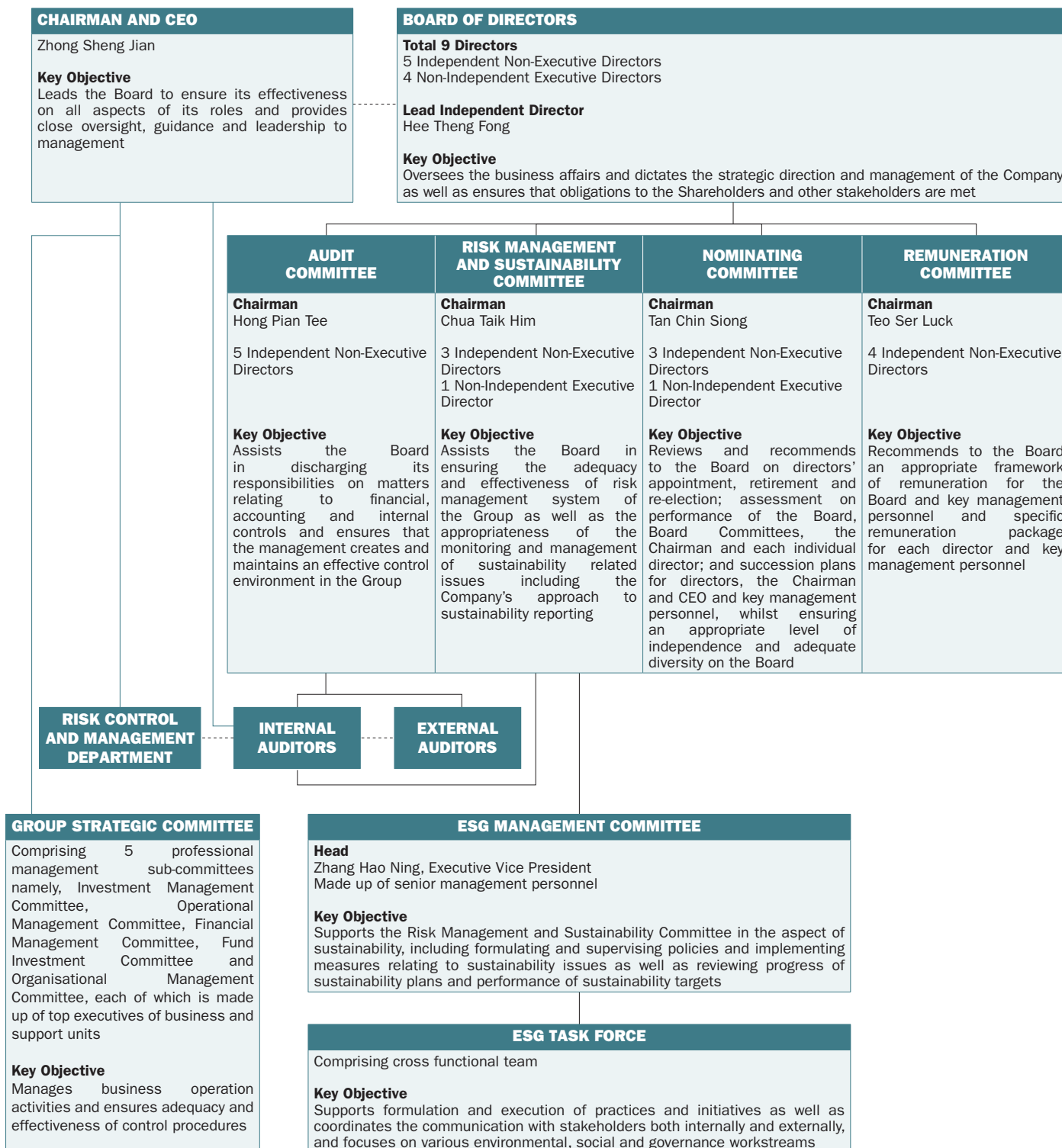


CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE

Yanlord Land Group Limited (“Company” and together with its subsidiaries, “Group”) is committed to achieving high standards of corporate governance to support long-term shareholder value, whilst taking into account the interests of other stakeholders. The board of directors of the Company (“Board”) and management of the Group (“Management”) believe that good corporate governance is key to the integrity of the Group and essential to the sustainability of the Group’s business and performance. In line with Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Listing Manual”), this statement outlines the Company’s corporate governance practices with specific reference to the principles and provisions set out in the Code of Corporate Governance 2018 (“Code”). The Company has complied in all material respects with principles and provisions in the Code and variations in any specific areas of the provisions are stated and accordingly explained in this statement.

BOARD MATTERS

Principle 1: The Board’s Conduct of 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.

Roles and Principal Functions of the Board

The Board has the primary responsibility to foster the success of the Company so as to deliver long-term sustainable value, and to engage stakeholders based on the principles of sustainability and sound governance. It oversees the business affairs and dictates the strategic direction and management of the Company through reviews of, among others, the financial performance, risk management system and internal controls of the Group as well as succession plans and compensation framework of directors and key management personnel, whilst considering sustainability as part of the Group’s strategy. The Board is also responsible for and plays a key role in setting the Company’s corporate governance standards and policies, whilst ensuring compliance with applicable legislative and regulatory requirements. This sets an appropriate tone from the top and desired organisational culture as well as underscores its importance to the Group particularly in ensuring that the core value and ethical standards (details are set out in the section entitled “Core Value” of this statement) are observed. The Board and Management as well as employees are committed to conducting business and affairs of the Group with integrity and honesty. All directors, collectively and individually, discharge their duties and responsibilities objectively at all times as fiduciaries of the Company and act honestly with diligence, and in the best interests of the Company. The Board understands its accountability to the shareholders of the Company (“Shareholders”) for the Group’s performance and sustainable development, and Management understands its role and is accountable to the Board, where the Board holds Management accountable for performance of the Group and ensures its obligations to the Shareholders and other stakeholders are met.

The principal functions of the Board include, among others:

- (a) providing entrepreneurial leadership, setting corporate and strategic objectives with appropriate focus on value creation and innovation, and monitoring progress (including to ensure that the necessary resources are in place) towards achieving these objectives;
- (b) overseeing and ensuring the adequacy and effectiveness of the Group’s risk management system and internal controls (including financial, operational, compliance and information technology controls) framework and standards, so as to achieve an appropriate balance between risks and the Group’s performance as well as to safeguard the Shareholders’ interests and the Group’s assets;
- (c) ensuring the appropriateness of the monitoring and management of the Group’s sustainability related issues and the Company’s approach to sustainability reporting; and
- (d) constructively challenging the Management and supervising the overall management and performance of the business and affairs of the Group.

CORPORATE GOVERNANCE

Conflict of Interest

Directors avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group, and comply with relevant disclosure obligations. In the event that directors have interest in a matter under consideration by the Board and/or any of the Board's committees ("Board Committees"), directors declare nature of such interest, recuse themselves from participating in discussion and abstain from voting on the matter in issue, with their declaration of interest and abstention duly recorded in the minutes of meeting or resolutions of the Board and/or the Board Committees. Interested person transactions, if any, are reported to the Audit Committee ("AC") and the Board to ensure that such transactions are conducted on arm's length basis and on normal commercial terms which are not prejudicial to the interests of the Company and its minority Shareholders. In addition to an announcement and/or disclosure of any interested person transactions that are required to be made under the requirements of the Listing Manual, the Company will also obtain Shareholders' approval, if so required, in accordance with the requirements set out in the Listing Manual. The Group currently does not have a general mandate from Shareholders for recurrent interested person transactions of a revenue or trading nature or those necessary for its day-to-day operations pursuant to Rule 920 of the Listing Manual.

Training and Development for the Board

A director, upon appointment, will be provided with a formal letter setting out his/her general duties and obligations as a director (including role as an executive, non-executive and/or independent director) and relevant materials or information on the Group's business and structure, governance practices, sustainability and corporate social initiatives as well as the Board and Board Committees including terms of reference of various Board Committees are enclosing therewith to facilitate the new director's understanding. Where a newly appointed director has no prior experience as a director of an issuer listed on the Singapore Exchange, such director will be required to undergo training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, unless the Nominating Committee ("NC") determines that such training is not required because the director has other relevant experience. Newly appointed director is also required to sign the prescribed undertaking to use his/her best endeavours to comply with the requirements of the Listing Manual. During the financial year under review, Chua Taik Him and Tan Chin Siong were appointed by the Board as independent non-executive directors of the Company, in place of two independent non-executive directors who retired and stepped down from the Board at the conclusion of the annual general meeting of the Company held on April 29, 2021 ("2021 AGM"). A formal letter together with relevant materials were furnished to each of the abovenamed two newly appointed directors upon their appointments and both of them, being first-time directors of a listed issuer, have attended all modules of the Listed Entity Director Programme conducted by the Singapore Institute of Directors ("SID") during the year, at the expense of the Company, in line with the requirements of the Listing Manual.

Directors visit the development sites of the Group and meet the local management team as and when necessary. The directors have also been provided with further explanation and information on any aspect of the Group's operation or business issues from Management at Board meetings or as and when so requested by the directors and receive relevant briefings and updates, particularly on relevant new laws and regulations including any key changes made to any financial reporting standards, and changing commercial risks, from time to time. To ensure directors can fulfil their obligations and to continually improve the performance of the Board, directors are encouraged to undergo training sessions, conferences, workshops and/or seminars conducted by external organisations and the Company shall be responsible for funding any such training or development programmes. Directors are kept informed by the Company Secretary from time to time of the availability of appropriate training sessions, conferences, workshops and seminars including those conducted by SID. In 2021, save for the mandatory training programme for the two new directors, the Company has also arranged for directors to attend "ACRA-SGX-SID Audit Committee Seminar 2021 – Enterprise Resilience and Risk Management", and the relevant fees are borne by the Company. The NC, after reviewing, *inter alia*, the structure and composition of the Board as well as the latest developments or requirements of applicable laws and regulations, assesses and considers the need for training and professional development programmes for directors in any specific area and recommends the same to the Board for consideration, if required.

Matters Requiring Board Approval

Key matters which are specifically reserved for approval by the Board include the decisions over strategic direction, plans and performance objectives of the Group as well as significant corporate matters related to the Group, including matters relating to financing, investments and divestments, major undertakings, annual budget, financial results, dividend payout, issuances of securities, change of composition of the Board and/or the Board Committees, succession plans, internal controls and risk management, sustainability and all matters or transactions requiring the Board's deliberation or decision such as interested persons transactions, share buyback and etc. The matters which are specifically decided on and approved by the Board are duly recorded and communicated to the Management. Financial authorisation and approval limits are established for the day-to-day transactions to facilitate operational efficiency.

CORPORATE GOVERNANCE

Delegation of Authority to Board Committees

To facilitate effective management, certain functions of the Board have been delegated, without abdicating the responsibilities of the Board, to various Board Committees namely, AC, NC, Remuneration Committee (“RC”) and Risk Management and Sustainability Committee (“RMSC”). Each of the Board Committees is guided by its own written terms of reference, and reviews and makes decisions on matters within such terms of reference and reports to the Board with its decisions or recommendations at least on an annual basis. The terms of reference which set out, among others, compositions, roles, authorities, duties and responsibilities of such Board Committee, are reviewed and approved by the respective Board Committees and the Board from time to time. The structure, size and composition of the Board Committees are evaluated annually or as and when necessary. Appointments to Board Committees are recommended by NC and subject to the approval of the Board. Concurrent to the change in the composition of the Board at the conclusion of the 2021 AGM, the compositions of various Board Committees have been reshuffled accordingly. The current composition of each of the Board Committees is set out in respective sections of this statement.

