

CORPORATE GOVERNANCE

The Board of Directors of Boustead Singapore Limited (the "Board") is committed to maintaining a high standard of corporate governance and transparency within the Company and its subsidiaries (the "Group"), in line with the principles set out in the Code of Corporate Governance 2012 (the "Code"). This establishes and maintains a legal and ethical environment in the Group to preserve the interests of all shareholders and stakeholders.

The Board is pleased to present the Corporate Governance Report which outlines the Company's corporate governance practices with specific reference made to the principles and guidelines of the Code, which forms part of continuing obligations under the Listing Manual of the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Where there are deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board is accountable to shareholders and responsible for the overall management and long-term success of the Group. It approves the Group's strategic plans, key business initiatives, major investments and funding decisions. Additionally, the Board has direct responsibility for decision-making in respect of various specific matters, including:-

- approval of corporate strategies and policies;
- approval of the Group's annual operating and capital budgets;
- setting of the Group's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and duly met;
- determination of the Group's risk appetite and establishment and oversight of the processes of evaluating the adequacy of internal controls addressing financial, operational, compliance and information technology risks;
- review of sustainability issues, such as environmental and social factors, as part of its strategic formulation;
- oversight of the business affairs of the Group and monitoring of the performance of management;
- monitoring of financial performance, including approval for the release of financial results announcements;
- approval of the annual report and accounts;
- convening of shareholders' meetings;
- recommendations of dividend payments and other distributions to shareholders; and
- approval of material acquisition and disposal of assets.

All directors of the Company are aware of their duty to act objectively in the best interests of the Company at all times. The directors exercise independent judgment and due diligence when making decisions, for the benefit of the Company.

Additionally, independent directors of the Board deal with conflict of interest issues relating to directors and substantial shareholders and matters which require the Board's approval pursuant to the provisions of the Listing Manual of the SGX-ST or applicable laws and regulations.

To facilitate effective management, certain functions of the Board have been delegated by the Board to various board committees. The Board is assisted by the Audit & Risk Committee, the Nominating Committee and the Remuneration Committee, each of which has its own terms of reference.

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The Board conducts scheduled meetings on a regular basis. Where necessary, additional Board meetings are also held to address significant transactions or issues that arise. A total of four formal Board meetings, four formal Audit & Risk Committee meetings, one formal Nominating Committee meeting and one formal Remuneration Committee meeting were held in the course of the year under review. Ad hoc meetings involving members of the Board are also held whenever the Board's guidance or approval is required, outside the scheduled Board meetings. Further to these, Board and Audit & Risk Committee members also held several informal discussions on various issues relating to corporate strategy and risk management. The attendance of the directors at Board and board committee meetings during the year under review were as follows:-

Name of Director	Board		Audit & Risk Committee		Nominating Committee		Remuneration Committee	
	No. Held ⁽¹⁾	No. Attended						
Wong Fong Fui	4	4	-	-	1	1	-	-
Wong Yu Loon	4	4	-	-	-	-	-	-
Loh Kai Keong ⁽²⁾	4	4	1	1	-	-	1	1
Goh Boon Seong ⁽³⁾	4	4	4	4	1	1	1	1
Chong Ngien Cheong	4	4	4	4	1	1	1	1
Godfrey Ernest Scotchbrook	4	4	4	4	-	-	1	1
Dr Tan Khee Giap ⁽⁴⁾	-	-	-	-	-	-	-	-

⁽¹⁾ This reflects the number of meetings held during the period the director was a member of the Board and/or relevant Committee.

⁽²⁾ Mr Loh Kai Keong was appointed as a member of the Audit & Risk Committee and Remuneration Committee on 11 January 2018.

⁽³⁾ Mr Goh Boon Seong resigned as a director on 28 June 2018.

⁽⁴⁾ Dr Tan Khee Giap was appointed as a director on 28 June 2018.

The Company's Constitution allows Board meetings to be conducted by way of teleconference and video-conference. However, the directors prefer to meet in person as far as possible.

The Company has adopted internal guidelines governing matters that require the Board's approval. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to board committees and management under set limits of authority, which are reviewed on a regular basis and revised when necessary. The limits of authority provide a guideline and give clear directions on matters requiring the Board's or management's approval.

Approval from a majority of the Board is required for significant matters, such as investments and acquisition or divestment of assets of amounts above S\$25 million. Executive directors also provide updates to the Board in relation to significant matters affecting subsidiaries of the Company.

