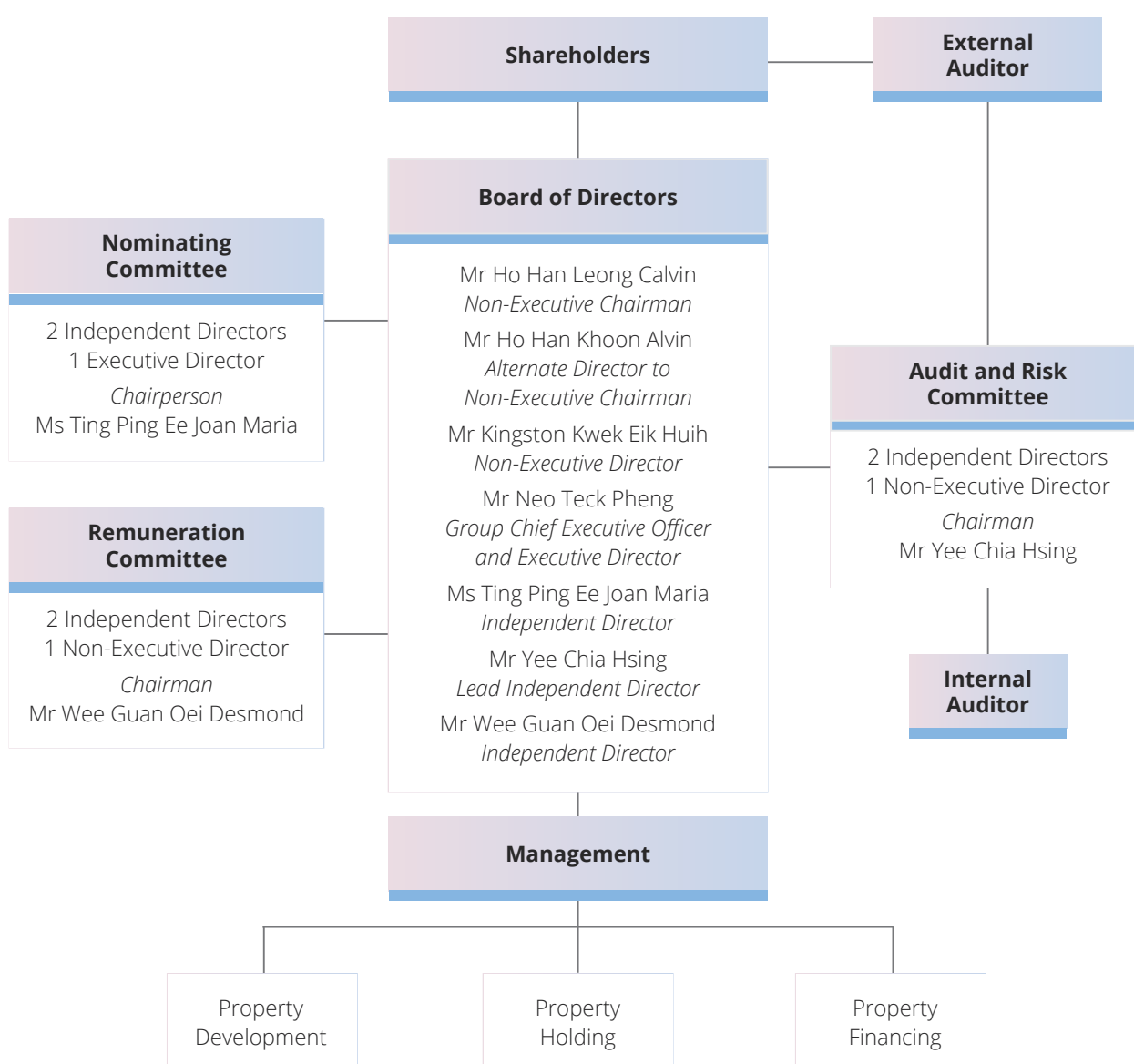


# CORPORATE GOVERNANCE

First Sponsor Group Limited (“**Company**”, and together with its subsidiaries, “**Group**”) is committed to maintaining high standards of corporate governance to protect and enhance shareholder value. In compliance with Rule 710 of the listing manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX**”), the corporate governance report (“**Report**”) sets out the Company’s key corporate governance practices for the financial year ended 31 December 2021 (“**FY2021**”) with reference to the Code of Corporate Governance 2018 (“**Code**”). The Company has complied, in all material respects, with the principles and provisions of the Code. In so far as any provision has not been complied with, the reason has been provided.

A summary of the Company’s compliance with the express disclosure requirements of the Code is provided on pages 108 and 109.

## CORPORATE GOVERNANCE FRAMEWORK



## BOARD MATTERS

### The Board's Conduct of Affairs

**Principle 1 :** The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

### Board's Duties and Responsibilities

The Company is headed by an effective Board which oversees the strategic direction, performance and affairs of the Group and provides overall guidance to Management.

The duties and responsibilities of the Board include:

- (a) approving the strategic direction of the Group and monitoring its progress;
- (b) approving the financial plan (including annual budgets) and monitoring the financial performance of the Group;
- (c) reviewing the adequacy and effectiveness of the Group's risk management and internal controls framework in relation to financial, operational, compliance and information technology ("IT") controls, and safeguarding shareholders' interests and the Group's assets;
- (d) deliberating on and accepting recommendations by the Audit and Risk Committee ("ARC"), the Remuneration Committee ("RC") and the Nominating Committee ("NC"); and
- (e) considering sustainability issues such as environmental and social factors as part of the Group's strategic formulation.

Matters requiring the Board's decision and approval include:

- (a) interim financial results announcements and annual audited financial statements;
- (b) appointment of directors and key management personnel, including review of their performance and remuneration packages;
- (c) corporate or financial restructuring, major acquisitions and divestments;
- (d) share issuances and funding proposals;
- (e) interested person transactions ("IPTs"); and
- (f) declarations of interim dividends, proposals of final dividends and other returns to shareholders.

The Board also sets the tone for the Group in respect of ethics, values and desired organisational culture, and ensures proper accountability within the Group. The Company has in place an internal code of business conduct and ethics ("**Code of Business Conduct and Ethics**") to provide guidance to all officers and employees of the Group in resolving ethical questions that may arise in the course of their work for the Group. Please refer to the section titled "Code of Business Conduct and Ethics, Anti-Corruption Policy & Guidelines and Fraud Policy & Guidelines" on pages 105 and 106 for further information.

## Board Meetings

The Board holds at least four scheduled meetings each year and may also hold ad hoc meetings as and when warranted by circumstances. The quarterly meetings will typically be scheduled before the start of the financial year to enable the Directors to plan ahead to attend them and to coincide with the half year and year-end financial results reporting as well as the voluntary business updates for the first and third quarters in order to facilitate a review of the financial statements and announcement of the unaudited semi-annual financial results/voluntary business updates.

During every quarterly meeting:

- (a) the chairperson of each Board committee provides an update on significant matters discussed at the Board committee meetings which are typically scheduled before the quarterly Board meeting;
- (b) the Group Chief Financial Officer ("**Group CFO**") presents the financial performance for that quarter and significant financial highlights; and
- (c) the Group Chief Executive Officer ("**Group CEO**") gives an update on the Group's business and operations and/or a macro perspective on the relevant markets and developments.

In addition, senior executives may give presentations in relation to specific business areas. External professionals or in-house subject matter experts may also be invited to present key topics to the Board as well as updates on corporate governance, risk management, tax, accounting and other regulations, which may have an impact on the Group's affairs. This allows the Board to develop a better understanding of the progress of the Group's business as well as the issues and challenges facing the Group and promotes active engagement with Management.

Where exigencies prevent a Director from attending a Board meeting in person, the Company's Articles of Association permit the Director to participate via teleconferencing or video conferencing. The Board and Board committees may also make decisions by way of resolutions in writing. Except where a Director is required to abstain from participating in the deliberation on a transaction or proposed transaction due to a potential conflict of interest situation, in each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations, and resolutions in writing are circulated to all Directors for their consideration and approval. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision-making process.

Management may communicate with the Directors through email or telephone to brief or update the Directors on prospective transactions and potential developments. Management may also seek in-principle approval for such transactions from the Directors through email or telephone. Such approvals given by the Directors through email or telephone will, as appropriate, be noted and recorded in the minutes of meeting held subsequently by the Board.

There were four Board meetings held in FY2021. The attendance of the Directors at meetings of the Board and Board committees, and the frequency of such meetings, are set out below:

#### Attendance Record of Meetings of Shareholders, Board and Board Committees in FY2021

	Board	ARC	RC	NC	AGM
<b>Number of Meetings Held</b>	4	4	1	1	1
<b>Board Members</b>					
Mr Ho Han Leong Calvin	4	-	-	-	1
Mr Ho Han Khoon Alvin (Alternate Director to Mr Ho Han Leong Calvin)	4	4	1	-	1
Mr Kingston Kwek Eik Huih	4	-	-	-	1
Mr Neo Teck Pheng	4	4 <sup>1</sup>	1 <sup>2</sup>	1	1
Ms Ting Ping Ee Joan Maria	4	4	1	1	1
Mr Yee Chia Hsing	4	4	-	1	1
Mr Wee Guan Oei Desmond	4	-	1	-	1

Notes:

1. Mr Neo Teck Pheng is not a member of the ARC but was present at the ARC meetings in his capacity as Group CEO.
2. Mr Neo Teck Pheng is not a member of the RC but was invited by the RC to attend the RC meeting to give his views on the performance of certain key management personnel. For the avoidance of doubt, he was neither involved in any deliberation nor decision on his own remuneration.

Directors who are unable to attend a Board meeting are provided with the briefing materials and can discuss issues relating to the matters to be discussed at the Board meeting with the Group CEO and/or the Group CFO.

#### Off-Site Visits

The Company organises overseas trips by the Directors to countries where the real estate projects of the Group, its associated companies and joint venture companies are located. On such occasions, the Board will meet with the Group's key management personnel in those countries and conduct site visits. This will allow the Board to have a good understanding of the Group's businesses and progress of the projects as well as promote active engagement with key management personnel in those countries. The Directors made trips to the People's Republic of China ("PRC") in FY2017, FY2018 and FY2019 and to the Netherlands in FY2017. A trip by the Directors to the Netherlands and Germany which was planned to take place in FY2020 was cancelled due to the Coronavirus Disease 2019 ("Covid-19") pandemic. In view of the Covid-19 situation and the travel restrictions, no trips were arranged in FY2021.