Meetings of the Board and Board Committees

To facilitate meaningful participation, the schedule of meetings of the Board and Board Committees for the next calendar year is planned well in advance in consultation with the directors. *Ad hoc* meetings of the Board and Board Committees may be convened, if warranted by circumstances. Directors are expected to attend all meetings of the Board and Board Committees on which he is seated, except if any unusual circumstances make attendance impractical. The Company’s Constitution are sufficiently flexible to allow a director to participate at a meeting via telephone or video conferencing, audio visual, or other similar communications equipment by means of which all persons participating in the meeting can hear each other. Agenda of the meetings of Board and Board Committees are prepared in consultation with and incorporate inputs from Management, as appropriate, and reviewed and approved by the Chairman of the Board and the chairman/chairperson of that Board Committee, respectively. Any director who is unable to attend the meeting(s) of the Board or of the Board Committees may raise his/her views on the agenda to the Board or the Board Committees separately. The discussions on key deliberations and decisions or recommendations made at meetings of the Board and Board Committees are duly recorded in the minutes of respective meetings. Minutes of meetings of the Board Committees which record discussions and decisions or recommendations made during these meetings are tabled to the Board for information. The Board and Board Committees may also make decisions by way of circulating resolutions in lieu of a meeting. In the course of the financial year under review, no *ad hoc* meetings were held. The number of meetings held and attended by each of the members of the Board and Board Committees during the financial year ended December 31, 2021 (“FY 2021”) are set out below:

	Board Meeting	AC Meeting	NC Meeting	RC Meeting	RMSC ¹ Meeting	Annual General Meeting
Number of meeting(s) held in FY 2021	2	2	1	1	1	1
Name of Director	Number of meetings attended² in FY 2021					
Zhong Sheng Jian	2/2	N.A.	1/1	N.A.	1/1	1/1
Zhong Siliang	2/2	N.A.	N.A.	N.A.	N.A.	1/1
Zhong Ming	2/2	N.A.	N.A.	N.A.	N.A.	1/1
Zhong Iek Ka	2/2	N.A.	N.A.	N.A.	N.A.	1/1
Seah Lim Siang ³	1/1	1/1	1/1	1/1	N.A.	1/1
Ng Shin Ein ⁴	1/1	1/1	N.A.	1/1	1/1	1/1
Hee Theng Fong	2/2	2/2	1/1	N.A.	1/1	1/1
Hong Pian Tee	2/2	2/2	N.A.	1/1	1/1	1/1
Teo Ser Luck	2/2	2/2	1/1	1/1	N.A.	1/1
Chua Taik Him ⁵	1/1	1/1	N.A.	N.A.	N.A.	N.A.
Tan Chin Siong ⁶	1/1	1/1	N.A.	N.A.	N.A.	N.A.

N.A. – Not Applicable

Notes:

- RMSC was renamed from Risk Management Committee with effect from February 26, 2021.
- Number of meetings attended/number of meetings held while in office during the financial year/period from January 1, 2021 (or date of appointment, where applicable) to December 31, 2021 (or date of cessation, where applicable).
- Seah Lim Siang stepped down from the Board as the lead independent director and concurrently ceased to be the chairman of AC, a member of NC and a member of RC at the conclusion of 2021 AGM.
- Ng Shin Ein stepped down from the Board as an independent non-executive director and concurrently ceased to be the chairperson of RMSC, a member of AC and a member of RC at the conclusion of 2021 AGM.
- Chua Taik Him was appointed as an independent non-executive director, the chairman of RMSC, a member of AC and a member of RC on April 29, 2021.
- Tan Chin Siong was appointed as an independent non-executive director, the chairman of NC, a member of AC and a member of RC on April 29, 2021.

CORPORATE GOVERNANCE

Access to Information

Management ensures that the Board is provided with complete, adequate and timely information prior to meetings and on an ongoing basis, in order for the directors to discharge their duties efficiently and effectively.

In line with the Group's commitment to the conservation of the environment, the Board and Board Committees are no longer provided with printed copy of meeting papers. Instead, documents including financial results together with presentation slides and press releases, other relevant reports/papers on proposed dividend, pre-sales, debts structure, financial covenants and budget variance, as well as relevant background information and documents relating to any business to be discussed at the Board and/or Board Committees' meetings such as audit plans and findings, internal audit reports, sustainability reports, notices on disclosure of directors' interests, memorandum(s) on any financing activities or corporate actions and interested person transactions and etc. are uploaded to a secure electronic portal prior to the scheduled meetings for the directors' viewing, consideration and discussion. Management and other senior executives attend meetings of the Board and/or Board Committees, where required and appropriate, to brief the Board and/or Board Committees on the Group's financial performance, business plan and strategy as well as latest market developments and industry trends, amongst others, whilst the Company's auditors and professional advisers are invited on a need-to basis to attend the various meetings to provide insights into business to be discussed at each such meeting. Despite the Company has adopted half-yearly reporting approach for its unaudited financial results, directors are provided with regular updates on the pre-sale proceeds and internal audit reports on a quarterly basis.

Directors have unfettered access to Management and are entitled to request from Management and be provided with such additional information as they may be needed to make informed and timely decisions. Relevant information on material events or transactions are provided to the directors as and when they arise. Where an approval of the Board and/or Board Committees is sought, relevant background and explanatory information on the matter in issue is provided to the Board and/or Board Committees to facilitate their decision making. In addition to the budget variance report for the first half financial year which is usually tabled at the meetings of the AC and Board together with the half-yearly unaudited financial results, annual budget together with full year budget variance reports are provided to the directors on a yearly basis.

Access to Management, Company Secretary and Professional Advice

The Chairman and Chief Executive Officer ("Chairman and CEO"), the Group Financial Controller, the internal and external auditors and the Company Secretary are available to address any queries that the directors may have at the meetings and as and when necessary. The Board has separate and independent access to Management, including the Group Financial Controller, the internal auditors and the Company Secretary, as well as the external auditors through face-to-face meetings, electronic mail, telephone, video conference or by other means of communication application as and when required.

The Company Secretary attends all meetings of the Board and Board Committees. In addition to advising the Board on corporate and administrative matters as well as assisting with training or professional development programmes for the directors as required, the role of the Company Secretary includes ensuring the Board procedures are followed, applicable rules and regulations are complied with as well as assisting the Board in implementing and strengthening the corporate governance practices and processes. Under the direction of the Chairman and CEO, the Company Secretary also ensures good information flows within the Board and Board Committees and between the Management and independent non-executive directors. The appointment and removal of the Company Secretary are subject to the approval of the Board.

The directors may, whether individually or as a group, in the furtherance of their duties or when circumstances warrant the same, take independent professional advice (e.g., auditors and lawyers) at the Company's expense.

CORPORATE GOVERNANCE

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.

Structure of the Board

The Board currently comprises the following nine members, of whom five are independent non-executive directors and four are non-independent executive directors:

- | | | |
|----|------------------|--|
| 1. | Zhong Sheng Jian | Chairman and Chief Executive Officer |
| 2. | Zhong Siliang | Executive Director |
| 3. | Zhong Ming | Executive Director |
| 4. | Zhong Iek Ka | Executive Director |
| 5. | Hee Theng Fong | Lead Independent Director (redesignated on April 29, 2021) |
| 6. | Hong Pian Tee | Independent Non-Executive Director |
| 7. | Teo Ser Luck | Independent Non-Executive Director |
| 8. | Chua Taik Him | Independent Non-Executive Director (appointed on April 29, 2021) |
| 9. | Tan Chin Siong | Independent Non-Executive Director (appointed on April 29, 2021) |

Independence of Directors

The Board determines, at the recommendation of the NC, the independence of each director, taking into account, *inter alia*, the criteria and circumstances set out in the Listing Manual, the Code and the complementary practice guidance (“Practice Guidance”) on an annual basis, and as and when circumstances require. Each director is required to complete a questionnaire to declare his independence and the independent non-executive directors are further required to verify all the independence criteria or circumstances set out therein. When required, the questionnaire consisting a set of independence criteria and circumstances may be updated from time to time to ensure that the directors’ independence is in conformity with the Listing Manual, the Code and the Practice Guidance. To this end, the questionnaire was updated in February 2022, mainly to align with the latest developments and requirements in respect of directors’ independence criteria and circumstances; which include, not being (or have not been) employed by the Company or any of its related corporations in the financial year in question or any of the past three financial years; have no immediate family member who is (or has been) employed by the Company or any of its related corporations in the financial year in question or any of the past three financial years, and whose remuneration is (or was) determined by the RC; do (or did) not, nor any immediate family member does (or did), in the financial year in question or immediate past financial year, provide to or receive from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service; is (or was) not, nor any immediate family member is (or was), in the financial year in question or immediate past financial year, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services); is (or was) not directly associated with a substantial shareholder of the Company, in the financial year in question or immediate past financial year; does not have any relationship(s) 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 independent business judgement in the best interests of the Company; and has not been a director of the Company for an aggregate period of more than nine years (whether before or after listing), or in the case of more than nine years, the continued appointment as an independent director has been sought and approved in accordance with the requirements of the Listing Manual. All of the five independent non-executive directors have confirmed their independence in respect of all the above criteria or circumstances, and none of them have served the Board for an aggregate period of more than nine years (whether before or after listing). The directors shall notify the Company in writing promptly on any changes thereof as and when it arises. Each independent non-executive director abstained from deliberation in determining his own independence.

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Taking into consideration the requirements of the Listing Manual, the Code and the Practice Guidance, and based on each director's response to the questionnaire, results of the annual assessment on the effectiveness of the Board and that of each Board Committee as well as contribution by each individual director to the Board relating to independence of directors for FY 2021, the NC and the Board satisfied that Hee Theng Fong, Hong Pian Tee, Teo Ser Luck, Chua Taik Him and Tan Chin Siong are not faced with any criteria or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company and that they have demonstrated independence in discharging their duties and responsibilities as a director of the Company, in this respect, the NC and the Board determined that Hee Theng Fong, Hong Pian Tee, Teo Ser Luck, Chua Taik Him and Tan Chin Siong remain independent. The NC and Board are also of a view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on the corporate affairs of the Group and encourage unbiased decision making aligned with the Shareholders' interests, with independent non-executive directors making up a majority of the Board. There is also an appropriate balance of power and authority within the various Board Committees chaired by independent non-executive directors.

Non-Executive Directors

To avoid undue influence of Management over the Board and ensure that appropriate checks and balances are in place, five independent non-executive directors make up a majority of the Board. They constructively challenge and comment on proposals on strategies; and review the performance of Management in meeting goals and monitor the reporting of performance.

Board Structure, Size, Composition and Diversity

The Company recognises and embraces the importance and benefits of having a Board and Board Committees of appropriate structure, size and comprise directors who as a group provide an appropriate balance and diversity of various aspects. The Company also believes that diversity is an important attribute of a well-functioning and effective Board as a diverse Board provides multiple perspectives, enhances decision-makings, avoids groupthink or uncritical conformity and fosters constructive debate, and accordingly, has in place a board diversity policy (which is also being made available on the Company's website at www.yanlordland.com/corporate-governance/) to promoting adequate diversity on the Board. In particular, the Company values the Board with diversity in aspect of skillset and experiences, business background and industry knowledge, international experiences, age, gender, tenure and independence.

In reviewing the Board's structure, size and composition including a review on the Board's composition in each aspect of diversity, the NC and Board take into consideration the results of annual assessment on effectiveness of the Board and that of each Board Committee as well as contribution by each individual director to the Board, the independent element on the Board, the listed company board representations and other principal commitments of each director (or type of director), scope and nature of operations of the Group, business requirements, succession plan for directors including retirement by rotation and re-election schedule, the need for progressive refreshing of the Board and the need to avoid undue disruptions from unnecessary changes to the composition of the Board and Board Committees. The NC and Board are of a view that the current structure, size and composition of the Board and Board Committees are appropriate, effective and provide adequate diversity and independence to the Board, and are conducive to efficient and effective discussion and decision making as the current structure, size and composition of the Board and Board Committees are appropriate for meaningful individual participation by each director with diverse professional perspective, and hence, the current size, structure and composition of the Board and Board Committees shall remain unchanged.