The majority of the current members of the Board has been directors of the Company for at least five years and is familiar with its business operations and governance practices. All non-executive directors are welcome to request for additional explanations, briefings and informal discussions on any aspect of the Group's operations or business issues at all times.

The Company provides members of the Board with updates on board processes, governance practices and changes to laws and regulations that have a bearing either on the Group or on an individual director. Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group or themselves and to attend appropriate training courses (arranged by the Company or initiated by the directors themselves) at the Company's expense. The Company maintains a corporate membership with the Singapore Institute of Directors, which provide training and resources useful for the Company in keeping up to date with best practices in corporate governance.

A formal letter is provided to each director, upon his appointment, setting out the director's duties and obligations. Newly appointed directors are given an orientation and comprehensive briefings by management on the Group's businesses and operations.

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Principle 2: Board Composition and Guidance

Presently, the Board comprises six directors, three of whom are independent directors. The Board is of the view that the current board size is appropriate, taking into account the nature and scope of the Company's operations. The Board is also able to exercise objective judgement on corporate affairs independently, in particular, from the management of the Company.

The Board members as at the date of this report are:-

Wong Fong Fui (Chairman and Group Chief Executive Officer)
Wong Yu Loon (Executive Director and Deputy Group Chief Executive Officer)
Loh Kai Keong (Non-Executive Director)
Dr Tan Khee Giap (Independent Non-Executive Director)
Chong Ngien Cheong (Independent Non-Executive Director)
Godfrey Ernest Scotchbrook (Independent Non-Executive Director)

The Nominating Committee has reviewed the independence of each director in accordance with the Code's definition of independence and is satisfied that more than one-third of the Board continues to be independent directors. The Board comprises directors capable of exercising objective judgement on corporate affairs of the Company, independent of management.

Each of Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook has been an independent director of the Board for more than nine years. The Board, with the concurrence of the Nominating Committee, has rigorously reviewed the independence of each of them and is satisfied that each of them is independent in character and judgment, and found no evidence to indicate that the length of their respective service has in any way affected their respective independence. Given their respective wealth of business, working experience and professionalism in carrying out their duties, the Nominating Committee has found each of Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook suitable to act as independent directors. The Board has accepted the Nominating Committee's recommendation that each of Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook be considered independent. Each of Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook has abstained from deliberating on their respective independence and their nomination.

With three of the six directors deemed to be independent, the Board is able to exercise independent and objective judgment on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Company and its shareholders.

Directors are required to promptly disclose to the Board any relationship or change in circumstances which may lead to his status as an independent director being affected. If the Board determines that notwithstanding such relationship or circumstances, the director remains independent, the Board shall record its reasons for such determination in formal Board meeting minutes and formally disclose its reasons in the next Annual Report.

The Board reviews its composition from time to time and seeks to maintain a diversity of expertise, skills, gender, age, ethnicity and other attributes among the directors. The Board comprises businessmen with vast business or management experience, industry knowledge and strategic planning experience and includes professionals with financial, investment and business development backgrounds.

The Nominating Committee is of the view that the current Board comprises directors with a sufficiently wide range of skills, experience and expertise in operations, management, strategic planning and accounting and finance, who collectively ensure that the Board is equipped to deal with a wide range of issues to meet the Company's objectives. Also, no individual or group of individuals dominate the Board's decision-making.

The non-executive directors of the Company, three of whom are also independent, constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. At meetings of the Board, directors are free to discuss and openly challenge the views presented by management and other directors. The decision-making process is an objective one.

To facilitate a more effective check on management, non-executive directors hold meetings without the presence of management at least once a year. When necessary, non-executive directors also meet amongst themselves prior to Board meetings. The non-executive directors met once during the year under review without the presence of management.

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Principle 3: Chairman and Chief Executive Officer

The Chairman of the Company, Mr Wong Fong Fui, is also the Group Chief Executive Officer ("CEO").

As Chairman, he is responsible for the workings of the Board, ensuring that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the other executive director. He also reviews board papers before they are presented to the Board and ensures that information provided to Board members is adequate. During Board meetings, he ensures that Board members engage in constructive debate on strategic issues and business planning.

In his role as CEO, Mr Wong Fong Fui is the most senior executive in the Company and holds executive responsibility for the Company's business. He is assisted by Executive Director and Deputy Group Chief Executive Officer, Mr Wong Yu Loon, in the management of day-to-day operations. Whilst Mr Wong Yu Loon is the son of Mr Wong Fong Fui, half of the Board is made up of independent directors and the various board committees are chaired by and comprise a majority of independent directors. The Board has consistently demonstrated it is able to exercise independent decision-making. Because of this, the Board has not appointed a lead independent director to date. The Board is of the opinion that the role of Mr Wong Fong Fui as both the Chairman and CEO of the Company does not affect the independence of the Board.