#### Director Development

All newly appointed Directors are provided with information about the Group's history and core values, principal businesses and strategic direction as well as industry specific knowledge. Meetings are also arranged with Management to allow the new Directors to be acquainted with Management and to facilitate their independent access to Management in the future. In line with best practices in corporate governance, new Directors are required to sign a letter of appointment from the Company stating clearly the roles of the Board and Non-Executive Directors, the time commitment that the Director would be expected to allocate and other relevant matters. The terms of reference of all Board committees are also provided to each newly appointed Director.

# CORPORATE GOVERNANCE

Unless the NC assesses that training is not required for a newly appointed Director because he or she has other relevant experience (which basis of assessment will be disclosed in accordance with the Listing Manual), newly appointed Directors with no prior experience as a director of a listed company are required to attend the Listed Entity Director (“LED”) Programme conducted by the Singapore Institute of Directors in order to acquire relevant knowledge of what is expected of a listed company director, and the additional module(s) relevant to their appointment to any of the Board committees. Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide first time Directors with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Listing Manual and the Code. Further, newly appointed Directors with no expertise in sustainability matters are required to attend the training on “Environmental, Social and Governance Essentials” conducted by the Singapore Institute of Directors.

In compliance with Rule 720(7) of the Listing Manual which came into effect on 1 January 2022, the Company will arrange for all existing Directors to undergo training on sustainability matters as prescribed by SGX in FY2022.

All Directors are provided with relevant information on the Company's policies, procedures and practices relating to governance issues, including disclosure of interests in securities, restrictions on disclosure of price-sensitive and trade-sensitive information and disclosure of interests relating to the Group's businesses. They are also informed about matters such as the code of dealings in the Company's securities as they are privy to price-sensitive and trade-sensitive information.

The Directors are given updates and/or briefings relating to any matters that fall within the responsibility of the Board or key developments in the Group's industry or operations including changes in regulatory requirements, corporate governance and accounting standards. Such updates are given at Board meetings and where necessary via presentations by the Company's external professionals, auditors and Management. The Directors are encouraged to undergo continual professional development (including attending external presentations and seminars conducted by regulatory bodies) during the term of their appointment. The Company funds the training of its Directors as appropriate.

## Access to Information

The Company recognises the importance of providing the Board with relevant, complete, adequate and timely information prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. The Board is provided with reports on the Group's operational and financial performance as well as budget variances, on a regular basis. Board papers are distributed in advance of Board meetings (as a general rule, at least one week in advance) so that the Directors have sufficient time to understand the matters to be discussed at the Board meetings. The Directors are entitled to request from Management and be provided with additional information as needed to make informed decisions. Management and senior executives attend Board meetings to answer any query from the Directors.

Where appropriate, ad hoc meetings are also held for Management to brief the Directors on prospective transactions and potential developments in the early stages before formal Board approval is sought. As stated in the section titled “Board Meetings”, Management may communicate with the Directors through email or telephone to brief or keep the Directors updated on such deals and developments. The Directors may, at any time, request for further explanations, briefings, informal discussions or updates on any aspect of the Group's operations or business issues from Management through email, telephone or face-to-face meetings.

The Directors have separate and independent access to Management and the company secretary at all times. The Directors also have direct access to the Company's professional advisors and have the discretion to engage their own professional advisers at the Company's expense.

## Role of the Company Secretary

Under the direction of the Chairman, the company secretary ensures good information flow within the Board and Board committees and between Management and Non-Executive Directors. She advises the Board on all governance matters as well as facilitates the orientation of newly appointed Directors and assists with the professional development of all Directors. The company secretary plays a role in ensuring that Board procedures as well as relevant rules and regulations are complied with. In FY2021, the company secretary attended all Board and Board committee meetings.

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

## Delegation of Authority

To optimise operational efficiency, the Board has established financial authorisation and approval limits for capital expenditure, the procurement of goods and services, acquisitions and disposals, bank borrowings as well as debt and equity fund raising. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board committees and Management.

The Non-Executive Directors are always available to provide guidance to Management on any business issues and in areas in which they specialise.

In FY2021, the Board conducted a review of the approval limits for the Group's grant of loans pursuant to its PRC property financing ("PRC PF") business. After the review, to achieve an appropriate balance between risks and business performance, the Board established, and delegated its authority to, a credit committee comprising the Chairman of the Board, the Group CEO and the Group CFO, to approve all PRC PF loans provided that the aggregate loan exposure to a single counterparty and its related parties shall not exceed RMB500 million, the loan tenure shall not exceed three years, the loan-to-value ratio is capped at 60%, and the Group does not have an equity interest in the relevant property or property development. Any PRC PF loans approved by the credit committee will be submitted to the Board for review on a quarterly basis. The Board will review the above parameters on an annual basis.

## Board Committees

To assist the Board in their duties and to ensure that specific issues are subject to in-depth and timely review, certain functions have been delegated to various Board committees, which would submit their recommendations or decisions to the Board. The Board has established three Board committees, namely:

- (a) the ARC;
- (b) the RC; and
- (c) the NC.

Each Board committee operates under delegated authority from the Board with the Board retaining overall oversight and has its own written terms of reference. The Board regularly undertakes a review of its Board committees including their membership and terms of reference. All Board committees are chaired by an Independent Director.

A record of each Director's attendance at Board committee meetings during FY2021 is set out in the section titled "Attendance Record of Meetings of Shareholders, Board and Board Committees in FY2021" on page 74.

## AUDIT AND RISK COMMITTEE

### MEMBERSHIP

- Mr Yee Chia Hsing, ARC Chairman and Lead Independent Director
- Ms Ting Ping Ee Joan Maria, ARC Member and Independent Director
- Mr Ho Han Leong Calvin, ARC Member and Non-Executive Chairman of the Board  
Mr Ho Han Khoon Alvin (Alternate Director to Mr Ho Han Leong Calvin)

### KEY OBJECTIVE

- Assist the Board in discharging its responsibilities relating to financial and accounting matters, compliance, business and financial risk management and internal controls

The ARC comprises three Non-Executive Directors, two of whom, including the ARC Chairman, are Independent Directors. The ARC Chairman and at least one other member of the ARC, being the majority of the ARC, possess the relevant accounting or related financial management expertise or experience, while the remaining member of the ARC possesses business and financial background. With the current composition, the NC believes that the ARC has the relevant accounting and related financial management expertise and experience to discharge its functions within its written terms of reference.

None of the members of the ARC are former partners or directors of the Company's existing external or internal audit firms (a) within a period of two years commencing on the date of their ceasing to be a partner of the external or internal audit firm and in any case, (b) for so long as they have any financial interest in the external or internal audit firm.

The ARC has the authority to investigate any matter within its terms of reference. The ARC has full access to, and the cooperation of, Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The ARC also has full access to the external and internal auditors, and to facilitate a more effective check on Management, the ARC meets (a) with the external auditors and (b) with the internal auditors, in each case without the presence of Management at least annually (except for the FY2019 meeting between the ARC and the internal auditors which was re-scheduled to February 2020 due to the availability of the partner-in-charge). Similarly, both the external and internal auditors are given full access to the ARC.

Under its terms of reference, the ARC's scope of duties and responsibilities is as follows:

- (a) reviewing the audit plan of the Company's external auditors, their evaluation of the system of internal accounting controls, their letter to Management, if any, and Management's response, and results of the Company's audit conducted by the internal and external auditors;
- (b) reviewing the reports of the Company's external auditors including key audit matters ("**KAMs**"), as well as the adequacy, effectiveness, independence, objectivity, scope and results of the external audit;
- (c) reporting to the Board on the ARC's assessment of the independence and objectivity of the external auditors and the quality of the work carried out by the external auditors;
- (d) reviewing the co-operation given by the Company's officers to the external auditors;
- (e) reviewing and discussing with the external auditors, where applicable, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material adverse impact on the Group's operating results or financial position, and Management's response;

- (f) making recommendations to the Board on proposals to shareholders, on the appointment, re-appointment and removal of external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (g) ensuring co-ordination between the external auditors and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);
- (h) approving the Company's internal audit plans;
- (i) monitoring the implementation of internal controls over outstanding internal control weaknesses highlighted by the auditors;
- (j) deciding on the appointment, termination and remuneration of the internal auditors;
- (k) reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function, reporting to the Board on the ARC's assessment of the adequacy, effectiveness and independence of the internal audit function and commenting on whether the internal audit function is independent, effective and adequately resourced;
- (l) reviewing the interim and annual financial statements, 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;
- (m) reviewing significant financial reporting issues so as to ensure integrity of the financial statements of the Company and any announcements relating to the Company's financial performance and reporting to the Board on such issues (including how these issues were addressed);
- (n) reviewing the material internal control procedures addressing financial, operational, compliance and IT risks;
- (o) commissioning an independent audit on internal controls and risk management systems if it deems necessary for its assurance, or where it is not satisfied with the systems of internal controls and risk management;
- (p) reviewing IPTs falling within the scope of Chapter 9 of the Listing Manual above certain thresholds;
- (q) reviewing the grant of any entrusted loans to interested persons prior to such loans being entered into, to ensure that (i) the terms and (ii) the grant of the entrusted loans (taking into account various factors that may include, but are not limited to, the rationale for the grant, the creditworthiness of the borrower and the interest rate payable to the Group) are not prejudicial to the Group and shareholders;
- (r) reviewing potential conflicts of interest, if any;
- (s) reviewing and considering transactions in which there may be potential conflicts of interests between the Company and interested persons and recommending whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Board or from voting on resolutions of the Board or shareholders in relation to such transactions as well as ensuring that proper measures to mitigate such potential conflicts of interest have been put in place;
- (t) monitoring investments in the Group's customers, suppliers and competitors made by the Directors, controlling shareholders and their respective associates who are involved in the management of the Company or have shareholding interests in similar or related business of the Company and making assessments on whether there are any potential conflicts of interests and ensuring that proper measures to mitigate such conflicts of interests have been put in place;



# CORPORATE GOVERNANCE

- (u) reviewing and assessing from time to time the prevailing processes put in place to manage any material conflicts of interest in relation to the controlling shareholders as described in the section titled “Interested Person Transactions and Conflicts of Interest – Conflicts of Interest – Conflict of Interests in relation to First Sponsor Capital Limited and First Sponsor Management Limited” in the prospectus registered by the Monetary Authority of Singapore on 10 July 2014 in relation to the Company’s initial public offering and listing of its shares on the Main Board of SGX on 22 July 2014 and considering, where appropriate, additional measures for the management of such conflicts;
- (v) reviewing the Group’s key financial risk areas with a view to providing an independent oversight of the Group’s financial reporting;
- (w) reviewing and recommending hedging policies and instruments, if any, to be implemented by the Company to the Directors;
- (x) reviewing the suitability of the Group CFO;
- (y) 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 ARC;
- (z) reviewing the policy and arrangements for concern about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up and reporting to the Board any significant issues raised through such channels;
- (aa) 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; and
- (bb) apart from the abovementioned duties, commissioning and reviewing the findings of internal investigations in the event of any suspected fraud, irregularity, failure of internal controls or infringement of any applicable law, rule or regulation which has or is likely to have a material adverse impact on the Group’s operating results and/or financial position.