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The NC and Board also review and determine the target, plan and timeline as well as progress being made thereof towards achieving each of the Board diversity aspect on an annual basis or as and when circumstances require, taking into consideration on how the combination of skills, talents, experience and diversity of directors in serving the current and future needs and strategic objectives of the Group. The details are set out as follows:

<p>Skillset and Expertise</p> <p>A board with diversity in skillset and expertise provides core competencies and brings well-balanced resources and skills that support the duty of the board in monitoring corporate performance and providing strategic and effective oversight of the business.</p> <p>The Board currently comprises directors who as a group possess more than four business-related and more than five specific skillset and expertise, including entrepreneurial leadership, strategic planning, business analytics, business and management, legal, finance, accounting, auditing, technology, sales, marketing, investment and etc.</p>	<div style="text-align: center;">  <p>In Progress</p> </div> <p>Target: The NC and Board determine that the Board should comprise directors who as a group possess at least four business-related and five specific skillset and expertise. Taking into consideration the globally increased cognisance of the sustainability issue as well as the Listing Rule 720(7) of the Listing Manual requiring all directors to undergo training on sustainability matters as prescribed by the SGX-ST, it is targeted to have this skill included as one of the requisite skillset and expertise.</p>
<p>Plan and timeline as well as progress being made: Directors have undergone a training programme on issues relating to environmental, social and governance in February 2022. The NC and Board decided to have all directors undergo a one-time sustainability training prescribed by the SGX-ST, by the end of 2022, unless the NC after its assessment is of the view that training is not required for any such director as he has expertise in sustainability matters.</p>	
<p>Business Background and Industry Knowledge</p> <p>A board with diversity in business background and industry knowledge provides a broad range of insights, perspectives and views to drive better decision-makings in supporting the attainment of strategic objectives and sustainable development.</p> <p>The Board currently comprises directors who as a group possess more than four industry-related and more than five specific background and knowledge including real estate development/investment/management, hospitality, healthcare, professional services, energy solutions, environmental services, information technology, fund management and investment, public sector and etc.</p>	<div style="text-align: center;">  <p>On Target</p> </div> <p>Target: The NC and Board determine that the Board should comprise directors who as a group possesses at least four industry-related and five specific background and knowledge.</p>
<p>Plan and timeline as well as progress being made: Taking into consideration the current context as well as the future strategic objectives including growth and development plan of the Group, the NC and Board satisfied that the Board's composition in terms of business background and industry knowledge is adequate.</p>	

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International Experiences

A board with diversity in international experiences contributes to diversity of thought, experience and market-specific knowledge in allowing effective response to changes by the board and accessibility into critical markets.

The current Board comprises directors with international experiences including regional business expertise and strategic networking relationships in various countries such as Singapore, the People's Republic of China ("PRC") including Hong Kong (SAR), Malaysia, Indonesia, Japan and etc.



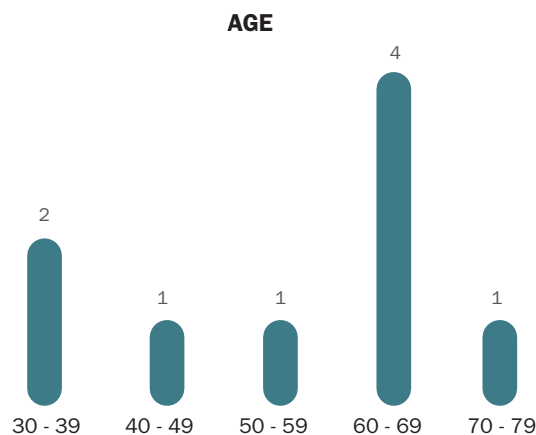
On Target

Target: The NC and Board determine that the Board should comprise directors who as a group have international business experiences in regions which the Group's main business are currently operating at, i.e. Singapore, PRC and Hong Kong (SAR).

Plan and timeline as well as progress being made: Taking into consideration the business operations as well as the future strategic objectives including growth and development plan of the Group, the NC and Board satisfied that the Board's composition in terms of international experiences is adequate.

Age

A board with various age group introduces different perspectives to the board and enables broaden debates within the board, while reducing risk of groupthink and ensuring the board's decisions or strategy to stay relevant in the market.



Note: Age is grouped at the interval of 10 years and age of each director of the Company is calculated as of the date of 2022 AGM (as defined below).

The current Board comprises directors with five different age groups.


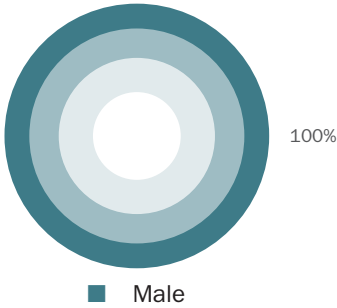



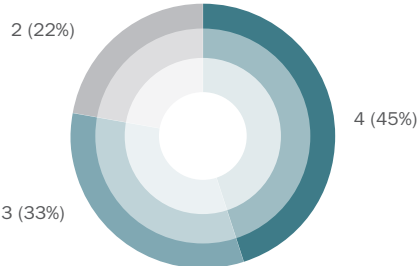
On Target

Target: The NC and Board determine that the Board should comprise at least two different age groups of directors with age spread of more than 15 years.


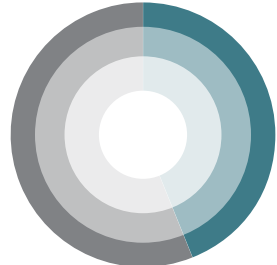
Plan and timeline as well as progress being made: Having noted that there is no restriction on the retirement age of directors and having due regard to the varied age groups of the current Board, the NC and Board satisfied that the Board's composition in terms of age groups is adequate.

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Gender	
<p>A mixed representation of male and female directors on the board brings different perspectives, competencies, functional expertise, approaches to stewardship and risk-reward orientation in enhancing the quality of decision made.</p>	<div style="text-align: center;">  <p>In Progress</p> <p>Target: The NC and Board determine that the Board should comprise at least one female director.</p> </div>
<div style="text-align: center;"> <p>GENDER</p>  <p>100%</p> <p>■ Male</p> </div> <p>The current Board comprises nine male directors.</p>	<p>Plan and timeline as well as progress being made: Female candidate who possesses all the objective criteria and qualification that complement the Board mix and composition would be appointed on merit, to fill the Board vacancy that may arise due to retirement or cessation of service of an existing director.</p>

Tenure	
<p>A balance of directors on the board with long and short tenures allows the board to benefit from senior directors' knowledge continuity whilst mitigating the risk of groupthink or uncritical conformity and loss of independence through introduction of new directors.</p>	<div style="text-align: center;">  <p>On Target</p> <p>Target: The NC and Board determine that the Board should comprise at least two different tenure groups, with independent non-executive directors not to serve the Board for an aggregate period of more than nine years (whether before or after listing). In the case if any independent non-executive director shall serve the Board beyond nine years, his continuance as an independent non-executive director shall subject to the approval of Shareholders in accordance with the Listing Manual.</p> </div>
<div style="text-align: center;"> <p>TENURE</p>  <p>2 (22%)</p> <p>4 (45%)</p> <p>3 (33%)</p> <ul style="list-style-type: none"> ■ < 1 year - 3 years ■ > 3 years - 6 years ■ > 9 years <p>Note: Tenure is grouped at the interval of 3 years and tenure of each director of the Company is calculated as of the date of 2022 AGM. The two directors who have served the Board for more than nine years are executive directors of the Company.</p> </div> <p>The current Board comprises three different tenure groups and none of the independent non-executive directors have serve the Board for an aggregate period of more than nine years (whether before or after listing).</p>	<p>Plan and timeline as well as progress being made: Having noted that there are no independent non-executive directors who have served the Board for an aggregate period of more than nine years and taking into consideration the succession plan for directors, the NC and Board satisfied that the Board's composition in terms of tenure groups is adequate.</p>

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Independence	
<p>A board with appropriate level of independence encourages unbiased decision making in aligning with the interests of Shareholders and other stakeholders.</p>	<div style="text-align: center;">  <p>On Target</p> </div> <p>Target: The NC and Board determine that the Board should have an appropriate level of independence with independent non-executive directors make up a majority of the Board where the Chairman is not independent.</p>
<div style="text-align: center;"> <p>INDEPENDENCE</p>  <p>5 (56%) 4 (44%)</p> <ul style="list-style-type: none"> ■ Executive Directors ■ Independent Non-Executive Directors </div> <p>The current Board comprises five independent non-executive directors and four non-independent executive directors.</p>	
<p>Plan and timeline as well as progress being made: Having noted that independent non-executive directors make up a majority of the Board and that the Board has a lead independent director to provide leadership in situation where the Chairman is not independent, the NC and Board satisfied that the Board has an appropriate level of independence.</p>	

Meetings of Non-Executive Directors and/or Independent Non-Executive Directors

In FY 2021, the independent non-executive directors on board, led by the lead independent director, met separately with internal and external auditors to discuss matters pertaining to the Group, without the presence of Management and the executive directors to facilitate a more effective check on the Group. No significant issues were raised at such meetings.

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.

Zhong Sheng Jian currently assumes the roles of Chairman and Chief Executive Officer. Taking cognisance that there is no division of responsibilities between the Chairman and the Chief Executive Officer, the Board has a lead independent director in line with the recommendation of provision 3.3 of the Code. The Company has not adopted the recommendation in provision 3.1 of the Code to have separate persons appointed as the Chairman and the Chief Executive Officer as the Company believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Zhong Sheng Jian's extensive industrial experience and significant role in the historical development of the Group, it is beneficial to the business prospects of the Group that Zhong Sheng Jian continues to act as both the Chairman and the Chief Executive Officer. The balance of power and authority is sufficiently maintained by the operation of the Board, comprising majority of independent non-executive directors on the Board, in ensuring an effective oversight by the Board. In addition, through delegation of power and authority to various Board Committees to perform key functions and the putting in place of internal controls for proper accountability, the Board is able to exercise objective judgement independently from the Chairman and CEO as well as Management in the best interest of the Group, where no individual or small group of individuals dominates the decision of the Board in line with the intent of Principle 3 of the Code.

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Roles and Responsibilities of the Chairman and CEO

The Chairman and CEO, *inter alia*, leads the Board to ensure its effectiveness on all aspects of its roles and provides close oversight, guidance and leadership to Management. He is responsible for, among others, exercising control over the quality, quantity and timeliness of the flow of information within the Board and between the Board and the Management. He plays a key role in fostering constructive dialogue between the Board and Management, the Shareholders and other stakeholders and encourages constructive relations within the Board and between the Board and Management. He also takes a leading role in the Group's drive to achieve and maintain high standards of corporate governance practices within the Group with full support of the directors, the Company Secretary and Management. The Chairman and CEO, with the assistance of the Company Secretary, also schedules meetings and sets meeting agenda and ensures sufficient allocation of time for thorough discussion of each agenda item, in particular of strategic issues. He promotes an open environment for discussion at the meetings of the Board and of the Board Committees so as to ensure meaningful participation and effective contribution by each director and attendee. The Chairman and CEO is also responsible for the overall management of the Group's business including to implement and review the business direction and strategies of the Group as endorsed by the Board.