The independent directors hold meetings without the presence of management when necessary and at least once a year.

Principle 4: Board Membership

Nominating Committee

The Nominating Committee comprises three directors, two of whom are independent. The members of the Nominating Committee as at the date of this report are:-

Chong Ngien Cheong, Chairman (Independent Non-Executive Director)
Dr Tan Khee Giap (Independent Non-Executive Director)
Wong Fong Fui

The Nominating Committee serves to provide a formal, transparent and objective procedure for appointing Board members and evaluating each Board member's performance. The principal functions of the Nominating Committee include:-

- reviewing and recommending candidates for appointments to the Board and board committees as well as candidates for senior management staff, who are not also candidates for appointment to the Board;
- reviewing of board succession plans for the directors, in particular, the Chairman and the Chief Executive Officer;
- developing a process for the evaluation of the performance of the Board, the board committees and the directors;
- reviewing of training and professional development programmes for the Board;
- reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of the directors;
- reviewing and recommending candidates to be nominees on the boards and board committees of the listed company and entities within the Group;
- determining the independence of the directors on an annual basis and as and when circumstances require;
- reviewing the participation (whether by way of obtaining an interest in or taking a board seat or otherwise) by each independent director in any competing business and taking into account such matters in the re-appointment or re-election or renewal of appointment of such independent director; and
- undertaking generally such other functions and duties as may be required by law or the Listing Manual of the SGX-ST, and by amendments made thereto from time to time.

Where an existing director is required to retire from office, the Nominating Committee reviews the composition of the Board and takes into account factors such as that existing director's attendance, participation, contribution and competing time commitments when deciding whether to recommend that director for re-election.

Pursuant to the Constitution of the Company, Mr Wong Yu Loon and Mr Godfrey Ernest Scotchbrook shall be retiring at the Annual General Meeting to be held on 26 July 2018 ("2018 AGM"). At the recommendation of the Nominating Committee, they will be seeking re-election at the 2018 AGM.

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The dates of initial appointment and last re-election of each of the directors, together with their directorships in other listed companies, are set out below:-

Name	Position	Date of Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships in Listed Companies (in last three years)
Wong Fong Fui	Chairman and Group Chief Executive Officer	15 April 1996	28 July 2016	-	-
Wong Yu Loon	Executive Director and Deputy Group Chief Executive Officer	2 April 2013	28 July 2016	-	-
Loh Kai Keong	Non-Executive Director	1 February 2005	27 July 2017	-	-
Dr Tan Khee Giap	Independent Non-Executive Director	28 June 2018	-	BreadTalk Group Limited TEE Land Limited Chengdu Rural Commercial Bank Co Ltd	Artivision Technologies Ltd Boustead Projects Limited
Chong Ngien Cheong	Independent Non-Executive Director	23 May 1996	27 July 2017	-	-
Godfrey Ernest Scotchbrook	Independent Non-Executive Director	21 September 2000	28 July 2016	Del Monte Pacific Limited	-

The Nominating Committee has reviewed the independence of each director in accordance with the Code's definition of independence and is satisfied that more than one-third of the Board continues to be independent directors. The Board comprises directors capable of exercising objective judgement on corporate affairs of the Company, independent of management.

One-third of directors who are longest-serving (other than the Managing Director or a director holding an equivalent position) are required to retire from office every year at the Annual General Meeting. Based on such a rotation process, each director is required to submit himself or herself for re-election by shareholders at least once every three years.

The Nominating Committee is required to consider annually whether directors who serve on multiple boards are able to commit the necessary time to discharge their responsibilities as directors of the Company. In performing its review, the Nominating Committee shall consider factors including:-

- the respective director's actual conduct on the Board;
- the assessment of the effectiveness of the individual director; and
- assessment of the time and attention given by each director to the affairs of the Company and the Group.

In view of the foregoing, the Nominating Committee has not determined a maximum number of listed company board appointments which any director may hold as the Nominating Committee has reviewed and is satisfied that all directors, who sit on multiple boards, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as directors of the Company, notwithstanding their multiple board appointments.

The Board does not encourage the appointment of alternate directors. No alternate director has been appointed to the Board.