In line with the changes to the Practice Guidance on Audit Committees and Engagement with Shareholders which came into effect on 7 February 2020, the ARC will bring to the Board’s attention immediately, any significant issues (such as significant adjustments) raised by the external auditors in their review or audit of the Company’s year-end financial statements which have a material impact on the interim financial statements or financial updates previously announced by the Company. The Board will then consider whether an immediate announcement is required under the Listing Manual. The ARC will also advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates. Such changes, if any, will be disclosed in the Annual Report.

The ARC held four ARC meetings in FY2021. Management, including the Group CEO and Group CFO, was present at the meetings. In addition, the ARC met with the external auditors and the internal auditors, without the presence of Management in FY2021.

In FY2021, the ARC reviewed the quarterly financial statements, the financial results announcements for the half year and full year as well as the accompanying press releases and presentation packs highlighting key developments of the Group, and the voluntary business updates for the first and third quarters prior to approving or recommending to the Board their release, the auditors’ evaluation of the system of internal accounting controls, the adequacy and effectiveness of the Company’s internal controls, the annual audit plans of the external and internal auditors and the results of the audits performed by them, as well as IPTs. It also reviewed the scope, results and effectiveness of the internal audit and external audit functions, the independence and objectivity of the external auditors and the non-audit services rendered by the external auditors.

The ARC considered the report from the external auditors, including their findings on the significant risks and audit focus areas. The following KAMs were discussed with Management and the external auditors:

KAMs	How the ARC reviewed these matters and what decisions were made
Valuation of investment properties	<p>The ARC reviewed the outcome of the annual valuation process and discussed the details of the valuation, including the valuers' assessment of the appropriateness of valuation methodologies, the underlying key assumptions applied in the valuation of the investment properties and the impact of the Covid-19 pandemic, with Management and the external auditors.</p> <p>The ARC considered the findings of the external auditors, including their assessment of the appropriateness and reasonableness of the valuation methodologies and the underlying key assumptions applied in the valuation of investment properties.</p> <p>The ARC is satisfied with the valuation methodologies and key assumptions applied in assessing the fair values of the Group's investment properties.</p>
Impairment assessment of property, plant and equipment	<p>The ARC reviewed the approach adopted by Management in identifying those property, plant and equipment with impairment indicators, specifically hotel assets that had suffered from the effect of the Covid-19 pandemic in FY2021, and the determination of the impairment losses and the remaining carrying amounts of the relevant assets.</p> <p>The ARC considered the findings of the external auditors including their assessment as to whether the impairment tests were conducted in line with the requirements of International Accounting Standard 36 <i>Impairment of Assets</i> and the appropriateness and reasonableness of the valuation methodologies and key assumptions used in determining whether the impairment losses recorded are reasonable and the remaining carrying amounts of the Group's property, plant and equipment are appropriately stated.</p> <p>The ARC is satisfied with the approach and the valuation methodologies undertaken in arriving at the impairment losses and the remaining carrying amounts as adopted and disclosed in the financial statements.</p>

The ARC concluded that the Group's accounting treatment and estimates in the KAMs were appropriate. All the KAMs that were raised by the external auditors for FY2021 have been addressed by the ARC and covered in the above commentary. Details on the KAMs can be found in the auditors' report for FY2021 on pages 116 and 117 of this Annual Report.

In FY2021, the ARC also reviewed the adequacy of the whistle-blower arrangements instituted by the Group through which employees and external parties can, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Please refer to the section titled "Whistle-Blowing Policy" on pages 106 and 107 for further information.

## REMUNERATION COMMITTEE

### MEMBERSHIP

- Mr Wee Guan Oei Desmond, RC Chairman and Independent Director
- Ms Ting Ping Ee Joan Maria, RC Member and Independent Director
- Mr Ho Han Leong Calvin, RC Member and Non-Executive Chairman of the Board  
Mr Ho Han Khoon Alvin (Alternate Director to Mr Ho Han Leong Calvin)

### KEY OBJECTIVES

- Oversee the remuneration of the Board and Management
- Set appropriate remuneration framework and policies to deliver annual and long-term performance of the Group

The RC comprises three Non-Executive Directors, two of whom, including the RC Chairman, are Independent Directors.

Under its terms of reference, the RC's scope of duties and responsibilities is as follows:

- (a) recommending to the Board a framework of remuneration for the Directors and key management personnel of the Group, including the Group CEO, Group CFO and CEOs of the respective regions;
- (b) determining specific remuneration packages for Executive Directors, including the Group CEO;
- (c) reviewing all aspects of remuneration of employees (including, among others, employees who are related to the Directors and relatives of the Directors and controlling shareholders, if any), including directors' fees, salaries, allowances, bonuses and other benefits-in-kind;
- (d) reviewing and ensuring that the remuneration of Non-Executive Directors is appropriate to the level of contribution by them, taking into account factors such as effort and time spent, and responsibilities of the Directors;
- (e) recommending employee share option schemes or any long-term incentive scheme which may be set up from time to time and doing all acts necessary in connection therewith; and
- (f) reviewing the Company's obligations arising in the event of termination of any Executive Director's and key executive's contract of services to ensure that such contracts of services contain fair and reasonable clauses which are not overly generous.

In FY2021, the RC met once and discussed various remuneration matters such as Directors' fees as well as the remuneration package of the Group CEO and key management personnel. No member of the RC was involved in the fixing of his or her own remuneration.

## **NOMINATING COMMITTEE**

### **MEMBERSHIP**

- Ms Ting Ping Ee Joan Maria, NC Chairperson and Independent Director
- Mr Yee Chia Hsing, NC Member and Lead Independent Director
- Mr Neo Teck Pheng, NC Member, Group CEO and Executive Director

### **KEY OBJECTIVES**

- Establish and review the profile of Board members
- Make recommendations to the Board on the appointment and re-nomination of Directors
- Review the independence of Directors
- Assist the Board in evaluating the performance of the Board, Board committees and Directors

The NC comprises three members. Two members are Independent Directors, one of whom is the Lead Independent Director.

Under its terms of reference, the NC's scope of duties and responsibilities is as follows:

- (a) reviewing and assessing the appointment of any proposed new Directors (including alternate Directors if applicable) before recommending the proposed new Directors for approval by the Board;
- (b) reviewing and recommending to the Board the re-election and re-appointment of any Directors (including alternate Directors if applicable) who are retiring by rotation or appointed during the year at the next AGM;
- (c) reviewing the effectiveness of the Board annually;
- (d) reviewing annually whether the size and composition of the Board are appropriate to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;
- (e) reviewing and determining annually, and as and when circumstances require, if a Director is independent;
- (f) reviewing and determining whether a Director is able to and has been adequately carrying out his or her duties as Director where a Director has multiple board representations or other principal commitments;
- (g) reviewing succession plans for the Directors and Management and recommending to the Board for approval;
- (h) reviewing and recommending to the Board the employment of related persons and their proposed terms of employment;
- (i) assessing whether any individual member of the Board dominates the Board's decision-making process; and
- (j) reviewing training and professional development programs for the Board.

The NC oversees leadership and succession planning for key management personnel. This includes overseeing the process that supports the Board in making a decision regarding the appointment of key management personnel. While the Group CEO takes charge of succession planning for key management personnel, the NC reviews the plans that the Group CEO has made and presents its recommendations to the Board. The NC also reviews the mechanism for identifying strong candidates and developing them to take on senior positions in the future, as well as how key talent is managed within the Group. Potential candidates for leadership succession are reviewed for their readiness in the immediate, medium and long term.

The NC met once in FY2021 to discuss various matters, including the re-election of Ms Ting Ping Ee Joan Maria and Mr Yee Chia Hsing as Directors at the 2021 AGM.

# CORPORATE GOVERNANCE

## Board Composition and Guidance

**Principle 2 : The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

The Board consists of six Directors of whom five are Non-Executive Directors. The Non-Executive Directors comprise three Independent Directors and two non-Independent Directors. The Executive Director is the Group CEO. As the Chairman is not independent, the Board appointed a Lead Independent Director. A summary of the role of the Lead Independent Director is set out in the section titled “Role of the Lead Independent Director” on page 86.

The Board, through the NC, reviews from time to time the size and composition of the Board, with a view to ensuring that the size of the Board is appropriate in facilitating effective decision-making taking into account the scope and nature of the Group’s operations, and that the Board has a strong independent element.

The Board and the NC are satisfied that the Board’s size and composition are appropriate for the Company’s needs, taking into account the scope and nature of the operations of the Group and the requirements of the business.