Lead Independent Director

Pursuant to the recommendation in the Code, the Company appointed a lead independent director to, *inter alia*, provide leadership and support effective Board objectivity in business judgement and oversight in situations where the Chairman is conflicted. The current lead independent director is Hee Theng Fong, who coordinates the activities of independent non-executive directors and plays an additional facilitative role within the Board, and where necessary, provides feedback to the Chairman and CEO for any relevant issues to be further addressed by the Group. The lead independent director also collates feedback (if any) from the other independent non-executive directors and communicates the same to the Board and/or Board Committees, as appropriate. He is available to Shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman and CEO or Management are inappropriate or inadequate. Any concerns of Shareholders, if received by the Company, to the attention of the lead independent director shall be forwarded to him accordingly. No concern which requires attention of the lead independent director was received from Shareholders in FY 2021.

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.

Nominating Committee

The terms of reference of NC provides that the NC shall comprise at least three directors, the majority of whom, including the chairman, shall be independent and that the lead independent director, if any, is a member of the NC. The NC currently comprises four members, three of whom, including its chairman, are independent non-executive directors. The chairman of the NC is Tan Chin Siong and the other members are Hee Theng Fong, the lead independent director, Teo Ser Luck and Zhong Sheng Jian.

The principal roles and responsibilities of the NC under its terms of reference are to review and making recommendations to the Board relating to:

- (a) the appointment and re-appointment of directors (including alternate directors, if any), the Chief Executive Officer and the members of the various Board Committees;
- (b) succession plans for directors, the Chairman, the Chief Executive Officer and key management personnel;
- (c) independence of directors;
- (d) the propose objective performance criteria and process for evaluation and assessment of the effectiveness of the Board as a whole, and of each Board Committee, as well as the contribution by the Chairman and each individual director to the Board;

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- (e) training and professional development programmes for directors;
- (f) guidelines on multiple directorships and other principal commitments for each director (or type of director); and
- (g) Board diversity.

Selection, Appointment and Re-appointment of Directors

A new director shall be appointed by the Board after taking into consideration the recommendation made by the NC. Selection of candidates to be considered for appointment as directors may be facilitated, *inter alia*, through internal referral and/or recommendations from reliable sources. Should it be necessary, the NC may consider the use of external search firms to identify a broader range of suitable candidates. When considering the selection, appointment and re-appointment of any directors, in addition to complying with the requirements of the Listing Manual and relevant provisions of the Code as well as the Company's Constitution, as appropriate, the NC and Board take into consideration the structure, size and composition of the Board to ensure that the Board and various Board Committees remain effective and functional with adequate diversity and appropriate level of independence, the criteria of the new directors and performance of the existing directors (as the case may be), the scope and nature of operations of the Group, business requirements, succession plan for directors, the need for progressive refreshing of the Board and the need to avoid undue disruptions from unnecessary changes to the composition of the Board and Board Committees. The assessment parameters for the new directors include integrity, independence, skillset and expertise, experience and diversity. New directors will have to make a declaration as to their interests in and/or independence from the Company. The final decision on appointment of new directors is made based on merit against the objective criteria set out in the board diversity policy and after giving due regard to the overall balance and effectiveness of a diverse Board. The assessment parameters for the existing directors include attendance records at meetings, intensity of participation at meetings and the quality of interventions.

The Company's Constitution requires new directors appointed during the year to hold office only until the next annual general meeting and shall then be eligible for re-election at such annual general meeting. In this respect, any director appointed by the Board during the year of 2021 shall hold office until the next annual general meeting of the Company to be held in 2022 ("2022 AGM") and then be eligible for re-election under Regulation 88 of the Company's Constitution. Other than the Listing Manual requiring all directors to submit themselves for re-nomination and re-appointment at least once every three years, the Company's Constitution also requires one-third of the Board for the time being (or, if their number is not a multiple of 3, the number nearest to but not less than one-third) to retire by rotation at every annual general meeting; provided always that all directors shall retire at least once every three years. On an annual basis, the NC reviews and makes recommendation on the list of directors who are subject to retirement by rotation or due to cessation from holding office (and eligible for re-election) and whether the composition of the Board shall remain unchanged or new directors shall be recommended in place of the existing directors (as and when such need arises) taking into consideration, among others, each director's independency, tenure of service, competencies, commitment, contribution and performance as well as the progress being made in achieving the objectives set for promoting adequate diversity on the Board. Recommendations on retirement by rotation and re-election will then be submitted to the Board for its decision and thereafter tabled at the annual general meeting of the Company for consideration and approval by Shareholders.

At the 2022 AGM, Zhong Siliang, Hong Pian Tee and Zhong Ming will be retiring by rotation under Regulation 89 of the Company's Constitution, and Chua Taik Him and Tan Chin Siong will cease to hold office pursuant to Regulation 88 of the Company's Constitution. The abovenamed directors have respectively expressed their stand to seek for re-election at the 2022 AGM.

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Succession Plans

The Company supports the principle that Board renewal is a necessary and continual process, whilst having due regard to the prevailing conditions and needs of the Board, the scope and nature of operations of the Group, business requirements as well as the need to avoid undue disruptions from unnecessary changes to the composition of the Board and Board Committees. Adhered to this principle and in ensuring that the Board and various Board Committees remain effective and functional, the NC and Board review the succession plan for directors. In addition to ensuring the Board is formed of and sustained with optimal composition and structure, the NC and Board also review succession plan for the Chairman and CEO so as to make sure that the Board and Management are always backed by committed leader. In recognition of the important roles played by key management personnel in supporting the sustainable development of the Group as well as in executing the Group's business strategy and plans, the Chairman and CEO, works with human resources department, plans succession for key management personnel in ensuring ongoing operation and business continuity of the Group, where such plan made for key management personnel is reviewed by the NC and Board on an annual basis. Different time horizons, including long-term planning in identifying competencies needed for the Group's strategy and objectives, medium-term planning for orderly replacement of Board members and key management personnel as well as contingency planning for preparedness against sudden and unforeseen changes, are taken into consideration in planning succession for directors, the Chairman and CEO and key management personnel.

In respect of the succession plan for directors, the NC and Board determine the need for renewal of or change to the Board or various Board Committees through reviews of, among others, strategic direction and plans of the Group, annual assessments of the Board, Board Committees, the Chairman as well as each individual director, time commitment and participation of each director, composition of the Board in diversity aspects and latest developments or requirements of the applicable laws and regulations. Proper succession plan to renew the Board gradually are made before the orderly replacement of Board members are taking place. In case of sudden and unforeseen vacancy in the position of a director, top management personnel within the Group may be promoted or suitable candidate sourced from external referrals may be appointed to assume the roles of the vacancy, or if the circumstances warrant, the NC and Board may consider restructuring the Board and/or various Board Committees. In addition to looking at the age and gender of the candidate, the successor should possess skillset and expertise, business background and industry knowledge as well as international experiences which can fill up the gaps in the Board to ensure adequate diversity on the Board, and should be the one who is able to act in line with the strategic direction and plans of the Group. Independency is one of the considerations if the successor is to be appointed as (or replaced with) an independent non-executive director.

In respect of the succession plan for the Chairman and CEO, taking cognisance of the pivotal role played by the Chairman and CEO, the transfer of the roles and responsibilities of the Chairman and CEO, if any, will have to be a comprehensive handover process and sufficient time should be allocated for such transition. The succession plan made for directors, where appropriate, is applicable to serve as a plan for the Chairman and CEO's succession. In case of emergency and should the circumstances warrant so, an independent non-executive director who possesses the right qualities may be appointed to take on the role of Board Chairman and an executive director (or a top management personnel) who fits the profile may be promoted to assume the role as the Chief Executive Officer. The successor should be an experienced and committed leader who is highly adapted, has good communication skills and the relevant knowledge, and is able to dedicate the time required for role as Board Chairman; and possesses leadership qualities, knowledge of the Group's business and operations as well as right vision and values in line with the strategic direction and plans of the Group to assume the role as Chief Executive Officer.

In respect of the succession plan for key management personnel, the Chairman and CEO, with the assistance of human resources department, determines the need for renewal, restructuring or changes to the key management personnel through reviews of, among others, development and growth plans of the Group, performance of the Group and respective business unit or area of responsibility of such individual key management personnel, strategic assessment against balanced score card, scheduled retirement and planned departure. Attractive talent retention programme is in place to ensure pool of talent is well maintained within the Group, with various training and development programmes made available to groom potential candidates. In case of a sudden and unforeseen vacancy in the position of a key management personnel, temporary designation within the Group may be appointed while assessment on internal promotion or external sourcing is taking place. Successor may be an internal candidate or a new talent from other industry peers or third-party recruitment firm, who should satisfy the core competencies model set by the Group for a key management personnel including leadership, business acumen, strategic thinking, vitality and management skills, while building a mutual trust relationship with the Group, and be one who can implement the business plans of the Group.

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Assessment of Independence

The NC is tasked to review, evaluate and determine the independence of each director on an annual basis, having regard to the criteria and circumstances set out in the Listing Manual, the Code and the Practice Guidance. None of the criteria and circumstances are applicable to the incumbent independent non-executive directors and each of them does not have a relationship with the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence or that will otherwise deem such independent non-executive director not to be independent.

Multiple Listed Company Board Representations and Other Principal Commitments

The responsibilities of a director of a listed company are complex and demanding, and hence, directors are expected to make substantial time commitment to carry out their responsibilities and duties as a director of the Company. In determining whether directors holding multiple listed company board representations and other principal commitments are able to and have been diligently, adequately and effectively carrying out their duties as a director of the Company, the NC and Board consider the competing time commitments faced by directors by conducting an annual review of the listed company board representations and other principal commitments held by each director. The NC and Board also consider the directors' overall performance by reviewing the results of annual assessment of the Board, Board Committees, Chairman and each individual director as well as the directors' commitments and contribution which are evident in their attendance records and level of participation at the meetings of the Board, Board Committees and Shareholders. Having considered that none of the directors holding a significant number of listed company board representations and other principal commitments, the results of annual assessment of the Board, Board Committees, Chairman and individual directors for FY 2021 are satisfactory and the directors achieved full attendance rates and contributed positively to discussions at meetings of Board, Board Committees and Shareholders, for FY 2021, the NC and Board satisfied that directors holding multiple listed company board representations and other principal commitments are able to and have been diligently, adequately and effectively carrying out their duties as a director of the Company, including able to make timely decision when dealing with businesses that had been presented to them and to devote sufficient time and attention to the affairs of the Company. The NC and Board are also of the view that multiple listed company board representations and other principal commitments of directors do not hinder them from carrying out their duties as a director of the Company, instead, these directors' participation in other listed entities have widened the experience of the Board and given it a broader perspective. The NC and Board recognise that the individual circumstances and capacity of each director are different as a director's available time and attention may be affected by many different factors, such as the nature of his other responsibilities and near-term plan regarding the other appointments, no maximum number of listed company board representations and other principal commitments which any director may hold was set. The NC shall make recommendation to the Board for the Board to consider adopting the recommendation of the Practice Guidance to establish guidelines on what a reasonable and maximum number of directorships and other principal commitments for each director (or type of director) should be as and when necessary, in due course.

The NC and Board also review the listed company board representations and other principal commitments of the directors for the present and past five years to assess whether any director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. Through such review, the NC and Board also assess whether a director's resignation from the board of any such company casts any doubt on the director's qualification and ability to act as a director of the Company. Based on the review conducted during the year and with each director's confirmation, none of the directors had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators.

Alternate Director

No alternate director has been appointed to the Board during FY 2021 and the Company currently does not have any alternate director.

Key Information on Directors

Key information regarding the directors including their background information, current and past directorships and chairmanships, and shareholdings (direct and indirect) are set out in this Annual Report ("2021 Annual Report") under the heading "Board of Directors" and "Directors' Statement".

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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.