New directors are appointed by the Board after the Nominating Committee recommends their appointment. When the need for a new director arises, the Nominating Committee will review the expertise, skills and attributes of the Board, identify its needs and shortlist candidates with the appropriate profiles for nomination. The search may be through search companies, contacts and recommendations. The objective of this process is to ensure the Board collectively has the diversity, skills, knowledge and experience necessary to meet the needs of the Company.

Key information on the Company's directors are set out on pages 46 to 47 of the Annual Report.

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Principle 5: Board Performance

The Nominating Committee reviews on an annual basis the composition and skills set of the Board to determine whether it is adequate and appropriate having regard to the nature and scope of the Company's operations and the costs involved.

The Nominating Committee assesses and makes recommendations to the Board as to whether retiring directors are suitable for re-election. It also carries out an annual evaluation of the Board with the aim of assessing how well the Board, its committees, the directors and the Chairman are performing. This formal evaluation process assesses the effectiveness of the Board as a whole. Assessment parameters include evaluation of the Board's composition, access to information, the quality of Board processes, accountability and the Board's performance in relation to discharging its principal responsibilities.

The Nominating Committee has conducted its evaluation of the Board in respect of the financial year ended 31 March 2018. No external facilitator was engaged for the purpose of this evaluation.

In view of the size and composition of the Board, the Board deems it unnecessary for the Nominating Committee to assess the effectiveness of each board committee.

The Nominating Committee is of the view that the primary aim of individual evaluation of each director is to assess whether each director continues to contribute effectively and demonstrate commitment to the role. This exercise is also to create a platform for the Board members to exchange feedback on the Board's strengths and shortcomings with a view to strengthening the effectiveness of the Board. The assessment exercise also assists the directors to focus on their key responsibilities. It also helps the Nominating Committee in determining whether to re-nominate directors who are due for retirement at the next annual general meeting, and in determining whether directors with multiple board appointments are able to and have adequately discharge their duties as directors of the Company.

Informal assessments of executive directors have been conducted during the year under review and relevant feedback has been given. The Nominating Committee will look into the feasibility of conducting formal assessments for individual directors for the coming financial year.

Principle 6: Access to Information

Management recognises that it is essential to provide complete, adequate information on Group affairs and material events and transactions in a timely and on-going basis to the Board to enable the Board to discharge its duties effectively and efficiently. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through other means, e.g. electronic mail and teleconferencing. Alternatively, management will arrange to personally meet and brief each director before seeking the Board's approval on a particular issue. Any requests by directors for further explanation, briefings or informal discussions on any aspect of the Group's operations are always facilitated expeditiously.

The Board is provided with management reports which include board papers and related materials containing relevant background or explanatory information, financial analysis and/or external reports required to support the decision-making process. The Board is also provided with management accounts of the Group's performance, position and prospects on a quarterly basis.

The Board has separate and independent access to the management team and the company secretary, as well as to all Board and board committee minutes, resolutions and information papers.

The company secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed. The company secretary ensures good information flows within the Board and the board committees and between management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary, together with other management staff, is responsible for ensuring that the Company complies with applicable requirements, rules and regulations.

The appointment and the removal of the company secretary is subject to the approval of the Board.

Where the directors, whether individually or collectively, require independent professional advice in furtherance of their duties, management will assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company.

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REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee comprises three non-executive directors, two of whom are also independent. The members of the Remuneration Committee as at the date of this report are:-

Godfrey Ernest Scotchbrook, Chairman (Independent Non-Executive Director)
Chong Ngien Cheong (Independent Non-Executive Director)
Loh Kai Keong (Non-Executive Director)

The objectives of the Remuneration Committee are to provide a formal, transparent and objective procedure for fixing the remuneration packages of individual directors and senior management staff, and to implement and administer the Boustead Restricted Share Plan 2011.

The Remuneration Committee reviews and approves recommendations on remuneration policies and packages to attract, retain and motivate directors and senior management to exert their best efforts to work towards the growth of the Group, the protection and promotion of the interests of all shareholders and the interests of improved corporate performance. The review of remuneration packages takes into consideration the long term interests of the Group and ensures that the interests of the directors and senior management are aligned with those of shareholders. The review covers all aspects of remuneration, including but not limited to, salaries, fees, allowances, bonuses and benefits-in-kind. The Remuneration Committee has not appointed external remuneration consultants for the year under review but has had the benefit of relevant data from market surveys carried out by leading firms of compensation consultants.

The Remuneration Committee will determine the remuneration packages of the Chairman and the executive directors based on the performance of the Group and the individual director.

No member of the Remuneration Committee shall be involved in discussions concerning his own remuneration. The Remuneration Committee's recommendations are submitted to the Board for endorsement.