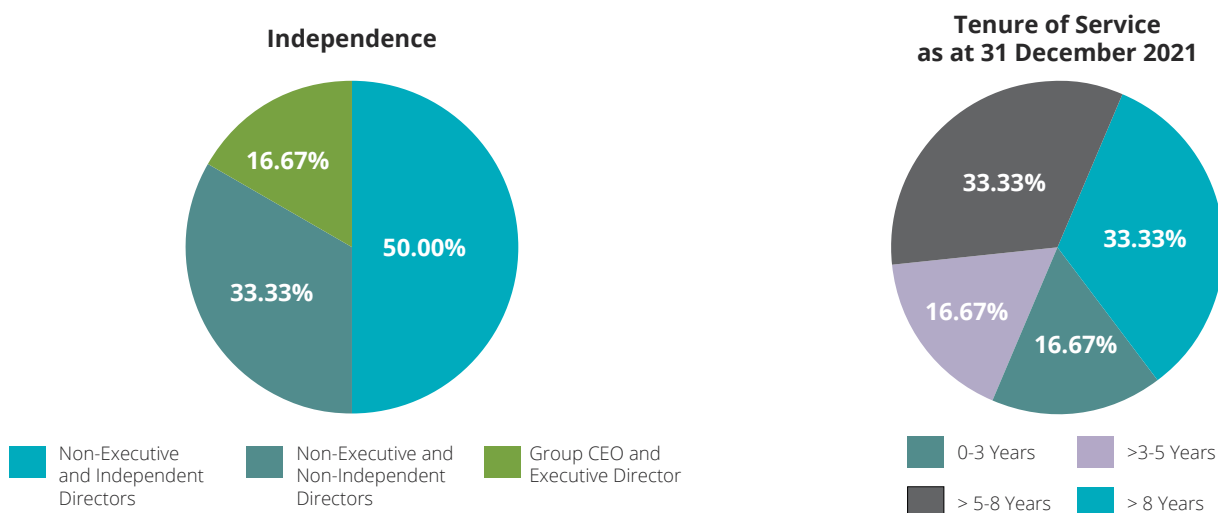
## Board Diversity

The Company recognises that a diverse Board is an important element which will better support the Company’s achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline, gender, age, tenure of service and other distinguishing qualities of the Directors. The Board has adopted a formal Board Diversity Policy, setting out its policy for promoting diversity on the Board. The Board Diversity Policy provides that, in reviewing the Board composition, the NC will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board. The selection of Directors will be based on merit against an objective criteria that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board. The Board Diversity Policy is available on the Company’s corporate website at [www.1st-sponsor.com.sg](http://www.1st-sponsor.com.sg).

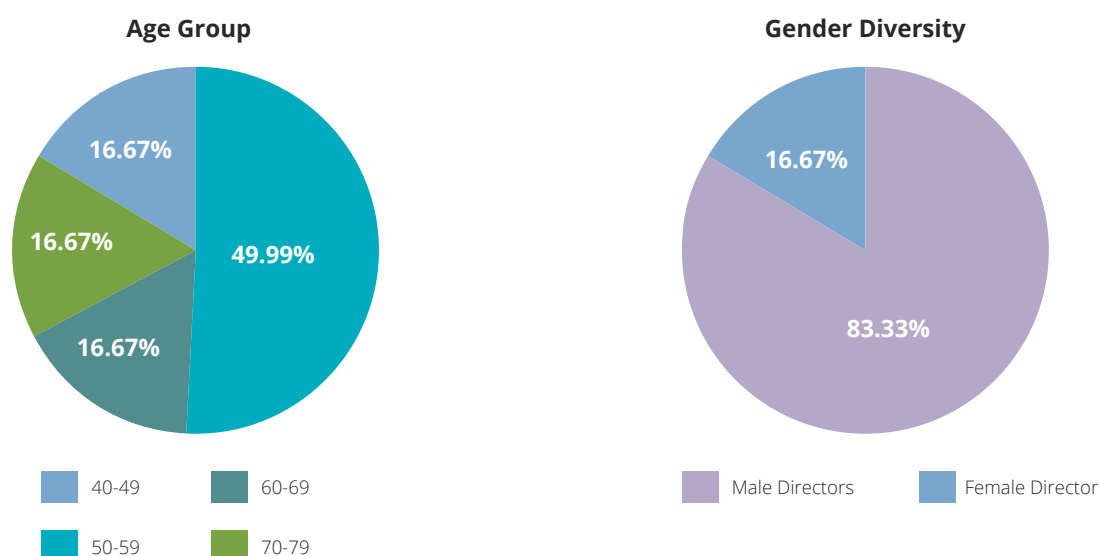
In line with the Board Diversity Policy, the Board currently comprises business leaders and professionals with real estate, hospitality, banking, financial (including audit and accounting), legal, risk management and business management backgrounds. The Board currently includes one female member who is also the NC Chairperson, a member of the ARC and a member of the RC, and Directors with ages ranging from 40 to 70 who have served on the Board for different tenures. The Board and the NC are of the view that the current composition of the Board encompasses an appropriate balance and diversity of skills, experience, knowledge and competencies.

Profiles and qualifications of the Directors are set out in the section titled “Board of Directors” on pages 25 and 26 and directorships held by the Directors as at the date of this Annual Report and over the preceding three years are set out in the section titled “Directors’ Time Commitment” on pages 88 to 90.

### Board Composition, Diversity and Balance<sup>1</sup>



## Board Composition, Diversity and Balance<sup>1</sup>



## Director's Expertise and Experience Matrix



In FY2022, the NC intends to undertake a further review of the current composition of the Board with the view to expanding the skills, experience and diversity of the Board as a whole. The NC may consider candidates from disciplines such as mergers and acquisitions, real estate investment, construction and quantity surveying, in order to provide more diverse viewpoints and introduce additional skills set to the Board. The NC also notes the recommendation of the Council for Board Diversity for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030, and will, in its review, consider the target to be set for greater female representation.

After the review, the Company will describe in its Annual Report for FY2022, among other things, the Company's targets to achieve enhanced diversity on its Board, accompanying plans and timelines for achieving the targets and how the combination of skills talents, experience and diversity of its Directors serves the needs and plans of the Group in accordance with Rule 710A of the Listing Manual which came into effect on 1 January 2022.

### Independence

The Independent Directors constitute half of the Board. Other than the Group CEO, none of the Directors is a former or current employee of the Company or its subsidiaries. The Board is aware of Provision 2.2 of the Code which recommends that Independent Directors make up a majority of the Board where the Chairman is not independent. The NC and the Board will review the current composition of Independent Directors, the Board's diversity of skills, experience, knowledge and competencies as well as the size of the Board and the Company's operations to determine whether to align the Board with the recommendation. The NC will include as part of its review in FY2022 mentioned under the section titled "Board Diversity" above, the proportion of Independent Directors on the Board, and any plans for the increase in the number of Independent Directors and timelines will accordingly be disclosed in the Company's Annual Report for FY2022.

<sup>(1)</sup> Percentages are based on 6 Board members (excluding alternate Director).

# CORPORATE GOVERNANCE

Currently, matters requiring the Board's approval are discussed and deliberated with the participation of each Director (save for any Director who has a conflict of interest), and decisions are made collectively without any individual influencing or dominating the decision-making process. The NC and the Board are therefore of the view that the current composition of the Board is sufficient for the Board to exercise objective and balanced judgement. As the Chairman is not independent, the Company appointed a Lead Independent Director.

The Board, taking into account the views of the NC, assesses the independence of each Director annually in accordance with the guidance in the Code. In accordance with the Code, a Director is considered independent if he or she is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company. The Board also takes into account the existence of relationships or circumstances, including those identified by the Listing Manual and related Practice Guidance that are relevant in its determination as to whether a Director is independent. Such relationships or circumstances include the employment of a Director by the Company or any of its related corporations for the current or any of the past three financial years, a Director providing to or receiving from the Company or any of its subsidiaries significant payments or material services during the current or previous financial year, other than compensation for Board service, and a Director being related to any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services during the current or previous financial year.

The NC and the Board assessed the independence of each Director in FY2021. A summary of the outcome of that assessment is set out below.

Based on the declarations of independence provided by the Directors and taking into account the guidance in the Code, the Board has determined that Ms Ting Ping Ee Joan Maria, Mr Yee Chia Hsing and Mr Wee Guan Oei Desmond are independent.

The remaining Directors are considered non-independent for the following reasons:

- (a) Mr Ho Han Leong Calvin and his alternate, Mr Ho Han Khoon Alvin, are controlling shareholders of the Company;
- (b) Mr Kingston Kwek Eik Huih is the son of Mr Kwek Leng Beng, the Executive Chairman of City Developments Limited ("CDL") which is a controlling shareholder of the Company; and
- (c) Mr Neo Teck Pheng is the Group CEO, the Executive Director and a controlling shareholder of the Company.

Each member of the NC and the Board recused himself or herself from the NC's and the Board's deliberations respectively on his or her own independence.

As at the date of this Report, none of the Independent Directors has served on the Board for more than nine years.

The Non-Executive Directors participate actively in the meetings of the Board. They provide strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively develop proposals on strategy. They also review and monitor Management's performance. To facilitate this, they are kept informed of the Company's businesses and performances through regular reporting from Management, and have full access to Management. The Non-Executive Directors would also confer among themselves without the presence of Management as and when the need should arise. The chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

## Conflicts of Interest

Directors as fiduciaries are collectively and individually obliged to act honestly and with due diligence, and in the best interests of the Company. Directors, who are in any way, directly or indirectly, interested in a transaction or proposed transaction, will declare the nature of their interests, and also abstain from participating in the deliberation of the Board and/or the Board committees on such transactions, with abstention duly recorded within the minutes and/or the resolutions of the Board and/or the committees.

## Chairman and Chief Executive Officer

**Principle 3 :** There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

### The Chairman and the Group CEO

The roles and responsibilities of the Chairman and the Group CEO are held by separate individuals, in keeping with the principle that there be a clear division of responsibilities between the leadership of the Board and Management and that no one individual has unfettered powers of decisions-making. The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board while the Group CEO is responsible for implementing the Group's strategies and policies, and for management, operations and growth of the Group's businesses.

The separation of the roles of the Chairman and the Group CEO and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, and facilitate robust deliberations on the Group's business activities and the exchange of ideas and views to help shape the strategic process.

The Non-Executive Chairman is Mr Ho Han Leong Calvin and the Group CEO is Mr Neo Teck Pheng. They do not share any family ties.

### Role of Chairman

The Chairman provides leadership to the Board and facilitates the conditions for overall effectiveness of the Board, Board committees and individual Directors. He leads all the Board meetings and ensures that meetings are held on a timely basis to deliberate or approve matters which require the Board's attention. He is also responsible for promoting and maintaining high standards of corporate governance, ensures effective communication with shareholders and facilitates effective contribution from the Non-Executive Directors.

The Chairman provides clear oversight, advice and guidance to the Group CEO and Management on strategy and the growth of the Group's businesses. The Chairman also provides support and advice to, and acts as a sounding board for, the Group CEO, while respecting executive responsibility.

### Role of the Lead Independent Director

As the Chairman is not an Independent Director, the Board appointed Mr Yee Chia Hsing as the Lead Independent Director. The Lead Independent Director is appointed by the Board to serve in a lead capacity to coordinate the activities of the Non-Executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity. He also assists the Chairman and the Board to ensure effective corporate governance in managing the affairs of the Board and the Company.