The Company believes that excellent board performance enhances long-term stakeholders' value as the board performance is ultimately reflected in the long-term performance of the Group. The Company has in place a system to assess the effectiveness of the Board as a whole, that of each of the Board Committees as well as the contribution by the Chairman and each individual director to the Board on an annual basis. The annual assessments help to measure the continuous performance of the Board, Board Committees, Chairman and each individual director and enhance long-term stakeholders' value. The Company did not engage external facilitator in the annual assessments in respect of FY 2021.

Criteria and Process for Assessment on Board, Board Committees and Chairman

In carrying out the annual assessment of the Board, each Board Committee and the Chairman, the NC and Board take into consideration the views of all Board members with each of them abstained from participating in the assessment of the Board Committee(s) on which he is seated (if applicable) and the Chairman and CEO abstained from participating in the assessment of the Chairman. Each director is required to answer the questionnaires setting out relevant performance criteria in various aspects for his views on the performance of the Board, each of the Board Committees and Chairman. Self-evaluation by director on assessment of the Board Committee(s) on which he is seated or by the Chairman or CEO on assessment of the Chairman, if any, shall be considered invalid and shall not be taken into account in computing the relevant results. The performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, such changes shall be reviewed and approved by the NC and Board. The NC and Board have reviewed and approved the amendments to the performance criteria in respect of the annual assessment of the Board, each Board Committee and the Chairman for FY 2021, which are made mainly to align with various Board Committees' updated terms of reference and the Group's practices in response to the latest developments or requirements of the applicable laws and regulations. The criteria of assessment for the Board includes structure and composition, conduct of affairs, conduct of meetings, corporate strategy and planning, risk management and internal control, Company performance, human resources, communication with Shareholders and engagement with stakeholders while the criteria of assessment for each Board Committee focus on its structure and composition, duties and responsibilities, conduct of meetings and functionality and the Chairman is assessed taking into consideration the role of Chairman prescribed by the relevant Practice Guidance. The average ratings scored for each performance criterion in respect of the annual assessment of the Board, each Board Committee and the Chairman for FY 2021 vis-à-vis that of the financial year ended 31 December 2020 ("FY 2020") are compiled into a summary report and the same is tabled for review by the NC and for consideration by the Board.

Criteria and Process for Assessment on Individual Directors

The NC assesses the contribution by each individual director to the Board on an annual basis based on attributes observed during the financial year under review such as the director's attendance record at the Board, Board Committees and general meetings and related activities, contribution in field of expertise, knowledge of the Company's business and industry awareness, understanding of directorship duties and roles, exercising of reasonable skills and diligence and etc. The set of performance criteria for FY 2021 has been updated to align with the Group's practices in response to the latest developments or requirements of the applicable laws and regulations. Self-evaluation by the NC member of his own assessment, if any, shall be considered invalid and shall not be taken into account in computing the results. The results of the annual assessment of each individual director are collated and reviewed by the chairman of the NC. The highest average ratings and lowest average ratings scored for each assessment criterion in respect of the annual assessment of each individual director are compiled into a report for consideration of the NC and Board, with the consultation of NC chairman.

The Board, having satisfied with its effectiveness, resolves whether to retain the current composition of the Board taking into consideration, among others, adequate diversity of the Board, each director's independency, competencies, commitment, contribution and performance, or where appropriate, whether new appointment or cessation of any member of the Board is required. Based on the results of annual assessment conducted for FY 2021, the NC and the Board are of the view that the Board as a whole and each of the Board Committees have operated effectively, and each director including the Chairman and CEO has contributed to the overall effectiveness of the Board.

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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.

Remuneration Committee

The terms of reference of RC provides that the RC shall comprise at least three directors, all of whom shall be non-executive and the majority of whom, including the chairman, shall be independent. The RC currently comprises four members, all of whom, including its chairman, are independent non-executive directors. The chairman of the RC is Teo Ser Luck and the other three members are Hong Pian Tee, Chua Taik Him and Tan Chin Siong.

The principal roles and responsibilities of the RC as set out in its terms of reference are:

- (a) recommending to the Board, a framework of remuneration for the Board and key management personnel and reviewing the specific remuneration packages for each director and key management personnel; and
- (b) considering all aspects of remuneration, including directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination terms, as applicable, of the directors and key management personnel, which should aim to be fair and avoid rewarding poor performance.

The recommendations of the RC are submitted for endorsement by the Board. No directors nor members of the RC has been involved in deciding his own remuneration package or that of employees related to him, if any.

Access to Expert Advice

Subject to the review of the Board, the RC has explicit authority within its written terms of reference to obtain such external consultant or other independent professional advice as it considers necessary to carry out its duties. Should the RC seek expert advice inside and/or outside the Company on remuneration of all directors, the RC should ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. During FY 2021, the RC has not engaged any consultant to advise on remuneration matters.

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.

Performance-Linked Remuneration ensuring Sustained Performance and Value Creation

To attract, motivate and retain talents best fit the Group with an objective of building strong and sound leadership bench strength for long-term sustainability of the Group's business, fair and appropriate remuneration packages are offered to the executive directors and key management personnel. The Group seeks to ensure that the level and mix of remuneration is appropriate in finding a balance between the current rewarding and long-term business objectives of the Group, and believes that a fair and reasonable remuneration framework which is linked to a formal and transparent assessment of performance and value creation are key factors in managing its human resources, which in turn is an important asset in creating long-term value to the Group.

The remuneration packages are offered based on established remuneration policies or framework that reviewed by the RC and subsequent approved by the Board on an annual basis. The remuneration packages of executive directors and key management personnel comprise fixed and variable components, of which three key components are salaries, annual performance incentives and other benefits including benefits in kind. Taking into consideration relevant budget in line with the Group's business plans, an appropriate proportion of executive directors' and key management personnel's remuneration is structured to link rewards to corporate and individual performance, which is aligned with the interest of Shareholders and promotes long term success of the Group.

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The Chairman and CEO is entitled to a basic salary at a fixed sum, an annual discretionary bonus and benefits in kind. The basic salary may be adjusted as the RC may, subject to the regulations of the Company's Constitution, determine from time to time in its absolute discretion, provided that any increase in basic salary shall not exceed 15% per annum of the amount of salary paid during the immediate preceding 12-month period, while an annual discretionary bonus will be determined by the RC which shall not exceed 5% of the audited consolidated or combined net profits of the Company (after taxation, minority interests, and extraordinary and exceptional items) in respect of the financial year concerned. Notably, to align with Shareholders' interests, a significant portion of the remuneration of the Chairman and CEO is tied to the profit attributable to owners of the Company as disclosed in the audited financial statements of the Company for each financial year.

The remaining executive directors receive basic salary and annual performance incentives (and benefits in kind, if relevant) in accordance with their respective employment contract with the Company, in their capacity as a director and/or an executive of the Company. Save as above, the executive directors do not receive any other fees from the Company for their appointments. The Group's performance in terms of financial results is one of the key criteria in assessing the achievements of executive directors and determining the variable components of their remuneration.

In respect of the remuneration of key management personnel, they are remunerated with a basic salary (and benefits in kind, if relevant) commensurate with their respective roles, responsibilities and other circumstances, where to the possible extent, relevant market remuneration benchmarks are being taken into consideration to ensure that the remuneration package is broadly comparable to the others in the market. Key management personnel are also being rewarded with performance incentives in line with the performance of the business unit(s) they are responsible for as well as profits generated from the project(s) managed by them, whilst taking into account the Group's annual performance. In addition, the balanced score card assessing performance of key management personnel based on a few key indicators, including budget achievement rate, project quality, management and marketing cost efficiency, customer satisfaction and labour productivity, is also being used in determining the incentives to be rewarded to the key management personnel. The extent to which the performance conditions have been met was taken into account in determining the actual quantum of variable component of remuneration.

In overall, the policies on or framework of remuneration of executive directors (including the Chairman and CEO) and key management personnel, which are structured and designed based on the performance of the Group and individual, enable to drive corporate performance and create long-term value to the Group and are symmetric with the risk policies and strategic direction of the Group.

Fees to Independent Non-Executive Directors

Save for directors' fees, which have to be approved by the Shareholders at annual general meeting(s) of the Company, the independent non-executive directors do not receive any other remuneration from the Company. The RC and Board are mindful that the fees for independent non-executive directors should not be excessive to the extent that their independence will be compromised or reasonably be perceived to compromise. On an annual basis, the RC reviews and recommends to the Board the framework of remuneration and fees of the independent non-executive directors of the Company benchmarking with the fees offered by the other comparable industry peers. Having considered the level of contribution of independent non-executive directors including their roles and responsibilities in Board and various Board Committees and attendance records as well as the directors' fees of other industry peers, the proposed framework for determining independent non-executive directors' fees for FY 2021 remains the same as that of FY 2020, where independent non-executive directors with full term of service shall be paid at a fixed fee of S\$100,000, and for those who have not served a full-term of service, such fee be paid in proportion to the service period rendered by such director for the financial year concerned. Executive directors do not receive directors' fees. At the endorsement of the Board and subject to the approval of the Shareholders at the 2022 AGM, it is proposed for each of the independent non-executive directors be paid an annual director's fee of S\$100,000 for his full term of service rendered for FY 2021, except for Seah Lim Siang and Ng Shin Ein who stepped down from the Board on April 29, 2021; and Chua Taik Him and Tan Chin Siong who were appointed on April 29, 2021 whose fees will be paid in proportion to their respective service periods rendered for FY 2021. The RC and Board are of the view that the directors' fees proposed for FY 2021, in a similar quantum paid to each of the independent non-executive directors (save for Seah Lim Siang, Ng Shin Ein, Chua Taik Him and Tan Chin Siong) for FY 2020, are fair, adequate and comparable to the other industry peers in the market and appropriate to the level of contribution by each of the independent non-executive directors.

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Termination and Retirement Terms

The RC had reviewed the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, and having noted that, *inter alia*, provisions of these contracts including termination clauses are set in accordance with the applicable laws and regulations including manpower law of local cities and that there are no contractual obligation for the Company or Group to compensate the executive directors and key management personnel except for the option to pay a salary in lieu of the notice or a compensation according to the prescribed laws, opined that such contracts of service contain fair and reasonable termination clauses which are not overly generous. There were no termination, retirement or post-employment benefits being granted to any director and key management personnel in FY 2021.

Long Term Scheme

The Company acknowledges that implementing schemes to encourage non-executive directors to hold shares in the Company may better align interest of such non-executive directors with the interests of Shareholders. Whilst the Company currently does not have a share option scheme, retirement benefit scheme, share-based compensation scheme or long-term scheme involving the offer of shares in place for independent non-executive directors, it will consider the establishment of such form of long-term incentive as and when appropriate.

Contractual Provisions

The Company does not make use of contractual provisions to allow it to reclaim incentive components of remuneration paid to its executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company having considered that performance incentives are determined subject to performance of the Group and of the individuals from time to time and the Group has the discretion not to award such incentive components. The executive directors also owe a fiduciary duty to the Company and the Company should be able to avail itself of the relevant remedies at law against the executive directors in the event of such breach of fiduciary duties. However, the Company will consider adopting such contractual provisions, as and when appropriate.

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 RC and Board have considered the recommendations set out in Provision 8.1 of the Code carefully, and after taking into consideration the competitive human resource environment which is especially pronounced in the Group's segment of property market in the PRC, the Company is disclosing remuneration of the Chairman and CEO together with the other executive directors as well as the top five key management personnel in this 2021 Annual Report in aggregate amount and individually in bands of S\$250,000 with breakdown of the components of their remuneration in percentage terms instead of disclosing the specific amounts of remuneration for each of them as provided in the Code. The RC and Board believe that, taken as a whole, the disclosures are consistent with the intent of Principle 8 of the Code and able to provide meaningful information and sufficient transparency in giving an understanding of the remuneration of executive directors and top five key management personnel including the relevant remuneration framework, level and mix of remuneration, the procedure for setting remuneration as well as the linkages between remuneration, performance and value creation.