The Remuneration Committee reviews the Company's obligations arising in the event of termination of executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. Currently, there are no special termination clauses or exorbitant compensation.

Principle 8: Level and Mix of Remuneration

Executive directors do not receive directors' fees but are remunerated as members of management. The remuneration package of executive directors and key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

Complementing this are long-term incentives in the form of share awards that can be granted under the Boustead Restricted Share Plan 2011. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

Non-executive directors are paid directors' fees in accordance with their level of contributions, taking into account factors such as effort, time spent and responsibilities for serving on the Board and board committees, as well as the responsibilities and obligations of the directors. The directors' fees paid are in line with the non-executive directors' roles and responsibilities. The payment of fees to non-executive directors is subject to the approval of shareholders at each Annual General Meeting.

The Company does not currently have in place contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

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Principle 9: Disclosure on Remuneration

The remuneration of the directors and the top five key executives (executives who are not directors) in bands of S\$250,000, are set out below:-

Remuneration of Directors for the year ended 31 March 2018

Name of Director	Salary	Bonus	Directors' Fee	Other Benefits	Total
S\$500,000 to S\$749,999					
Wong Fong Fui	30%	64%	-	6%	100%
S\$250,000 to S\$499,999					
Wong Yu Loon	66%	27%	-	7%	100%
Loh Kai Keong ⁽¹⁾	66%	28%	-	6%	100%
Below S\$100,000					
Goh Boon Seong ⁽²⁾	-	-	100%	-	100%
Chong Ngien Cheong	-	-	100%	-	100%
Godfrey Ernest Scotchbrook	-	-	100%	-	100%

⁽¹⁾ Mr Loh Kai Keong served as Executive Director & Group Chief Financial Officer until his retirement from the role on 10 January 2018. He has remained on the Board as a Non-Executive Director.

⁽²⁾ Mr Goh Boon Seong resigned as a director on 28 June 2018.

Remuneration of key executives for the year ended 31 March 2018

Name of Executive	Salary	Bonus	Fees	Other Benefits	Total
S\$1,000,000 to S\$1,249,999					
Chu Kok Hong @ Choo Kok Hong	43%	39%	-	18%	100%
S\$750,000 to S\$999,999					
Brett John Bundock	52%	40%	-	8%	100%
S\$500,000 to S\$749,999					
Wong Yu Wei	46%	35%	-	19%	100%
Steven Koh Boon Teik	46%	34%	-	20%	100%
Lee Keen Meng	46%	34%	-	20%	100%

The total remuneration paid to the above five key executives for the financial year ended 31 March 2018 was approximately S\$3,601,000.

Although the Code recommends the full disclosure of the remuneration of each individual director and the top five key management personnel, the Board believes that disclosure in such detail may be prejudicial to the business interests of the Group given the highly competitive environment it is operating in as well as competitive pressures in the talent market.

Save as disclosed in this report, there are no termination, retirement and post-employment benefits granted to directors, the Chief Executive Officer or key management personnel.

Two employees of the Group, Mr Wong Yu Loon and Mr Wong Yu Wei, who are sons of Mr Wong Fong Fui, Chairman and Group Chief Executive Officer, received remuneration exceeding S\$50,000 for the year ended 31 March 2018. As details of their remuneration have been provided under the disclosure of the remuneration of directors and key executives above, the Board has decided not to further disclose their remuneration in incremental bands of S\$50,000. Other than this, none of the directors had immediate family members who were employees of the Group and whose personal remuneration exceeded S\$50,000 during the year.

The Boustead Restricted Share Plan 2011 (the "2011 Share Plan") was approved by the members of the Company at its Extraordinary General Meeting on 13 October 2011. Under the 2011 Share Plan, all deserving executive employees and non-executive directors of the Company as well as associates of controlling shareholders separately approved by independent members of the Company are eligible to participate in the 2011 Share Plan at the discretion of the committee duly authorised by the Board. The scheme is administered by the Remuneration Committee. Further information on the 2011 Share Plan can be found on pages 96 and 133 of the Annual Report.

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The remuneration of executive directors and key executives is linked directly to the Group's financial performance through a profit sharing formula, as well as individual key performance indicators.

The remuneration policy for staff adopted by the Group comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable performance bonus that is linked to corporate performance and individual performance, and supplemented by the 2011 Share Plan, under which share awards are granted based on the achievement of additional specific key performance indicators.

For the financial year ended 31 March 2018, all executive directors were entitled to receive the incentive bonuses under their respective service agreements according to the performance conditions met.