The Lead Independent Director serves as the ARC Chairman. The role of the Lead Independent Director includes meeting with the Independent Directors at least annually. He provides feedback on the meeting(s) to the Board and/or the Chairman as appropriate. He will also be available to shareholders if they have concerns relating to matters that contact through the normal channels of communication with the Chairman, Group CEO or Group CFO are inappropriate or inadequate. No query or request on any matter which requires the Lead Independent Director's attention was received from shareholders in FY2021.



## Board Membership

### **Principle 4 : 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.**

The NC establishes and reviews the profile required of Board members and makes recommendations to the Board on the appointment and re-nomination of Directors. Details on the composition and scope of duties and responsibilities of the NC are set out in the section titled "Nominating Committee" on page 82.

The evaluation of the appointment and re-nomination of a Director takes into consideration, among others, the composition and progressive renewal of the Board, the factors described in the Board Diversity Policy and each Director's independent status, competencies, commitment, contribution and performance.

## Selection of New Directors

The Company has in place a process for selecting and appointing new Directors. This process includes, among others, an evaluation of the candidate's capabilities by taking into consideration diversity of skills, experience, background, gender, age and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board.

The NC identifies the Company's needs and prepares a shortlist of candidates with the appropriate profile for nomination. The NC may have recourse to both internal sources (for example, recommendations by Directors and Management) as well as external sources (for example, search consultants) to draw up the shortlist. Short-listed candidates will be required to furnish their curriculum vitae stating in detail their qualification, working experience and employment history to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines. The NC will take an active role in screening and interviewing short-listed candidates before assessing the candidate's suitability and recommending him or her for nomination to the Board. To satisfy itself of the candidate's suitability to be appointed as a Director, the NC will perform a stringent due diligence on the candidate which extends to whether he or she has fully discharged his or her duties and obligations during his or her previous directorship of any listed company, has previously served on the board of any company with an adverse track record or a history of irregularities, has been under investigation by any professional association or regulatory authority, or has resigned from the board of any such company for any reason that may cast doubt on his or her ability to act as a Director.

## Re-nomination of Directors

The Articles of Association of the Company requires each Director to retire at least once every three years and subject himself or herself to re-election by shareholders. In addition, any Director appointed by the Board shall retire at the next AGM and shall then be eligible for re-election at that meeting.

The Group CEO, as an Executive Director, is subject to the same retirement by rotation, resignation and removal provisions as the other Directors, and such provisions will not be subject to any contractual terms that may have been entered into with the Company. His role as Group CEO is separate from his position as a Board member, and does not affect the ability of shareholders to exercise their right to select all Board members.

With regard to the re-election of existing Directors each year, the NC advises the Board of those Directors who are retiring or due for consideration to retire in accordance with the Company's Articles of Association, and makes recommendations to the Board as to whether the Board should support the re-election of a Director who is retiring. In making its recommendations, the NC will undertake a review of the retiring Director's performance and contribution during the period in which he was a member of the Board. The NC takes factors such as attendance, preparedness, participation and candour into consideration when evaluating the past performance and contribution of a Director when making its recommendations to the Board. Each member of the NC will abstain from deliberations on his or her own re-election.

Mr Kingston Kwek Eik Huih will be retiring by rotation pursuant to the Company's Articles of Association at the 2022 AGM, and has given his consent to stand for re-election at the 2022 AGM. Mr Kingston Kwek Eik Huih is a Non-Independent Non-Executive Director. During the NC meeting held in February 2022, the NC considered his performance and contribution and how he would provide fresh perspectives and diversity of thought to the Board by virtue of his age, tenure of service and experience, and recommended to the Board his re-election at the 2022 AGM. The Board has concurred with the NC to recommend the re-election of Mr Kingston Kwek Eik Huih as a Director by shareholders at the 2022 AGM. Additional information on Mr Kingston Kwek Eik Huih as prescribed in Appendix 7.4.1 of the Listing Manual may be found on pages 219 to 222 of this Annual Report. Mr Kingston Kwek Eik Huih recused himself from the Board's deliberations on his own re-election.

## **Directors' Time Commitment**

In view of the responsibilities of a Director, the Board is cognisant of the need for Directors to be able to devote sufficient time and attention to adequately perform their roles. However, the Board has not imposed any limit on the number of listed company directorships that an individual may hold as it is of the view that this should be considered on a case-by-case basis as a person's available time and attention may be affected by different factors, such as whether he or she is in full-time employment and the nature of his or her other responsibilities. The Company also does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. While having a limit on the number of listed company directorships may be considered by some other companies to be suitable for their circumstances, at present, the Company considers that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contribution and devotion of appropriate time and attention to the Company.

A Director with multiple directorships is expected to ensure that he or she can devote sufficient time and attention to the affairs of the Company. The Directors are also required to consult the Chairman and the NC Chairperson before accepting new appointments as directors or full time executives. The Directors must also immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence.

The NC conducts a review of the commitments of each Director on an annual basis and as and when there is a change of circumstances involving a Director. All Directors are required to confirm on an annual basis, and for FY2021, have confirmed that they were able to devote sufficient time and attention to their duties as Directors. For FY2021, having regard to each Director's attendance record for Board meetings and, where applicable, Board committee meetings, and his or her ability to contribute effectively thereat, the NC is of the view that each Director has devoted sufficient time and attention to the affairs of the Company and has been able to discharge his or her duties as a Director effectively. Although some Board members have multiple board representations, the Board experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance of the meeting dates. The NC is satisfied that in FY2021, where a Director had other listed company board representations and/or other principal commitments, the Director adequately carried out his or her duties as Director. In FY2021, other than Mr Yee Chia Hsing, none of the Directors had other listed company board representations. As at the date of this Report, none of the Directors has other listed company board representations.

# CORPORATE GOVERNANCE

The table below shows the directorships and principal commitments of each Director (including past directorships and principal commitments over the preceding three years):

Name of Director	Date of First Appointment	Date of Last Re-election	Past Directorships in other listed companies and principal commitments over the preceding three years	Present Directorships in other listed companies and principal commitments
Mr Ho Han Leong Calvin • Non-Executive Chairman • ARC Member • RC Member	1 October 2007	20 May 2020	-	• Director of Tai Tak Estates Sendirian Berhad (“ <b>Tai Tak</b> ”)
Mr Ho Han Khoon Alvin (Alternate Director to Mr Ho Han Leong Calvin) <sup>1</sup>	19 May 2014	-	-	• Director of Tai Tak
Mr Kingston Kwek Eik Huih <sup>2</sup> • Non-Executive Director	5 March 2019	24 April 2019	-	• Director of Beijing Fortune Hotel Co., Ltd. • Governor of Hong Leong Foundation • Alternate Director of Welland Investments Limited
Mr Neo Teck Pheng • Group CEO and Executive Director • NC Member	1 October 2007	20 May 2020	-	-
Ms Ting Ping Ee Joan Maria • Independent Director • NC Chairperson • ARC Member • RC Member	19 May 2014	23 April 2021	-	• Independent Director of Grand Union Holdings and Investments Incorporated

Name of Director	Date of First Appointment	Date of Last Re-election	Past Directorships in other listed companies and principal commitments over the preceding three years	Present Directorships in other listed companies and principal commitments
Mr Yee Chia Hsing <ul style="list-style-type: none"> <li>• Lead Independent Director</li> <li>• ARC Chairman</li> <li>• NC Member</li> </ul>	19 May 2014	23 April 2021	<ul style="list-style-type: none"> <li>• Head of Catalyst, CIMB Bank Berhad, Singapore Branch</li> <li>• Elected Member of the Parliament of Singapore</li> <li>• Independent Director of Ezion Holdings Limited</li> </ul>	<ul style="list-style-type: none"> <li>• General Manager of Entity Health, a nutraceutical brand under iX Biopharma Ltd, listed on SGX</li> <li>• Director of Corporate Affairs of iX Biopharma Ltd</li> <li>• Audit Committee Member of Ren Ci Hospital</li> </ul>
Mr Wee Guan Oei Desmond <ul style="list-style-type: none"> <li>• Independent Director</li> <li>• RC Chairman</li> </ul>	6 February 2017	20 May 2020	-	<ul style="list-style-type: none"> <li>• Partner and Head, Corporate Commercial and Employment &amp; Benefits Practice Groups of Rajah &amp; Tann Singapore LLP</li> <li>• Non-Executive Chairman, Independent Director and Audit Committee Member of Popular Holdings Limited</li> <li>• Non-Executive Director of Spartans Rugby Singapore Limited</li> </ul>

## Notes:

1. An alternate Director bears all the duties and responsibilities of a Director.
2. Mr Kingston Kwek Eik Huih is the son of Mr Kwek Leng Beng, the Executive Chairman of CDL. Mr Kingston Kwek Eik Huih will retire and stand for re-election at the 2022 AGM. The NC considered his performance and contribution and how he would provide fresh perspectives and diversity of thought to the Board, and recommended to the Board his re-election at the 2022 AGM.

## Succession Planning

The Board believes in carrying out succession planning for itself to ensure continuity of leadership. Board renewal is a continuing process and in this regard, the NC reviews annually the composition of the Board and Board committees and recommends to the Board the selection and appointment of new Directors, whether in addition to the existing Board members or as replacement of retiring Board members, with a view to maintaining an optimal Board composition bearing in mind the Group's strategic priorities and the factors affecting the long-term success of the Group, and by considering the trends affecting the Group, reviewing the skills needed and identifying any gaps (which includes considering whether there is an appropriate level of diversity of thought). The NC would use these considerations in setting the appointment criteria for successors. The Board would be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competencies on the Board.

## Board Performance

**Principle 5 : The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

While Board performance is ultimately reflected in the long-term performance of the Group, the Board believes that engaging in a regular process of assessment and evaluation of Board performance in order to identify key strengths and areas for improvement is essential to effective stewardship and to attaining success for the Company.

## Board and Board Committee Evaluation Process

Each year, the NC undertakes a formal annual process to assess the effectiveness of the Board as a whole and the Board committees.

The NC uses objective and appropriate criteria to assess the performance of the Board and effectiveness of Board committees. Assessment parameters include evaluation of Board structure, conduct of meetings, corporate strategy, corporate planning, risk management, internal controls, measuring and monitoring performance, compensation, financial reporting and communication with shareholders.