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1. Remuneration of Executive Directors (including the Chairman and CEO)

The remuneration (which includes salaries, annual performance incentives and other benefits including benefits in kind, if any) paid or payable to each of the executive directors (including the Chairman and CEO) for FY 2021, in bands of S\$250,000 with breakdown of the components of remuneration in percentage terms, are as follows:

Remuneration Band	Salary ¹	Annual Performance Incentives	Other Benefits including Benefits in Kind	Total
S\$8,500,000 to S\$8,749,999				
Zhong Sheng Jian (Chairman and CEO)	3.14%	96.78%	0.08%	100%
S\$1,000,000 to S\$1,249,999				
Zhong Ming	57%	43%	—	100%
S\$500,000 to S\$749,999				
Zhong Siliang	77%	23%	—	100%
S\$250,000 to S\$499,999				
Zhong Iek Ka	44%	23%	33%	100%

Note:

¹ Includes annual wage supplement and employer's contributions to the Singapore Central Provident Fund and/or the PRC's Central Pension Schemes, where applicable.

The aggregate remuneration paid or payable to the executive directors namely, Zhong Sheng Jian, Zhong Siliang, Zhong Ming and Zhong Iek Ka for FY 2021 is S\$10,708,522.33.

2. Directors' Fees of Independent Non-Executive Directors

Subject to the approval of the Shareholders at the 2022 AGM, the fees payable to each of the independent non-executive directors (including those who stepped down from the Board during the financial year under review) for FY 2021 are as follows:

Independent Non-Executive Directors	Directors' Fees (S\$)
Hee Theng Fong	100,000
Hong Pian Tee	100,000
Teo Ser Luck	100,000
Chua Taik Him ¹	67,671
Tan Chin Siong ¹	67,671
Seah Lim Siang ¹	32,603
Ng Shin Ein ¹	32,603
Total	500,548

Note:

¹ The directors' fees of Chua Taik Him, Tan Chin Siong, Seah Lim Siang and Ng Shin Ein were calculated in proportion to their service period rendered for FY 2021.

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3. Remuneration of the Top Five Key Management Personnel

The remuneration (which includes salaries, annual performance incentives, other fees and other benefits including benefits in kind, if any) paid or payable to each of the following key management personnel (who are not directors or the Chairman and CEO) for FY 2021, in bands of S\$250,000 with breakdown of the components of remuneration in percentage terms, are as follows:

Remuneration Band	Salary ¹	Annual Performance Incentives	Other Fees	Other Benefits including Benefits in Kind	Total
S\$750,000 to S\$999,999					
Tan Chee Keong, Roy	59%	37%	—	4%	100%
Gao Yongjun	60%	40%	—	—	100%
S\$500,000 to S\$749,999					
Zhang Hao Ning	71%	29%	—	—	100%
Lu Ruifeng	76%	24%	—	—	100%
Xie Xueming	77%	23%	—	—	100%

Note:

¹ Includes annual wage supplement and employer's contributions to the Singapore Central Provident Fund and/or the PRC's Central Pension Schemes, where applicable.

The aggregate remuneration paid or payable to the top five key management personnel (who are not directors or the Chairman and CEO) for FY 2021 is approximately S\$3,538,541.

4. Remuneration of Employees who are Substantial Shareholders of the Company, or are Immediate Family Members (i.e. spouse, child, adopted child, step-child, brother, sister and parent) of a Director, the Chairman and CEO or a Substantial Shareholder of the Company, and whose Remuneration Exceeds S\$100,000 during the Year, in bands of S\$100,000 with Breakdown of the Components of Remuneration in Percentage Terms

Remuneration Band	Position	Relationship	Salary ¹	Annual Performance Incentives	Other Fees	Other Benefits including Benefits in Kind	Total
S\$400,000 to S\$499,999							
Zheng Xi	Chairman of Nanjing Renyuan Investment Co., Ltd.	Brother of Zhong Sheng Jian ²	74%	26%	—	—	100%
S\$200,000 to S\$299,999							
Zhong Si Nuo	Assistant to the Chairman and CEO	Daughter of Zhong Sheng Jian ² and sister of Zhong Ming and Zhong lek Ka, both executive directors	82%	18%	—	—	100%
Zhong Si Li	Assistant General Manager – Wuhan	Brother of Zhong Siliang, an executive director	91%	9%	—	—	100%
Zhong Si Min	Financial Controller – Shanghai	Brother of Zhong Siliang, an executive director	80%	20%	—	—	100%

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Remuneration Band	Position	Relationship	Salary ¹	Annual Performance Incentives	Other Fees	Other Benefits including Benefits in Kind	Total
S\$100,000 to S\$199,999							
Chung Chiu Yan	Chairman of Nanjing Yanlord Enterprise Management Co., Ltd.	Brother of Zhong Sheng Jian ²	100%	—	—	—	100%

Notes:

- ¹ Includes annual wage supplement and employer's contributions to the Singapore Central Provident Fund and/or the PRC's Central Pension Schemes, where applicable.
- ² Zhong Sheng Jian is the Chairman and CEO and a substantial shareholder of the Company.

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 recognises the importance of maintaining a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets. The Board has overall responsibility for the governance of risk and exercises oversight of the material risks in the Group's business, and is ultimately responsible for the Company's sustainability reporting to ensure that there is an appropriate focus on sustainability by Management. Procedures are in place to identify and manage significant business risks and evaluate potential financial effects to the Group.

Risk Management and Sustainability Committee

The Board, with the assistance of the RMSC, reviews the adequacy and effectiveness of the Group's risk management practices and procedures, oversees Management in the design, implementation and monitoring of the risk management system of the Group, and ensures environmental, social and governance ("ESG") factors which have been identified as relevant and material to the Group are appropriately monitored and managed. The RMSC assists the Board in overseeing the Group's risk management framework and policies as well as the Group's commitment and efforts towards sustainability, the ESG factors that are material and pertinent to the Group's business and the Company's approach to sustainability reporting. In respect of risk management, the internal auditors report to the RMSC, and the RMSC reports to the Board, on identified risks, impacts of such risk to the Group, corresponding risk management policies and practices as well as status on the findings since last reporting on an annual basis. Management is responsible for the effective implementation of risk management procedures to facilitate the achievement of business plans and goals. Key business risks are proactively identified, addressed and reviewed on an ongoing basis. For FY 2021, the risks identified and reported are in relation to the areas of government policies, financial (interest rate and foreign currency), liquidity, human resources and information technology. In respect of sustainability, the RMSC oversees the ESG Management Committee, which assists the RMSC to review effectiveness and progress of ESG plans as well as performance of the sustainability targets, which in turn is supported by ESG Task Force comprising cross functional team to execute the ESG plans and coordinate the communication with stakeholders.

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The terms of reference of RMSC provides that the RMSC shall comprise at least three directors, the majority of whom, including the chairman, shall be independent. The RMSC currently comprises four members, three of whom, including its chairman, are independent non-executive directors. The chairman of the RMSC is Chua Taik Him and the other three members are Hee Theng Fong, Hong Pian Tee and Zhong Sheng Jian.

The principal roles and responsibilities of the RMSC as set out in its written terms of reference are:

- (a) identifying, measuring, managing and controlling risks that may have a significant impact on the Group's property development activities;
- (b) reviewing and advising on the implementation and effectiveness of any associated risk action plans developed by the Group's senior management;
- (c) considering and advising on matters that may have a significant impact on the stability and integrity of the property market in the PRC;
- (d) reviewing and recommending on an annual basis the nature and extent of the significant risks that the Company should undertake to achieve its strategic objectives and value creation that are consistent with the Company's risk appetite;
- (e) reviewing the Company's sustainability reporting and considering the risk and impact of material ESG factors to the Group, the interest of stakeholders, the targets of the Group as well as the legislative requirement referred to it by the ESG Management Committee; and
- (f) reviewing and advising on the functioning and effectiveness of the Group's monitoring and management of sustainability related issues through various level of management.

Internal Controls

The responsibility of overseeing the Group's internal controls system is delegated by the Board to, and undertaken by, the AC with the assistance of the internal auditors. The internal and external auditors conduct audits that involve testing the adequacy and effectiveness of the material internal control systems in the Group. The internal auditors present updates on key internal controls of the Group to the AC, and the AC to the Board, on an annual basis. In connection with the statutory audit review, the external auditors identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that they identify during their audit. The internal controls (including financial, operational, compliance and information technology controls) are intended to provide reasonable but not absolute assurance against material misstatements or losses and include the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

Adequacy and Effectiveness of Risk Management and Internal Controls

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, have rigorously assessed and are satisfied that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at December 31, 2021. No material weaknesses are identified by the Board and RMSC for FY 2021.

The Board has received a written certification from the Chairman and CEO and the Group Financial Controller as well as the internal auditors for an assurance that in respect of FY 2021, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's and the Company's operations and finances; and regarding the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems as at December 31, 2021.

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Principle 10: Audit Committee

The Board has an AC which discharges its duties objectively.

The terms of reference of AC provides that the NC shall comprise at least three directors, all non-executive, the majority of whom, including the chairman, shall be independent. The AC currently comprises five members, all of whom, including its chairman, are independent non-executive directors. At least two of the AC members, including chairman of the AC, are appropriately qualified with recent and relevant accounting or related financial management expertise and experience. The chairman of the AC is Hong Pian Tee and the other four members are Hee Theng Fong, Teo Ser Luck, Chua Taik Him and Tan Chin Siong.

The AC assists the Board in discharging its responsibility objectively to safeguard the Group's assets, ensure integrity of the Company's financial reporting, and develop and maintain adequate and effective systems of internal controls, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC provides a channel of communication between the Board, the Management, the external auditors and internal auditors on matters relating to audit.

The principal roles and responsibilities of the AC as set out in its written terms of reference are:

- (a) reviewing with the external auditors their audit plans and evaluation of the system of internal accounting controls;
- (b) reviewing financial statements and any significant financial reporting issues and judgements, before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- (c) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls and ensuring co-ordination between the auditors and the Management, and reviewing the assistance given by the Management to the auditors, and discussing issues and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- (d) reviewing and discussing with the auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response including to review the whistle-blowing policy for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (e) considering and recommending the appointment or re-appointment of the external auditors including remuneration of the external auditors, taking into consideration the Audit Quality Indicators (or other factors/requirements as may be amended from time to time) and matters relating to the resignation or dismissal of the auditors;
- (f) reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual and consider whether such transaction is carried out on normal commercial terms whereby the number and terms are fair and reasonable and is not prejudicial to the interests of the Company and its minority shareholders;
- (g) reviewing potential conflicts of interest, if any;
- (h) reviewing the assurance from the Chairman and CEO, the Group Financial Controller and internal auditors (or such other officer/management of equivalent level) on the financial records and financial statements;
- (i) undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (j) generally undertaking such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

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In addition, the AC has explicit authority to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. The AC has full discretion with regard to the calling of any AC meeting and the proceedings thereat and may invite any director or Management to the meeting. In the event that a member of the AC has interest in any matter being considered by the AC, he shall abstain from reviewing and deliberating that particular transaction and voting on that particular resolution. The AC also meets separately with the internal and external auditors at least once per year without the presence of the executive directors and Management. In FY 2021, the AC held 2 meetings (other than passing of resolutions by way of circulations) and met with the internal auditors, and with the external auditors, in each case without the presence of the executive directors and Management. These meetings allow the internal and external auditors to raise any issues in the course of their work directly to the AC and/or the independent non-executive directors. No significant issues have been raised in such meetings that required immediate attention of the AC and the Board.

