk management practices of the Group (*Provision 10.1(f)*). There were no whistle-blowing reports received by the ARC in the financial year under review.

## Interested Person Transactions

The Company has an established internal policy when dealing with interested person transactions ("IPT") which sets out clear procedures for their review and approval. The Company did not have to obtain any shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual.

The Company has established clear policies that require Directors of the Board to refrain from participation in Board discussions and decision-making process on a particular agenda when they have conflict of interests.

The Company also takes steps to ensure that IPTs are conducted fairly and on arm's length basis.

Particulars of IPT for FY2020 as required under Rule 907 of the SGX-ST Listing Manual are as follows:-

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) (\$'000)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000) (\$'000)
<b>Management and other related fees</b>		
Lanson Place Hospitality Management (Singapore) Pte Ltd <sup>#</sup>	535	N.A.
Lanson Place Hospitality Management (Malaysia) Limited <sup>#</sup>	407	N.A.

<sup>#</sup> The Group has a 33.1% interest in the company

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## Shareholder Rights and Engagement

### Principle 11: Shareholder Rights and Conduct of General Meetings

**The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

In line with the disclosure obligations under the SGX-ST Listing Manual and the Companies Act (Cap. 50), and to facilitate the exercise of ownership rights by the shareholders, the Company promptly informs its shareholders of all developments that materially impact the Group. Shareholders are updated on the businesses and affairs of the Company through the release of the Company's results on a quarterly basis, and following the amendments to Rule 705 of the SGX-ST Listing Manual (which came into effect on 7 February 2020), on a half-yearly basis. Material and price-sensitive information is publicly released by the Company via the Singapore Exchange Network ("SGXNET") on an immediate basis where required by the SGX-ST. The Company does not practise selective disclosure of information. Timely and detailed disclosure of pertinent corporate information is communicated via SGXNET and the Company's website.

Shareholders are given the opportunity to raise questions and communicate their views to the Company at general meetings and minutes of these general meetings (including questions raised by shareholders and answers thereto) will be posted on the Company's

website. Shareholders are also given the opportunity, presented through the general meeting agenda, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increase in remuneration for the non-executive Directors. The Board of Directors are required to be present at all general meetings of shareholders to address shareholders' queries at these meetings, except in the case of exigencies. The Chairman and Board of Directors were present at the latest AGM to address any questions that the shareholders may have. The external auditors of the Company were also present to assist the Board in addressing any queries posed by the shareholders about the conduct of audit and the preparation and content of the auditors' report (*Provision 11.3*).

The Company passes separate resolutions at general meetings on each distinct issue placed before it (*Provision 11.2*). A shareholder can vote in person or by way of proxy at general meetings. All resolutions at the general meetings are put to the vote by way of poll and the detailed results of the voting for each of the resolutions are announced on the SGXNET and the Company's website. The Company's Constitution provides that a registered shareholder who is not a relevant intermediary (as defined in the Companies Act) and who is unable to attend may choose to appoint up to two proxies to attend and vote on his/her behalf, while relevant intermediaries may appoint more than two proxies to attend and participate in general meetings. Voting in absentia by mail, facsimile or email is currently not permitted so as to ensure proper authentication of the identity of shareholders and their voting intent (*Provision 11.4*).

Voting and vote tabulation procedures used are disclosed before the general meetings proceed with appointed

independent scrutineer to validate the voting process and procedures. Currently, the Company has appointed TS Tay Public Accounting Corporation as an independent scrutineer to count and validate the votes at the AGM (*Provision 11.1*).

The Company has a dividend policy of around 30% payout ratio based on underlying net profits, taking into consideration the Company's financial position, capital needs, plans for expansion and other factors as the Board may deem appropriate. Currently, the Company pays dividend(s) to all its shareholders within 30 days after the shareholders' approval of the dividend(s) at the shareholders general meetings (*Provision 11.6*).

### Principle 12: Engagement with Shareholders

**The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

In line with the Company's sustainability practices and efforts, the Company has discontinued the CD-ROM version of the annual report to shareholders since 2018. Shareholders can access the annual reports and circulars of the Company from the Company's website. The notices of the Company's AGMs and the Company's results are published via SGXNET and on the Company's website. To facilitate the participation of shareholders at the AGMs, the notices of the Company's AGMs contain details and, where necessary, explanatory notes, of each agenda item for the AGM. In order to address its shareholders' concerns,

the Company shares on SGXNET as well as the Company's website, a set of corporate presentation slides on its full-year results and to provide updates on the Group's businesses.

In view of the current COVID-19 situation, the forthcoming AGM for FY2020 will be held via electronic means. The Company will put in place alternative arrangements relating to attendance at the AGM (via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the meeting in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the meeting as proxy at the AGM.

A Corporate Finance team carries out established investor relations policies in order to ensure regular and effective conveyance of pertinent information to shareholders. The Company makes timely disclosure

of material and price-sensitive information to help investors make informed decisions. Shareholders, investors and analysts are kept informed with updated information, including financial statements and presentation slides via announcements, press releases, annual general meetings and briefing sessions, where appropriate (*Provision 12.2*).

If shareholders have any feedback or query, they may submit feedback and raise questions through the Company's website [www.wingtaiasia.com.sg](http://www.wingtaiasia.com.sg) (*Provision 12.3*).

### Principle 13: Engagement with Stakeholders

**The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

The Company's engagement with all stakeholders will be set out in detail in the Sustainability Report to be published annually on the Company's corporate website.

The Company takes its corporate social responsibility seriously and it is not involved in nor does it have any legal violation pertaining to labour, employment, consumer, insolvency, commercial, competition or environmental issues.

The Company's latest financial results, annual reports and Code of Conduct are available on the Company's website at [www.wingtaiasia.com.sg](http://www.wingtaiasia.com.sg) (*Provision 13.3*).

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## Dealings in Securities

The Company has adopted and implemented an internal guideline on share dealings in the Company's securities in compliance with Rule 1207(19)(c) of the SGX-ST Listing Manual. All officers of the Company are prohibited from dealing in securities of the Company whilst in possession of price-sensitive information. They are also precluded from dealing in securities of the Company during the closed period, which is two weeks before the date of announcement of

the Company's results for each of the first two quarters of FY2020 (prior to the Company's adoption of half-yearly reporting of results following the amendments to Rule 705 of the SGX-ST Listing Manual which came into effect on 7 February 2020) and one month before the date of announcement of the full-year financial results. In addition, officers of the Company are also strongly discouraged from dealing in the Company's securities on short-term considerations.

## Professional Conduct and Discipline

The Company has established various policies on employees' conduct, confidentiality, conflict of interests, intellectual property, software use, and internet usage. The Company continues to remind all employees that they are required to conduct and carry themselves in a professional manner while at work, and undertake to observe and adhere to all prevailing policies.