As part of the process, each Director is required to complete an appraisal form with the above assessment parameters. The completed appraisal forms are collated by the company secretary who then presents the results to the NC Chairperson who in turn presents a report to the NC and the Board. The feedback, comments and recommendations by the Directors are reviewed and discussed constructively by the NC and the Board to identify areas for improvements and follow up action to be taken by the Board and Management.

The NC is satisfied that for FY2021, the Board and the Board committees were effective in the conduct of their respective duties. The results of the NC's assessment were communicated to and accepted by the Board. No external facilitator was used in FY2021.

## Individual Director Evaluation Process

The Company has in place a formal process to evaluate the performance of individual Directors.

As part of the process, each Director (including the Chairman) is requested to complete a self-evaluation form. Performance criteria include factors such as the Director's attendance, preparedness, candour, participation and contribution at Board meetings, industry and business knowledge, commitment and dedication. The completed self-evaluation forms are collated by the company secretary who then presents the results to the NC, which assesses the performance of the individual Directors, and will discuss with each individual Director if necessary. Each member of the NC will recuse himself or herself from the NC's deliberations on his or her own performance.

The performance of individual Directors is taken into account in their re-appointment or re-election. Specific needs which arise from time to time are taken into account in any appointment of new Directors.

The NC is satisfied that for FY2021, each Director contributed to the effectiveness of the Board and, if applicable, Board committee(s). The results of the NC's assessment were communicated to and accepted by the Board. No external facilitator was used in FY2021.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

**Principle 6 :** 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.

### Level and Mix of Remuneration

**Principle 7 :** 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.

### Disclosure on Remuneration

**Principle 8 :** 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 Board established the RC to oversee the remuneration of the Board and Management. In carrying out this role, the RC also aims to set the appropriate remuneration framework and policies to deliver annual and long-term performance of the Group. Details on the composition and scope of duties and responsibilities of the RC are set out in the section titled “Remuneration Committee” on page 81.

The broad principles that guide the RC in its administration of fees, benefits, remuneration and incentives for the Board and Management are set out below.

### Remuneration of Non-Executive Directors

The Group CEO is an Executive Director and is therefore remunerated as part of Management. He does not receive Directors’ fees.

The RC recommends the Non-Executive Directors’ fees for the Board’s endorsement and approval by shareholders. The Company seeks shareholders’ approval at the AGM so that Directors’ fees can be paid on a quarterly basis in arrears. No Director decides his or her own fees.

The remuneration packages of Non-Executive Directors comprise base Directors’ fees and additional fees for services rendered on the various Board committees. In reviewing the structure and level of such fees, the RC takes into consideration factors such as the roles and responsibilities of, effort and time spent by, the Directors, changes in the business, corporate governance practices and regulatory rules, and the interval since the last fee review. The RC also compares the Company’s fee framework against industry practices.

The Company established the First Sponsor Employee Share Option Scheme on 19 May 2014. However, no options were granted under the scheme as at the date of this Report. Details of the First Sponsor Employee Share Option Scheme can be found in the Directors’ Statement on page 114 of this Annual Report. The First Sponsor Employee Share Option Scheme allows for participation by Non-Executive Directors. The Company believes that the scheme will help the Company to attract experienced and qualified persons from different professional backgrounds to join the Company as Non-Executive Directors and will better align the interests of such Non-Executive Directors with the interests of shareholders.

# CORPORATE GOVERNANCE

## FY2021

A review of the framework for the Non-Executive Directors' fees for FY2021 was conducted. In light of the uncertainty of the Covid-19 situation in FY2021, the RC recommended no change to the framework for the Non-Executive Directors' fees from that of the previous financial year. The Board concurred with the RC and the Directors' fees of S\$348,000 for FY2021 was recommended to, and approved by, shareholders as a lump sum at the 2021 AGM. No remuneration consultant was appointed in FY2021.

Details of the Directors' fees paid to Non-Executive Directors for FY2021 are set out in the table below:

Name of Director	Directors' Fees (S\$)
Mr Ho Han Leong Calvin <sup>1</sup>	-
Mr Ho Han Khoon Alvin (Alternate Director to Mr Ho Han Leong Calvin)	-
Mr Kingston Kwek Eik Huih	50,000
Ms Ting Ping Ee Joan Maria <sup>2</sup>	113,000
Mr Yee Chia Hsing <sup>3</sup>	117,000
Mr Wee Guan Oei Desmond <sup>4</sup>	68,000
<b>Total</b>	<b>348,000</b>

Notes:

1. Mr Ho Han Leong Calvin and Mr Ho Han Khoon Alvin elected not to receive Directors' fees.
2. In addition to the base Directors' fee, Ms Ting Ping Ee Joan Maria received additional fees as the NC Chairperson and a member of the ARC and the RC.
3. In addition to the base Directors' fee, Mr Yee Chia Hsing received additional fees as the ARC Chairman and a member of the NC.
4. In addition to the base Directors' fee, Mr Wee Guan Oei, Desmond received an additional fee as the RC Chairman.

The Directors' fees in FY2021 were S\$30,000 less than the Directors' fees of S\$378,000 in FY2020 due to the payment of an additional one-off fee of S\$30,000 to Mr Yee Chia Hsing in FY2020 for his additional time commitment as ARC Chairman in FY2019.

**FY2022**

At the 2022 AGM, approval of shareholders will be sought for the payment of Directors' fees of S\$371,000 for FY2022. If approved, the scale of fees under the framework for the Non-Executive Directors' fees will be revised as set out below for FY2022 onwards. The scale of fees has not been changed since FY2017.

<b>Base Directors' Fee</b>	<b>FY2021 scale of Directors' fees</b>	<b>FY2022 scale of Directors' fees</b>
Board Chairman	S\$50,000 per annum <sup>1</sup>	S\$52,500 per annum <sup>1</sup>
Director	S\$50,000 per annum	S\$52,500 per annum
<b>Fee for appointment to ARC</b>		
Committee Chairman	S\$55,000 per annum	S\$60,500 per annum
Committee Member	S\$33,000 per annum	S\$36,500 per annum
<b>Fee for appointment to RC</b>		
Committee Chairman	S\$18,000 per annum	S\$19,000 per annum
Committee Member	S\$12,000 per annum	S\$13,000 per annum
<b>Fee for appointment to NC</b>		
Committee Chairman	S\$18,000 per annum	S\$19,000 per annum
Committee Member	S\$12,000 per annum	S\$13,000 per annum

Note:

1. Mr Ho Han Leong Calvin and Mr Ho Han Khoon Alvin elected not to receive Directors' fees.

No separate attendance fees for Board meetings or travel allowance are paid or payable to Non-Executive Directors.

After considering factors such as the scope and extent of a Director's responsibilities and obligations, the level of contribution, the effort and the time spent by the Non-Executive Directors, and comparing against SGX-listed companies of similar industry and a range of sizes, and given that the Non-Executive Directors' scale of fees has remained unchanged since FY2017, the NC recommended the adoption of the revision in the scale of fees. The Board concurs with the RC and recommends for shareholders' approval at the 2022 AGM, the Directors' fees of S\$371,000 for FY2022.

No remuneration consultant was appointed in FY2022.



# CORPORATE GOVERNANCE

Details of the proposed Directors' fees to be paid to Non-Executive Directors for FY2022 are set out in the table below:

Name of Director	Directors' Fees (\$)
Mr Ho Han Leong Calvin <sup>1</sup>	-
Mr Ho Han Khoon Alvin (Alternate Director to Mr Ho Han Leong Calvin)	-
Mr Kingston Kwek Eik Huih	52,500
Ms Ting Ping Ee Joan Maria <sup>2</sup>	121,000
Mr Yee Chia Hsing <sup>3</sup>	126,000
Mr Wee Guan Oei Desmond <sup>4</sup>	71,500
<b>Total</b>	<b>371,000</b>

Notes:

1. Mr Ho Han Leong Calvin and Mr Ho Han Khoon Alvin elected not to receive Directors' fees.
2. In addition to the base Directors' fee, Ms Ting Ping Ee Joan Maria will receive additional fees as the NC Chairperson and a member of the ARC and the RC.
3. In addition to the base Directors' fee, Mr Yee Chia Hsing will receive additional fees as the ARC Chairman and a member of the NC.
4. In addition to the base Directors' fee, Mr Wee Guan Oei, Desmond will receive an additional fee as the RC Chairman.

The proposed Directors' fees of S\$371,000 are subject to shareholders' approval as a lump sum at the 2022 AGM.

## Remuneration of Management

In reviewing the remuneration packages of the Group CEO and key management personnel, the RC considers the level of remuneration based on the Company's remuneration policy which comprises the following distinct objectives:

- (a) to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Company's needs;
- (b) to reward employees for achieving corporate performance targets in a fair and equitable way; and
- (c) to ensure that the remuneration reflects the employees' duties and responsibilities.

## Link to Corporate and Individual Performance

Remuneration for the Group CEO and key management personnel comprises fixed and variable components. The level and mix of the variable component are structured to ensure that the total remuneration for the Group CEO and key management personnel is strongly aligned to the financial performance and returns delivered to shareholders.

Fixed components comprise base salary and, where applicable, fixed allowances and other benefits-in-kind determined by the Company's human resource policies. The base salary is determined based on the responsibilities, experience and competencies that the individual brings to the role, individual performance and market competitiveness. This is approved by the Board based on the RC's recommendation and reviewed annually. Fixed allowances and other benefits-in-kind provided are in line with local market practices and legislative requirements, and are not directly linked to performance.

The variable component comprises the annual variable bonus. The annual variable bonus is intended to recognise the performance and contribution of the individual, while driving the achievement of key business results for the Company and enhancement of shareholder value.

For FY2021, the RC reviewed and is satisfied that adjustments made to the salaries as well as the variable bonuses granted to the Group CEO and key management personnel were reflective of their performance and the contribution made by them.

The RC recognises that long-term incentives reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain key talent. The RC will consider granting long-term incentives as a performance-related component to the Group CEO and key management personnel at the appropriate time. This may include the grant of employee share options under the First Sponsor Employee Share Option Scheme and awards under any proposed performance share plans that may be approved by shareholders in the future. The RC will also consider the implementation of contractual provisions to reclaim long-term incentives from the Group CEO and key management personnel in the event of exceptional circumstances of misstatement of financial results or of misconduct resulting in financial or other losses to the Company, only after the introduction of long-term incentives.