No director is involved in determining his own remuneration. The remuneration of the non-executive directors is in the form of a fixed fee.

The directors' fees, as a lump sum, is subject to approval by shareholders of the Company at Annual General Meetings.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board aims to present a balanced and comprehensive assessment of the Group's performance, financial position and prospects to shareholders through timely release of quarterly financial results through announcements via SGXNET and the Company's corporate website.

In compliance with Listing Manual of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing has come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

All of the directors and executive officers of the Group have also given undertakings to comply with the rules of the Listing Manual of the SGX-ST.

For the financial year under review, the Chief Executive Officer and the Director of Group Finance have provided assurance to the Board on the integrity of the Group's financial statements.

The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal controls systems in place, including financial, operational, compliance and information technology controls.

Management provides the Board with management accounts and related financial information and updates on a timely basis in order that the Board may effectively discharge its duties and make a balanced and informed assessment of the Company's performance, financial position and prospects.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk and determines the Company's levels of risk tolerance and risk policies. The Board ensures that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with relevant legislations, regulations and best practices, and the identification and containment of business risks. The effectiveness of the risk management and internal control systems and procedures is monitored and reviewed by the Audit & Risk Committee.

The Board, aided by the Audit & Risk Committee, regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Audit & Risk Committee and the Board. The financial risk management objectives and policies are outlined in the financial statements. Risk management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Board is in a position to make more informed decisions and benefit from a better balance between risk and reward. This will assist in safeguarding and creating shareholder value.

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The responsibility of overseeing the Company's risk management framework and policies is undertaken by the Audit & Risk Committee. Reviews of the Group's risk are conducted every quarter during the Audit & Risk Committee meetings and an overall assessment is also conducted at the end of each financial year.

Based on the internal controls established and maintained by the Group, the work performed by the external auditors and the reviews conducted by management and the Internal Audit Department, the Board, with the concurrence of the Audit & Risk Committee, is of the opinion that the Group's risk management and internal controls systems addressing financial, operational, compliance and information technology risks were adequate as at 31 March 2018.

In addition, the Audit & Risk Committee and the Board have received assurance from the Group Chief Executive Officer and the Director of Group Finance that as of 31 March 2018:-

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems to address the key financial, operational, compliance and information technology risks affecting the operations are adequate to meet the needs of the Group in its current business environment.

Principle 12: Audit & Risk Committee

The Audit & Risk Committee comprises of four non-executive directors, three of whom are also independent. The members of the Audit & Risk Committee as at the date of this report are:-

Dr Tan Khee Giap, Chairman (Independent Non-Executive Director)
Chong Ngien Cheong (Independent Non-Executive Director)
Godfrey Ernest Scotchbrook (Independent Non-Executive Director)
Loh Kai Keong (Non-Executive Director)

The principal functions of the Audit & Risk Committee include:-

- overseeing the adequacy of the controls established by management to identify and manage areas of potential risk and to safeguard the assets of the Company;
- evaluating the processes in place to ensure that accounting records are properly maintained in accordance with statutory requirements and financial information provided to shareholders and the directors is accurate and reliable;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewing the audit plans with external and internal auditors and reporting to the Board at least annually on the results of the internal auditors' examination and evaluation of the adequacy and effectiveness of the internal control system, including financial, operational, compliance and information technology controls (such review may be carried out internally or with the assistance of competent third parties);
- reviewing with internal auditors, the programme, scope and results of the internal audit and management's response to their findings to ensure that appropriate follow-up measures are taken;
- reviewing the effectiveness of the Group's internal audit function;
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- reviewing with external auditors the impact of any new or proposed changes in accounting principles or regulatory requirements on the Company's financial information;
- making recommendations to the directors on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing the interested person transactions or other transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the regulations of the SGX-ST, and are reasonable and in the best interests of the Company;
- monitoring the investments in customers, suppliers and competitors made by the directors, controlling shareholders and their respective associates who are involved in the management of or have shareholding interests in similar or related business of the Company and making assessments on whether there are any potential conflicts of interests;

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- reviewing filings with the SGX-ST or other regulatory bodies which contain financial information and ensuring proper disclosure;
- commissioning and reviewing the findings of internal investigations into matters where there is any suspected fraud, irregularity, failure of internal controls or infringement of any law, rule and regulation which has or is likely to have a material impact on the Company's operating results and/or financial position;
- reviewing policy and arrangements by which the staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- reviewing risk management structure (including all hedging policies) and any oversight of risk management processes and activities to mitigate and manage risk at acceptable levels determined by the directors;
- reporting to the Board the work performed by the Audit & Risk Committee in carrying out its functions;
- reviewing the cooperation given by management to the external auditors; and
- performing any other act as delegated by the Board.