The internal and external auditors have unrestricted access to the AC and vice versa. The AC has been given full access to and co-operation of the Management and has reasonable resources to enable it to discharge its function properly. None of the former partners or directors of the Company's existing auditing firm is a member of the AC. The AC carries out its duties as set out within its written terms of reference including matters such as reviewing and recommending the relevant financial results to the Board before the same are released via SGXNET, reviewing the internal audit reports, the reports from external auditors, the yearly report on key internal controls and interested person transactions. The AC also reviews the scope, results and effectiveness of the internal audit and external audit function, the independence and objectivity of the external auditors, the non-audit services rendered by external auditors as well as the appointment (including re-appointment) and removal of external auditors and their audit fees. The appointment (and re-appointment) of the external auditors is subject to Shareholders' approval at the general meeting of the Company.

The AC is briefed and updated of any changes to accounting standards and issues which may have direct impact on the Group's financial statements from time to time, where necessary.

External Auditors

In respect of FY 2021, the external auditors of the Company and its Singapore-incorporated subsidiaries and significant associated companies were Deloitte & Touche LLP, Singapore ("Deloitte Singapore"), an audit firm registered with Accounting and Corporate Regulatory Authority ("ACRA"). The Group incurred an aggregate amount of fees of approximately RMB9.3 million for services, comprising audit and non-audit services, rendered by Deloitte Singapore and other member firms of Deloitte Touche Tohmatsu Limited (collectively, "Deloitte") for FY 2021, as follows:

Fees to Deloitte for FY 2021	(RMB' million)	Equivalent to Approximately (S\$' million)
Total Audit Fees	7.9	1.6
Total Non-audit Fees	1.4	0.3
Total	9.3	1.9

Note:

¹ The above fees excluded out of pocket expenses and goods and services tax, and are rounded to the nearest one decimal place.

Taking cognisance that the external auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, and in compliance with Rule 1207(6)(b) of the Listing Manual, the AC confirmed that it has undertaken a review of all non-audit services provided by Deloitte and they will not, in the AC's opinion, affect the independence and objectivity of Deloitte. The nature and volume of the provision of the non-audit services provided by Deloitte for FY 2021 and the corresponding fees were taken into consideration by the AC in ensuring that such non-audit fees did not impair or threaten the audit independence of Deloitte. Deloitte has also provided confirmation of its independence to the AC. In reviewing the nomination of Deloitte for the re-appointment, the AC has also considered the adequacy of the resources, experience and competence of Deloitte and has taken into account the Audit Quality Indicators relating to Deloitte at both firm and audit engagement level, in accordance with the Audit Quality Indicators Disclosure Framework published by ACRA. The AC also considered the ability of Deloitte's audit team to work in co-operative manner with Management whilst maintaining integrity and objectivity and the ability to deliver their services professionally and within agreed timelines. Ms Seah Gek Choo was appointed the engagement partner-in-charge of the audit of the financial statements of the Group since June 29, 2020.

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The Group has also complied with Rule 712 and Rule 715 of the Listing Manual in appointing the audit firms in respect of FY 2021.

AC Commentary on Significant Matters

In the review of the financial statements for FY 2021, the AC has discussed with both the Management and the external auditors the impact of the COVID-19 pandemic and its effects on the business segments in which the Group operates, and the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were reviewed by the AC and discussed with Management and the external auditors in relation to their materiality and appropriate methodology/assessment.

Significant matters	How the AC reviewed these matters and what decisions were made
Assessment of recoverable amounts for properties for development, completed properties for sale and properties under development for sale ("Properties")	<p>The AC considered Management's approach and methodology applied in determining whether the Group's Properties are impaired and the amount of impairment to be recorded, if any.</p> <p>The AC reviewed Management's assumptions relating to the reasonableness of the future sales and projected construction costs used in the management assessment.</p> <p>The assessment of recoverable amounts for the Group's Properties was an area of focus for the external auditor, who has included this as a key audit matter for FY 2021. Refer to page 86 of this 2021 Annual Report.</p>
Valuation of investment properties	<p>The AC considered the approach and methodology applied by the independent professional property valuers to the valuation model in assessing the valuation of investment properties as at year end.</p> <p>The AC reviewed the reasonableness of the key assumptions used in the valuation, which include (i) price per square metre or per carpark unit; (ii) capitalisation rates; and (iii) market rent per square metre per month.</p> <p>The valuation of investment properties was an area of focus for the external auditor, who has included this as a key audit matter in its audit report for FY 2021. Refer to page 87 of this 2021 Annual Report.</p>

Whistleblowing Policy

The Group has in place a whistleblowing policy which provides a trusted avenue and sets out the procedures for a whistleblower, who may be an employee of the Group or any other persons to report in confidence to the Company any possible improprieties, including malpractice, irregularity, corruption, bribery, fraud, unethical or unlawful conduct and/or any other misconduct or wrongdoing relating to the Group and its employees or officers, without fear of reprisal, detriment, unfair treatment or other retaliatory action. The whistleblowing policy has been endorsed by the AC and the Board and is being made available on the Company's website at www.yanlordland.com/corporate-governance/.

The AC is responsible for the oversight and monitoring of whistleblowing framework of the Group with the assistance of internal auditors. The AC will assess a complaint received from a whistleblower and if circumstances warrant, designate the internal audit department, a third-party professional or any other personnel as it deemed fit to investigate whistleblowing complaints made in good faith, where the investigation will be conducted independently that any person or party concerned to such complaint will only be called for investigation on a need-to basis, and none of them will be involved in making any decision for the complaint. Any whistleblowing complaint may be lodged with the internal auditor whose contact details are set out in the whistleblowing policy which is made available on the Company's website and the identity of such whistleblower will be kept in strict confidence, except under limited circumstances as set out in the whistleblowing policy where disclosure of the information is necessary. Information of the whistleblower's identity is only accessible to the AC, the authorised person in the internal audit department and the designated person (as the case may be) who is authorised to verify, investigate, process and deal with the whistleblowing complaints. The Group is also obliged and committed to protect the information of the whistleblower's identity according to its Personal Data Protection Policy, in line with the Personal Data Protection Act 2012 and its subsidiary legislation enacted thereunder. Every effort will be made to protect the whistleblowers' identity to ensure they are protected against harassment, reprisals and/or victimisation. The Group objects to and does not tolerate nor condone any retaliatory action taken against any

CORPORATE GOVERNANCE

whistleblower and may institute disciplinary action or assist the said whistleblower in taking an action (including a legal action), as it deems appropriate, against any employee/officer of the Group or other person found to have taken such retaliatory action.

The internal auditors will report to the AC of any whistleblowing complaint received, investigation status and results as well as follow-up actions for previously reported whistleblowing complaints, if any, to ensure issues raised are properly resolved; and all records pertaining to a whistleblowing complaint are kept confidential by the authorised person in the internal audit department. The AC will regularly review and update the whistleblowing policy, where necessary.

There were no whistleblowing complaints received by the Company in FY 2021.

Internal Audit

The Group has an in-house internal audit function, led by Tsui Kai Fung, a qualified and certified accountant, that is independent of the activities it audits. To ensure that the internal audit works are performed by competent professionals, the internal audit department is staffed with professionally qualified personnel who are members or graduates of (i) The Institute of Internal Auditors; (ii) The Hong Kong Institute of Certified Public Accountants (“HKICPA”); (iii) The Association of Chartered Certified Accountants; or (iv) The Hong Kong Chartered Governance Institute. Training and development opportunities are provided for internal audit staff to ensure their technical knowledge and skill sets remain current and relevant, where they are encouraged to attend external trainings and seminars conducted by reputable public accounting and auditing firms. The head of internal audit department reports directly to the AC chairman for strategic direction, reinforcement and accountability, and administratively to the Chairman and CEO for assistance in establishing direction, support and administrative matters. The AC assesses, at least annually, the objectivity, adequacy and effectiveness of the internal audit function to ensure it is independent, adequately resourced and effective on an ongoing basis. The AC may make recommendations for any changes to the internal audit processes. The internal auditors have unfettered access to all the Group’s documents, records, properties and personnel, including access to the AC, and have appropriate standing within the Group.

The internal audit function is conducted across the Group to monitor the effectiveness of risk management, internal controls and governance processes, *inter alia*, its key role is to promote effective internal controls in the Group and to monitor the performance and effective application of internal controls procedures, which serve to safeguard Shareholders’ interests and the Group’s assets. The internal audit department carries out its function according to the Auditing Guideline – Guidance for Internal Auditors issued by the HKICPA. The internal auditors schedule the Group’s yearly internal audit plan in consultation with, but independently of, the Management and the same is submitted to the AC for review and approval on an annual basis prior to the commencement of the yearly internal audit works. The AC considers the resources dedicated to the internal auditors and whether these resources enable the delivery of internal audit plan. The AC receives reports on the findings of internal auditors’ works which included implementation of corrective measures on last internal audit findings and corrective measures recommended by the internal auditors as well as the Management’s responsiveness to present internal audit findings and corrective measures. In the event there is any material and high-risk internal audit findings such as significant non-compliance or major lapses in internal controls, the internal auditors shall report to the AC on an immediate basis. No material and high-risk internal audit finding was reported during FY 2021.

Based on the internal controls established and maintained by the Group, work performed by internal auditors as reviewed by the AC and yearly key internal controls report tabled to the AC, the AC satisfied that the Company’s Internal Audit is independent, adequately resourced and effective.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

The Company treats all Shareholders fairly and equitable 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.

The Company is committed to delivering high standards of corporate disclosure and transparency in its communications with Shareholders. All Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights.

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Information to Shareholders

In line with continuous disclosure obligations of the Company, the Company does not practice selective disclosure and the Shareholders are informed promptly of any major development that may have a material impact on the Group's performance and/or information which may affect the trade, price or value of the Company's shares. Information is communicated to Shareholders on a timely basis, through annual reports, financial statements announcements, press releases and other announcements that are released within the mandatory period (where relevant) via SGXNET. The annual reports and financial results are also being made available on the Company's website at yanlord.listedcompany.com/ar.html and yanlord.listedcompany.com/financials.html respectively, while all announcements published by the Company on the SGXNET are accessible on the Company's website at yanlord.listedcompany.com/newsroom.html. Management made presentation to Shareholders to update them on the Group's performance and position at general meetings, and relevant presentation materials are made available on SGXNET and the Company's website at yanlord.listedcompany.com/conference.html for the benefit of Shareholders. The Company's corporate website is www.yanlordland.com.

Participation and Voting at General Meetings

All the general meetings of Shareholders are held in Singapore to ensure that Shareholders have the opportunity to participate effectively in and vote at the general meetings. To help keep physical interactions and COVID-19 transmission risks to a minimum, the 2021 AGM was held and conducted by electronic means in place of a physical meeting and members of the Company were not able to attend the 2021 AGM in person. Instead, members of the Company (including CPF and SRS investors) participated in the 2021 AGM by watching and/or listening to the proceedings of the 2021 AGM through live audio-visual webcast or live audio-only stream.