### Remuneration of Group CEO

Details of the remuneration of the Group CEO and Executive Director for FY2021 are set out below:

Group CEO and Executive Director	Salary <sup>1</sup> (S\$)	Variable Bonus <sup>2</sup> (S\$)	Benefits <sup>3</sup> (S\$)	Total (S\$)
Mr Neo Teck Pheng	792,375	3,760,000	16,099	4,568,474

Notes:

1. Salary refers to base salary, allowances and employer's central provident fund contributions.
2. Variable bonus includes employer's central provident fund contributions.
3. Benefits refer to car benefits.

### Remuneration of Other Key Management Personnel

The top five key management personnel (excluding the Group CEO) in FY2021 are:

1. Ms Lee Sau Hun, Group CFO;
2. Mr Shu Zhen, CEO (Guangdong Operations);
3. Mr Wang Gongyi, CEO (Chengdu Operations);
4. Ms Zhang Jing, CEO (Shanghai Operations); and
5. Mr Alex Barentsen, CEO (European Operations).

The aggregate remuneration paid/payable in respect of FY2021 to the abovementioned top five key management personnel was S\$3.6 million.

As set out above, the Company has taken the further step to identify its key management personnel and provided disclosure of the aggregate remuneration paid to the abovementioned top five key management personnel for FY2021. The Company however maintains its view that it is not in its interest to disclose the remuneration of each of its key management personnel in bands of S\$250,000. Having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. There would be negative impact to the Group if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership needed for the achievement of the strategic objectives of the Group. The Company believes that shareholders' interest will not be prejudiced as a result of such non-disclosure of the remuneration for each of the Group's key management personnel, and with the Company's disclosure on the aggregate remuneration of the identified top five key management personnel, shareholders are provided an insight into the level of remuneration paid to the identified top five key management personnel.

For FY2021, there were no termination, retirement or post-employment benefits granted to the Directors, the Group CEO and key management personnel.

Other than the Group CEO who is a controlling shareholder of the Company, there was no employee of the Group who is a substantial shareholder of the Company, or an immediate family member of a Director, the Group CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2021.

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

**Principle 9 : 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 has overall responsibility for the governance of risk, including the determination of the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The ARC assists the Board in carrying out the Board's responsibility of overseeing the Group's risk management and internal controls. Having considered the Group's business and operations, as well as its existing risk management and internal controls systems, the Board is of the view that, currently, a separate Risk Committee is not required.

The Group has in place a risk management framework which identifies the key risks within the Group's business, along with mitigating measures. The categories of risks identified in the risk management framework include strategic, operational, financial and treasury, IT and compliance risks. The risk management framework is reviewed on an ongoing basis.

The identification and day-to-day management of risks rest with Management. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business objectives within the risk tolerance established by the Board. Key business risks are proactively identified, addressed and reviewed on an ongoing basis. The systems of risk management and internal controls are reviewed by Management regularly in order to ensure that sufficient checks and balances exist within the system to safeguard the Company's assets, ensure maintenance of proper accounting records and compliance with relevant legislation and best practices. The Board reviews and approves the processes for managing risks recommended by Management.

The risk management and internal controls systems are reviewed at least annually by Management, the ARC and the Board. The Group's external auditors highlight any material internal control weaknesses that come to their attention in the course of their audit. The Group's internal auditors, PricewaterhouseCoopers LLP ("**PwC**"), reviews the Group's internal controls and reports directly to the ARC Chairman. Please refer to the section titled "Internal Audit" on page 100 for further information on the internal audit function carried out by PwC. All audit findings and recommendations made by the external auditors and PwC are reported to and discussed with the ARC during its meetings. This gives the ARC the opportunity to comment on the effectiveness and adequacy of internal controls and to submit its findings to the Board so as to reassure the Board that sufficient checks have been put in place and enable the Board to comment on the adequacy and effectiveness of the internal controls.

### Covid-19 Risk and Safety Management

Like in FY2020, in FY2021, the Board was provided with timely and regular updates on the measures undertaken by the Group to minimise the adverse impact of the Covid-19 pandemic on the Group's business performance and to protect employees. In FY2021, the Group continued to carefully manage its expenditure in the difficult environment and accessed government support where appropriate. To alleviate the impact of the Covid-19 pandemic on the Group's business performance, the Group undertook, among other things, the following in FY2021:

- (a) With the relaxation of the Covid-19 restrictions by the Dutch and German governments, the Group's European operating hotels which temporarily suspended their operations in March/April 2020, resumed operations in May/June 2020, except for Bilderberg Garden Hotel Amsterdam which resumed operations in August 2020. After considering the trading levels of Hampton by Hilton and Crowne Plaza Utrecht Centraal Station in the Netherlands, which are adjacent to each other, the Group again suspended the rooms operations of Crowne Plaza Utrecht Centraal Station from September 2020 to January 2022 to reduce cost overheads. The rest of the Group's European operating hotels remained open in FY2021, with hotel trading levels showing strong signs of recovery in the second half of FY2021;
- (b) The Group continued to apply for and to receive subsidies from Dutch and German authorities under the relevant wage subsidy programs;
- (c) The Group continued to put on hold the proposed new residential and office redevelopment of Dreeftoren Amsterdam in the Netherlands and the proposed conversion of its bare shell hotel in Milan into a high density youth hostel in Italy, while it assessed the situation including the prevailing market conditions and the effects of the Covid-19 pandemic. The redevelopment of Dreeftoren Amsterdam will commence in FY2022; and
- (d) The Group continued to engage with the tenants of its European investment properties which experienced payment difficulties.

In addition, in FY2021, to equip the Group financially to weather the Covid-19 crisis and to capitalise on any opportunities that the Covid-19 pandemic may bring, the Group continued its efforts to strengthen its liquidity position through, among other things, refinancing its existing credit facilities and upsizing its committed credit facilities. The Group will continue to monitor its liquidity position and maintain access to undrawn credit facilities and the capital markets.

To safeguard the health and safety of its employees, the Group continued with, among other things, telecommuting, team segregation and staggered working hours to reduce social interactions and for safe distancing.

## Assurance from Key Management Personnel

The Board received assurance from the Group CEO and the Group CFO that:

- (a) the financial records have been properly maintained and the financial statements for FY2021 give a true and fair view of the Company's operations and finances; and
- (b) the systems of risk management and internal controls within the Group are adequate and effective to address the risks (including financial, operational, compliance and IT risks) in the context of the current scope of the Group's business operations as at 31 December 2021.

Based on its assessment of the work performed by PwC and the external auditors as well as the assurance from the Group CEO and Group CFO, the Board, with the concurrence of ARC, is of the opinion that the systems of risk management and internal controls within the Group are adequate and effective to address the risks (including financial, operational, compliance and IT risks) which the Group considers to be relevant and material in the context of the current scope of the Group's business operations as at 31 December 2021. During FY2021, no material weakness was identified in the Group's risk management or internal controls systems.

While the Board notes that the systems of risk management and internal controls established by Management provide reasonable assurance that the Group, as it strives to achieve its business objective, will not be significantly affected by any event that can be reasonably foreseen or anticipated, the Board acknowledges that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities. The Board, together with the ARC and Management, will continue to enhance and improve the existing risk management and internal controls frameworks to identify and mitigate these risks.

In FY2021, Management provided assurance to the Board on the integrity of the half year unaudited financial results and the Board in turn provided a negative assurance confirmation in respect of such results to shareholders as required by Rule 705(5) of the Listing Manual.

## Audit Committee

### Principle 10 : The Board has an audit committee which discharges its duties objectively.

Details on the composition and scope of duties and responsibilities of the ARC are set out in the section titled "Audit and Risk Committee" on pages 77 to 80.

## External Auditors

The Board is responsible for the initial appointment of the external auditors. Shareholders then approve the appointment at the Company's AGM. The external auditors hold office until their removal or resignation. The ARC assesses the external auditors based on factors such as the performance and quality of their audit and the independence and objectivity of the external auditors, and recommends their appointment to the Board. Pursuant to the requirements of SGX, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The Company has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of its external auditors.

The ARC reviewed the non-audit services provided by the external auditors, Ernst & Young LLP (“EY”) (including other member firms of EY International), during FY2021 and the fees paid for such services. The ARC is satisfied that the independence and objectivity of EY were not affected by the provision of those services. EY also provided confirmation of its independence to the ARC. The total fees paid/payable to EY (including other member firms of EY International) for FY2021 are disclosed in the table below:

External Auditor Fees for FY2021	Total Audit Fees	Total Non-Audit Fees	Total Fees Paid/Payable
S\$'000	477	3	480
% of total audit fees		0.6%	

At the recommendation of the ARC and as approved by the Board, the re-appointment of EY as the external auditors is subject to shareholders’ approval at the 2022 AGM.

### Internal Audit

The ARC’s responsibilities over the Group’s risk management and internal controls are complemented by the work of the internal audit.

The Company has in past years outsourced its internal audit function to PwC. At the recommendation of the ARC, the Board approved the re-engagement of PwC as the internal auditors of the Group for FY2022. In FY2021 and as in past years, the ARC assessed the adequacy and effectiveness of the internal audit function by reviewing the audit plan submitted by PwC at the start of the year and the quality of its reports during the year. PwC has unfettered access to the ARC, the Board and Management as well as the Group’s documents, records, properties and personnel, and has appropriate standing within the Company. PwC’s primary line of reporting is to the ARC Chairman. The ARC has unfettered access to PwC and meets with PwC without the presence of Management at least annually (except for the FY2019 meeting between the ARC and PwC which was re-scheduled to February 2020 due to the availability of the partner-in-charge at PwC).

The Company’s internal audit function is independent of the external audit. PwC is a corporate member of the Institute of Internal Auditors Singapore, and is staffed by professionals with relevant qualifications and experience. The Group’s engagement with PwC stipulates that its work shall comply with the PricewaterhouseCoopers Global Internal Audit Services Methodology, which is aligned to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan entailing the review of selected functions or business units of the Group is developed and agreed to by the ARC. The audit plan is devised in such a way that all major functions or business units will be audited within an internal-audit cycle. The ARC directs PwC, as and when deemed necessary and important, to focus on certain aspects of an audit to be conducted, as well as to audit any operational or business aspects.