The Audit & Risk Committee has full access to and has the cooperation of management. It is given access to reasonable resources required for it to discharge its functions properly. The Audit & Risk Committee also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit & Risk Committee.

Members of the Audit & Risk Committee have relevant accounting or related financial management expertise or experience.

The Audit & Risk Committee is kept abreast by management and the external auditors of changes to accounting standards, the Listing Manual of the SGX-ST and other regulations which could have an impact on the Group's businesses and financial statements.

Members of the Audit & Risk Committee also keep themselves updated through relevant publications and by attending relevant seminars and courses.

The Audit & Risk Committee meets at least once a year with the external auditors and internal auditors without the presence of management.

The Audit & Risk Committee has reviewed the Group's audited consolidated financial statements for the financial year ended 31 March 2018 and discussed with management and the external auditors the significant matters which involved management judgment:-

Significant matters	How the Audit & Risk Committee reviewed these matters and what decisions were made
<p>Contract revenue recognition using the percentage-of-completion ("POC") method</p>	<p>The Audit & Risk Committee reviewed the contract revenue recognition using the POC method and considered management's judgments, assumptions and methodologies used in the determination of the POC and found them to be reasonable.</p> <p>The contract revenue recognition using the POC method was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 March 2018. Refer to page 73 of this Annual Report.</p>

The Audit & Risk Committee has undertaken a review of the nature and value of non-audit services provided to the Group by the external auditors during the financial year and is satisfied that the independence of the external auditors has not been impaired by the provision of these services. The breakdown of their fees for audit and non-audit services is found on Note 7 to the financial statements on page 100.

The Company has complied with Rule 712 and Rule 715 read together with Rule 716 of the Listing Manual of the SGX-ST in relation to the appointment of auditing firms.

CORPORATE GOVERNANCE

Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and has in place a whistle-blowing policy and arrangements by which employees of the Group and third parties are provided with accessible channels to report and to raise, in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or suspected fraud, corruption, dishonest practices or other misdemeanours.

The objective of the whistle-blowing policy is to facilitate independent investigation of such matters and appropriate follow-up actions.

The whistle-blowing policy, endorsed by the Audit & Risk Committee, provides the mechanisms through which employees of the Group may, in good faith and in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to (i) a member of the Audit & Risk Committee, (ii) the Senior Vice-President - Internal Audit or (iii) the Senior Vice-President - Group Human Resources. Details of the whistle-blowing policies and arrangements have been communicated to all employees. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that employees will be protected from reprisal within the limits of the law. The Senior Vice-President - Internal Audit is required to report to the Audit & Risk Committee if management receives any whistle blowing case.

The Group has zero tolerance for corruption and bribery.

There were no reported incidents pertaining to whistle-blowing during the year under review.

Principle 13: Internal Audit

The Audit & Risk Committee oversees the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. The Internal Audit Department supports the Audit & Risk Committee in this regard.

The Internal Audit Department, headed by the Senior Vice-President - Internal Audit, identifies, analyses and manages the risks incurred by the Group in its activities and promotes continuous improvement to the Group's operations. As far as practicable, all major operating entities are closely examined at least once every year by the Internal Audit Department, which reports to the Chairman of the Audit & Risk Committee on any material non-compliance and internal control weaknesses.

The Internal Audit Department has unrestricted access to all documents, records, properties, and personnel of the Group and unrestricted direct access to the Audit & Risk Committee in carrying out its duties and responsibilities. The Senior Vice-President - Internal Audit reports to the Chairman of the Audit & Risk Committee and his performance and compensation is reviewed by the Audit & Risk Committee.

Annually, the Audit & Risk Committee reviews and approves audit plans and resource requirements prepared by the Internal Audit Department and ensures that the internal audit function is able to effectively and adequately discharge its duties. The Audit & Risk Committee is satisfied that the internal audit function is adequately resourced and the Senior Vice-President - Internal Audit is a senior member of management who has appropriate standing within the Group.

The Audit & Risk Committee is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. External experts may be engaged to augment the capabilities of the Internal Audit Department as when and where required.

The audit work carried out by the Internal Audit Department is in accordance with the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by The Institute of Internal Auditors.

The Audit & Risk Committee reviews the adequacy and effectiveness of the Group's internal audit function on an annual basis and is satisfied with its adequacy and effectiveness.