Members of the Company were, in advance, informed of relevant rules and procedures on the alternative arrangements of 2021 AGM. Among others, members registered online for participation in the 2021 AGM, and upon verification, received an email containing (i) the login credentials, the link and the steps to access the live audio-visual webcast of the 2021 AGM proceedings, and (ii) the live audio-only stream dial-in numbers to listen to the 2021 AGM proceedings. Members of the Company were also given a right to vote on all or any of the resolutions proposed at the 2021 AGM by submitting a proxy form before the prescribed timeline to appoint only the Chairman of the 2021 AGM as their proxy to cast votes on their behalf. Separate resolutions were proposed for substantially separate issues, so as the members were given the right to express their views and exercise their voting rights on each resolution separately. Detailed information on resolutions relating to directors seeking re-election and renewal of share buyback mandate were disclosed in the annual report of the Company for FY 2020 under the heading "Additional Information on Directors Seeking Re-election" and the appendix to notice of 2021 AGM, respectively, and information on other resolutions were set out in the notice of 2021 AGM. All resolutions of the 2021 AGM were voted by poll, by the Chairman of the 2021 AGM, in accordance with the directions set out in proxy forms received which have been checked by Boardroom Corporate & Advisory Services Pte. Ltd., the Company's share registrar and the appointed polling agent for 2021 AGM, and counted and validated by DrewCorp Services Pte. Ltd., an independent service provider and the appointed scrutineer for 2021 AGM. Members of the Company submitted questions related to the resolutions proposed at the 2021 AGM, in advance, to the Company when they registered online or by post to the office of the Company's share registrar. Responses to all substantial and relevant questions have been published on SGXNET and the Company's website, prior to 2021 AGM. In line with the Group's commitment towards conservation and preservation of natural resources for environmental sustainability, the Company has discontinued the practice of mailing its annual reports in CD-ROM. The annual report for FY 2020 containing notice of the 2021 AGM and proxy form, together with the appendix to notice of the 2021 AGM have been made available on the SGXNET and the Company's website, and members of the Company were able to send in their request to the Company to ask for a printed copy of the same to be delivered to them.

In light of the ongoing COVID-19 situation in Singapore, the 2022 AGM to be held in April 2022 will continue to be held and conducted via electronic means. Details of alternative arrangements in respect of the 2022 AGM, including arrangements on registration for participation in the 2022 AGM via live audio-visual webcast or live audio-only stream, proxy voting on resolutions to be passed at the 2022 AGM by appointing the Chairman of the 2022 AGM, submission of questions related to the 2022 AGM through prescribed manners and within prescribed timeline as well as the availability of documents relating to the business of 2022 AGM on the SGXNET and the Company's website, are set out in the notice of the 2022 AGM. The Company will closely monitor the COVID-19 situation and measures which may be imposed by the relevant authorities, from time to time, and may be required to change the 2022 AGM arrangements at short notice. Members of the Company are advised to regularly check the Company's website at yanlord.listedcompany.com/newsroom.html and/or any announcement to be released by the Company via SGXNET at www.sgx.com/securities/company-announcements for updates on the arrangements for 2022 AGM.

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In normal circumstances where general meeting is held physically and the members are allowed to attend, speak and vote at such general meeting, each individual member may appoint not more than two proxies in accordance with the regulation of the Company's Constitution for the proxies to attend, speak and vote on his/her behalf at the general meeting if he/she is unable to attend the general meeting in person. A member of the Company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act 1967 of Singapore ("Act")) is entitled to appoint more than two proxies to attend, speak and vote in general meetings pursuant to Section 181(1C) of the Act. Subject to the applicable written laws and regulations and the Company's Constitution, the Company, may at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

Attendance at the General Meeting

All members of the then existing Board including the Chairman and CEO, the executive directors and the independent non-executive directors together with the Group Financial Controller, Head of Investor Relations and Company Secretary attended the 2021 AGM via video conferencing, while the representatives from the external auditors, the share registrar and polling agent, and the scrutineer participated in the 2021 AGM via live audio-visual webcast. The directors always strive to attend all general meetings of Shareholders and interact with Shareholders regularly.

Voting Results and Minutes of General Meetings

The voting outcomes of all resolutions were disclosed subsequent to the 2021 AGM in accordance with the prescribed format pursuant to Chapter 7 of the Listing Manual via SGXNET on the same day.

The Company Secretary prepares minutes recording proceedings of the general meetings including, if any, substantial and relevant comments or queries from Shareholders relating to the agenda of the general meeting and responses from the Board, Management and external auditors. Minutes of the 2021 AGM has been published via SGXNET and the Company's website according to the relevant requirements.

Dividend

In view that annual dividend shall be proposed by Management to the Board for consideration prior to any such declaration by the Board on an annual basis after taking into consideration the Group's business expansion and development plans, its financial performance and available resources and other relevant factors from time to time, it is in the interest of the Company not to determine any fixed annual dividend payment policy. Declaration of dividends if any, are clearly communicated to Shareholders and in the event where dividends are not recommended or declared, explanations are given to the Shareholders too. Such communications with Shareholders are made via SGXNET announcements. The Board has declared a final dividend of 6.8 Singapore cents (equivalent to approximately 32.75 Renminbi cents) per ordinary share in respect of FY 2021, and subject to the approval of the Shareholders at the 2022 AGM, the Company will pay this dividend to its Shareholders on June 6, 2022. Further information on the Company's past years' dividend payout is also being made available on the Company's website at yanlord.listedcompany.com/dividend_policy_and_history.html.

Principle 12: Communication 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.

The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interest. The Company has a team of investor relations staff to actively engage and promote regular, effective and fair communication with Shareholders and investors. Shareholders may contact investor relations team at Singapore and Hong Kong offices of the Group through the telephone numbers or email address set out on the Company's website at www.yanlordland.com/contact-us/.

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In addition to disclosing relevant information of the Group via SGXNET, the Group participated in activities such as global investor conferences, analyst briefings and roadshows to solicit and understand the views of the Shareholders and investors, where relevant presentation materials are accessible on the Company's website at yanlord.listedcompany.com/conference.html. For the benefit of Shareholders, newsletters are also being made available on the Company's website at yanlord.listedcompany.com/newsletters.html. Shareholders may subscribe for email alert service to be notified of the SGXNET announcements published by the Company. A brief write-up of the Group's investor relations activities can be found under the operation review section of this 2021 Annual Report.

Having considered the need of Shareholders and investors for information in the absence of quarterly financial results reporting, the Company has been engaging with the Shareholders and investors by voluntarily providing updates on the Group's unaudited key operating figures on a monthly basis via SGXNET. The Company shall consider on the need to have other voluntary interim updates, taking into consideration its Shareholders' expectations, context of business environment and long-term business strategy.

MANAGING STAKEHOLDERS RELATIONSHIPS

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.

Appropriate Focus on Sustainability

Stakeholders are parties who may be affected by the Company's activities, or whose actions can affect the ability of the Company to conduct its activities. The Group recognises the relationships with stakeholders may have an impact on the Group's long-term sustainability, and values long-term viability over short-term gains. The Group has been incorporating sustainability initiatives and goals in its strategies and operations, and believes that business success can be achieved through the integration of sustainability in its long-term strategies. The Group's 4-tier sustainability governance structure that comprises the Board, RMSC, ESG Management Committee and ESG Task Force proactively assessing ESG risks, setting up strategies, policies and systems, implementation plans and key performance indicators as well as reviewing, monitoring and managing ESG related material topics and objectives on an ongoing basis.

The Group prioritises the health and safety of its customers and considers their well-being at every stage of its operations when developing the properties. To safeguard the health and safety of its customers, the Group has instituted several policies with provisions to ensure that accidents and non-compliance of regulations are avoided, for instance, identifying all potential hazards that the customers may encounter and implementing pre-emptive mitigation measures where necessary. To improve the overall satisfaction of its customers, the Group also studies on the needs of its customers and incorporates these elements in designing and developing its properties, whilst privacy of the customers has been duly protected with adhering to the privacy policy of the Group which is being made available on the Company's website at www.yanlordland.com/privacy-policy/.

Recognising the need for balance between the commercial needs of its customers and environmental preservation, the Group continues to introduce environmental initiatives through developing eco-friendly developments as and where appropriate, and has adopted a green finance framework to intensify its efforts towards sustainability in its strategies and operations where the Group is committed to fund projects that will deliver positive environmental impacts. The green finance framework is being made available on the Company's website at www.yanlordland.com/green-finance-framework. While diversifying its development projects, the Group adopts a responsible approach towards the preservation of natural environment and historical heritage, if any, on and around the construction site. The Group is dedicated to safeguarding its employees' welfare and improving their workplace competencies. It has been abiding by the manpower laws of local cities, among others, to secure the health and safety of its employees in respective countries which the Group presence throughout the year. The Group also further increases its efforts to instil a mind-set that prioritises workplace safety and enforces health and safety policies to create a safe workplace culture. Having noted that its operations not only impact its business performance but the local communities, the Group further extends its social responsibilities to include donations to certain non-profit organisations and involve in special needs and underprivileged communities.

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Apart from integrating sustainability in its own operations, the Group has extended its pledge to sustainable business practice across its value chain. Business partners are encouraged to be socially and environmentally responsible in their dealings, for instance, vendors and suppliers are required to undertake to deliver high-quality products and services to the Group, whilst complying with the relevant rules and regulations and promising their commitment and efforts towards an anti-corruption and anti-bribery business environment in line with the Group's code of business conduct which advocates zero-tolerance stance against bribery and corruption.

To ensure a sustainable and steady growth and development, in addition to fulfilling its obligations under financial covenants, the Group has been adopting prudent financial strategy with close monitoring of its capital management and always strives to maintain its financial position at a healthy level, which is also a testament to the Group's effort in maintaining the investors, creditors and market confidence as well as in assuring the stakeholders including creditors on how their interests are being taken care of and protected by the Group.

The Group's approach in managing issues relating to ESG and sustainability in FY 2021 is summarised in this 2021 Annual Report under heading "Sustainability Highlights". The sustainability reports covering the sustainability performance, activities and initiatives of the Group explains on how the Group met its responsibilities with its material stakeholders, are published on the SGXNET and the Company's website at www.yanlordland.com/sustainability/. If required, stakeholders may contact (i) the Company through the telephone numbers or email address set out on the Company's website at www.yanlordland.com/contact-us/, (ii) the internal auditor through the email address or mailing address set out in the Company's whistle-blowing policy, (iii) the lead independent director through correspondence sent to the Company with attention to the lead independent director, (iv) the data protection officer of the Group through the email address at data.protection@yanlord.com.sg, or (v) the investor relations department through the email address at contact@yanlord.com.sg.

OTHER CORPORATE GOVERNANCE MATTERS

Core Value

The Group embraces its corporate philosophy of "developing land with devotion, building quality accommodation with passion 《善待土地, 用心造好房》" and advocates, throughout the Group, a core value of "managing with benevolence and integrity and achieving perpetuity through perseverance 《仁信治业、持之以恒》". The Group has in place a code of business conduct with relevant policies and practices that inculcates a clean corporate culture such that the Group shall conduct its business with integrity and in socially responsible, ethical and honest manners with zero-tolerance stance against bribery and corruption. The code of business conduct is being made available on the Company's website at www.yanlordland.com/corporate-governance/.

Dealings in Securities

The Company has adopted securities dealing policy internally to provide guidance for the Company and officers of the Group in relation to the dealings in securities of the Company and the strict compliance of applicable law on insider trading when dealing with securities of the Company as well as securities of other listed companies. Under the securities dealing policy, the Company as well as officers of the Group are prohibited from dealing in the Company's securities one month prior to the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements), or two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), and are also prohibited from dealing in the Company's securities on short-term considerations and/or when in possession or have access to unpublished material information. The restriction on dealing further extends to the issue of securities, or the purchase or otherwise acquire of shares pursuant to the Company's share buyback mandate, by the Company. Prior to the commencement of each relevant blackout period, notification together with the securities dealing policy are disseminated to all officers of the Group (including directors), whether in Singapore or elsewhere, informing them of the specific dates during which they are prohibited from dealings. The officers of the Group are also reminded of the requirements of Singapore's securities laws and be mindful of the law on insider trading. All directors are required to notify the Company of any change in his interest in the Company's securities within two business days of the change, and any dealings by the directors (including the Chairman and CEO who is also a director) in securities of the Company are disclosed in accordance with the requirements of the Securities and Futures Act 2001 of Singapore. In addition, the Company also maintains list(s) of persons who are privy to price-sensitive or trade-sensitive information relating to the Group as and when circumstances require such a list to be maintained.