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all shareholders are treated fairly and equitably and information is communicated to shareholders on a timely basis through annual reports, quarterly financial results and announcements of significant transactions that are released on SGXNET. Shareholders are also able to access investor-related information of the Group through a well-maintained and updated corporate website at www.boustead.sg.

The annual report is available for download from the Company's website and upon request, hardcopies of the annual report are sent to shareholders. The Notice of Annual General Meeting is sent to every shareholder and is also published in the press.

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings of shareholders and be informed of the rules, including voting procedures that govern such meetings.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at general meetings on his/her behalf, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund ("CPF") Board which purchases shares on behalf of CPF investors.

Principle 15: Communication with Shareholders

The Company has a dedicated Investor Relations team focused on facilitating communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's corporate developments and financial performance.

All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET, press releases and the Company's website. The Company does not practice selective disclosure of material information. All materials on the quarterly and full year financial results are available on the Company's website.

The Investor Relations team also holds separate briefing sessions for long-term shareholders, as well as newer shareholders.

To enable shareholders to contact the Company easily, the contact details of the Investor Relations personnel are set out in the Company's announcements as well as on the Company's website. The Investor Relations personnel have procedures in place for responding to investors' queries as soon as applicable.

Every quarterly financial results announcement of the Company is accompanied by a press release in English. In addition, financial results briefings are held by way of live audio webcasts in conjunction with the release of the Company's full year results, where executive directors and the Director of Group Finance are present to answer questions which investors, analysts and the media may have.

For details on the Group's Investor Relations activities, please refer to pages 50 to 51 of this Annual Report.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors may deem appropriate. Notwithstanding this, the Company has been declaring dividends on a half-yearly basis.

CORPORATE GOVERNANCE

Principle 16: Conduct of Shareholder Meetings

Shareholders are encouraged to participate effectively and vote at general meetings, where relevant rules and procedures governing such meetings are clearly communicated.

If shareholders are unable to attend the meetings, the Company's Constitution allows all shareholders to appoint up to two proxies to attend the general meetings and to vote on their behalf through proxy forms sent in advance.

Separate resolutions are proposed on each substantially separate issue at the general meetings. All resolutions at general meetings are single item resolutions.

Shareholders are also given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. The Board and senior management are present at each general meeting to respond to any questions from shareholders. The Group's external auditors are also present to address queries regarding the conduct of the audit and the preparation and content of the auditors' report.

The company secretary prepares minutes of general meetings, which incorporate substantial comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and management. The minutes are available to shareholders upon request.

All resolutions at general meetings of the Company will be voted by poll as required by Rule 730A(2) of the Listing Manual of the SGX-ST.

The Company has conducted the voting of all its resolutions at all of its annual general meetings and extraordinary general meetings since 2016 by employing electronic poll voting. The detailed results of the electronic poll voting on each resolution tabled at the general meetings, including the total number of votes cast for or against each resolution tabled, are announced immediately at the general meetings and via SGXNET thereafter.

DEALINGS IN SECURITIES

All directors and officers of the Company and the Group are not allowed to deal in the Company's shares on short-term considerations and whilst in possession of unpublished price sensitive information. The Company, its directors and officers, including employees who have access to price-sensitive information are expected to comply with the Securities and Futures Act (Cap. 289) and observe laws against insider trading at all times.

In the course of doing business for the Company and the Group or in discussions with customers, vendors, or partners, directors and officers of the Company and the Group may become aware of material non-public information about that organisation. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to trade in the public securities of the Company. The discussion of this information is on a limited, "need to know" basis internally, and is not shared with anyone outside the Company or the Group. Directors and officers are not allowed to buy or sell the public securities of the affected organisations, including the Company, on the basis of such information, nor can this information be shared with others.

Dealing in the Company's shares is also prohibited during the period commencing two weeks before the announcement of the Group's results for each of the first three quarters of the financial year and during the period commencing one month before the announcement of the Group's annual results, and ending on the date of the relevant announcement.

MATERIAL CONTRACTS

Since the end of the previous financial year, no material contracts involving the interest of the Chief Executive Officer, each director or controlling shareholder of the Company has been entered into by the Company or any of its subsidiaries, and no such contract subsisted as at 31 March 2018.

INTERESTED PERSON TRANSACTIONS

All transactions with interested persons must be at arm's length and reviewed by the Audit & Risk Committee.

For the financial year ended 31 March 2018, the Group did not enter into any transaction that would be regarded as an interested person transaction pursuant to the Listing Manual of the SGX-ST.