In FY2021, PwC conducted an internal audit review of the property financing loans review and management processes of First Sponsor (Guangdong) Group Limited, a PRC-incorporated wholly-owned subsidiary of the Company, which oversees property development and management activities carried out in Dongguan in the PRC. PwC’s internal audit review included the assessment of the effectiveness and adequacy of controls over sub-processes such as the policies and procedures applicable to the grant of property financing loans, the delegation of authority matrix, the monitoring of compliance with loan covenants and collectability, and the accounting and recording of property financing loans. Having reviewed the audit plan and the concluding report of PwC, the ARC is satisfied that the Company’s internal audit function was adequately resourced to perform the work for the Group.

For FY2021, the ARC reviewed the adequacy of the internal audit function to ensure that the internal audits were conducted effectively and that Management provided the necessary cooperation to enable PwC to perform its internal audit function. After reviewing the PwC reports and remedial actions implemented by Management, the ARC is satisfied that the internal audit function was independent, effective and adequately resourced.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

**Principle 11:** The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

### Engagement with Shareholders

**Principle 12:** 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.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

**Principle 13:** 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.

### Shareholder Rights

The Company is fully committed to treating all shareholders fairly and equitably. All shareholders enjoy specific rights under the Company's Articles of Association and the relevant laws and regulations. The Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, and where appropriate, also posted on the Company's corporate website at [www.1st-sponsor.com.sg](http://www.1st-sponsor.com.sg).

The Company recognises that the release of timely, regular and relevant information regarding the Group's performance, progress and prospects aids shareholders in their investment decisions.

Shareholders are entitled to attend general meetings and are accorded the opportunity to participate effectively in and vote at general meetings (including through the appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate shareholder, through its appointed representative). A shareholder who is a relevant intermediary (as defined in the Companies Act, Chapter 50) may appoint more than two proxies each. This enables indirect investors to be appointed as proxies to participate at general meetings. Shareholders are also informed of the rules, including the voting procedures that govern the general meetings.

### Conduct of General Meetings

Shareholders are informed of general meetings through notices sent to all shareholders. All shareholders of the Company will typically receive the notice of AGM, proxy form and request form to request for hard copies of the Annual Report, at least 21 days in advance. Shareholders may download the Annual Report and notice of AGM from the Company's corporate website. The notice of AGM is also advertised in either The Straits Times or The Business Times for the benefit of shareholders.

The general meeting procedures provide shareholders the opportunity to raise questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage and openly communicate their views on matters relating to the Company to the Directors.

Shareholders or their appointed proxies are given the opportunity to vote at general meetings. The Company has been conducting electronic poll voting for all resolutions passed at general meetings for greater transparency in the voting process. An independent scrutineer is also appointed for the electronic poll voting process. Prior to the commencement of the general meeting, the independent scrutineer would review the proxies and the proxy process. A proxy verification process agreed upon with the scrutineer is also in place. Votes cast for or against and the respective percentages on each resolution are tallied and displayed 'live' on-screen to shareholders immediately at the general meetings. The outcome of the general meeting (including total numbers of votes cast for or against the resolutions and the respective percentages) is also promptly announced on SGXNET after the general meetings. Each share is entitled to one vote. Provision has been made under Article 60 of the Company's Articles of Association allowing for shareholders to vote in absentia. Examples of absentia voting are voting via telephone or electronic means at general meetings. The Company has not previously implemented voting in absentia by telephone or electronic means due to concerns relating to the authentication of shareholder identity and other related security and integrity issues.

All Directors (including the chairpersons of the respective Board committees) and Management are in attendance at general meetings to address any queries that shareholders may have. The external auditors attend the AGMs to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report. The Directors and Management also interact with shareholders after general meetings.

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings. "Bundling" of resolutions will be avoided unless the resolutions are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting. Detailed information on each resolution in the notice of AGM is in the explanatory notes to the notice of AGM in the Annual Report.

The company secretary prepares minutes of the general meetings, which capture the essence of the comments or queries from meeting attendees and responses from the Board and Management. These minutes are available on the Company's corporate website.

## 2021 AGM

In light of the Covid-19 pandemic, the Company convened and held its 2021 AGM by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Ministerial Order**"). Shareholders were invited to participate in the virtual 2021 AGM by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream, (b) submitting questions in advance of the 2021 AGM and (c) appointing the Chairman as proxy to attend, speak and vote on their behalf at the 2021 AGM. All Directors (including the Group CEO who is also a Director) attended the 2021 AGM. A record of the Directors' attendance at the 2021 AGM can be found in the section titled "Attendance Record of Meetings of Shareholders, Board and Board Committees in FY2021" on page 74.

Although the Ministerial Order provides for a member or a member to appoint a proxy (other than the Chairman) to vote at a general meeting held on or after 1 October 2020 by electronic means through an electronic voting system, such voting through an electronic voting system may only be used if certain requirements set out in the Ministerial Order are satisfied. These requirements include accuracy in the counting of votes, the electronic voting system being capable of providing records from which the operation of the electronic voting system may be audited and verification by the company that each vote cast was cast by the member or the member's proxy entitled to vote. The Company will not be adopting voting through an electronic voting system due to concerns relating to the authentication of shareholder identity and other related security and integrity issues.

## 2022 AGM

Like last year, the 2022 AGM will be held by way of electronic means pursuant to the Ministerial Order. The same alternative arrangements for the AGM will be put in place except that this year, shareholders will be able to submit questions to the Chairman "live", via text at the AGM. Details of the steps for pre-registration, submission of questions and voting at the 2022 AGM by shareholders are set out in a separate announcement released on SGXNET on 5 April 2022.

In view of the constantly evolving Covid-19 situation in Singapore, we may be required to change our arrangements for the 2022 AGM at short notice and shareholders should check SGXNET for the latest updates on the status of the 2022 AGM.



## **Disclosure of Information on a Timely Basis**

To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET.

Following the amendments to Rule 705 of the Listing Manual which came into effect on 7 February 2020, the Company adopted half-yearly announcements of its financial results with effect from 1 April 2020. In accordance with the Listing Manual, the Company reports its financial results for the first half of the financial year, within the prescribed forty-five days from the end of the half year, and its financial results for the full financial year, within the prescribed sixty days from the end of the financial year. The financial results and all other information (including a presentation pack highlighting key developments of the Group) are published through SGXNET, via media releases and on the Company's corporate website, to ensure fair dissemination to shareholders. With respect to the financial performance of the Group for the first and third quarters of each financial year and in line with the recommendation by the Corporate Governance Advisory Committee, the Company provides voluntary business updates to keep shareholders informed on various matters considered useful and relevant to enable shareholders to have a better understanding of the Company's performance in the context of the current business environment. The voluntary business updates include a discussion of the significant factors that affected the Company's interim performance, relevant market trends including the risks and opportunities that may have a material impact on the Company's prospects.

Briefings for analysts and other interested investors will be held immediately after the release of its half year financial results and full year financial results. In FY2021, the Company held briefings for analysts and other interested investors immediately after the release of its FY2020 results and half year financial results. Due to the Covid-19 restrictions, the briefings were conducted by way of conference call. The Company does not practise selective disclosure. Price-sensitive or trade-sensitive information is first publicly released through SGXNET, either before the Company meets with any analysts or investors or simultaneously with such meetings.

## **Dividend Policy**

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, financial position, results of operations, capital needs, plans for expansion and other factors which the Board may deem appropriate. The Board will work towards a stable payout with a steady growth when appropriate, subject to the successful implementation of the Group's business strategy and prevailing market conditions. Any payout is clearly communicated to shareholders via an announcement on SGXNET when the Company discloses its financial results.

The Company has been declaring dividends at half-year and final year-end. In FY2021, the Board declared a second interim tax exempt (one-tier) dividend of 2.35 Singapore cents per ordinary share in lieu of a final dividend for FY2021, which was paid in April 2022. The total dividend for FY2021 is therefore 3.45 Singapore cents per ordinary share. This is 11.3% higher than the 3.1 Singapore cents per ordinary share paid for FY2020. The Company will continue to aim for a stable payout with a steady growth that takes into account, among other things, cash flow generation and balance sheet strength, together with the Group's business strategy, amidst the uncertainties of the impact of the Covid-19 pandemic on the Group's operations and business.

## Corporate Website

The Company adopts transparent, accountable and effective communication practices as a key means to enhance standards of corporate governance. The Company aims to provide clear and continuous disclosure of its corporate governance practices through efficient use of technology. The following information is made available on the Company's corporate website at [www.1st-sponsor.com.sg](http://www.1st-sponsor.com.sg):

- (a) Board and Management profiles;
- (b) Notices of general meetings, results of general meetings and minutes of general meetings;
- (c) Annual Reports;
- (d) Letters/Circulars to shareholders;
- (e) Company announcements;
- (f) Press releases;
- (g) Financial results;
- (h) Company policies; and
- (i) Milestone events.

The latest Annual Report, financial results (including the presentation pack highlighting key developments of the Group) and company announcements are posted on the Company's corporate website following their release to the market, to ensure fair dissemination to shareholders.

## Managing Stakeholders Relationships

An investor relations contact is provided on the Company's corporate website, which shareholders can use to voice their concerns or feedback. The Company has in place a formal Investor Relations ("IR") Policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The IR Policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. The IR Policy is available on the Company's corporate website.

The Group's approach to stakeholder engagement can be found in the Sustainability Report for FY2021 on pages 52 and 53 of this Annual Report.

## ADDITIONAL INFORMATION

### Dealings in Securities

The Group has adopted an internal compliance code which provides guidance to its Directors and officers with regard to dealings in the Company's securities.

Under the internal compliance code, the Directors and officers of the Group are required to refrain from dealing in the Company's securities (a) while in possession of material unpublished price-sensitive or trade-sensitive information, (b) during the two weeks immediately preceding and up to the time of the announcement of the Company's voluntary business updates for the first and third quarters and (c) during the one month immediately preceding and up to the time of the announcement of the Company's financial statements for the half year and full financial year. Prior to the commencement of each relevant period, an email would be sent to all Directors and officers of the Group to inform them of the duration of the period. They are also advised not to deal in the Company's securities on short-term or speculative considerations. Further, the Directors and officers of the Group are prohibited from using any information with respect to other companies or entities obtained in the course of their employment in connection with securities transactions of such companies or entities. There has not been any incidence of non-compliance.

Any dealings by the Directors in securities of the Company are disclosed, in accordance with the requirements of the Securities and Futures Act, Chapter 289.

### Code of Business Conduct and Ethics, Anti-Corruption Policy & Guidelines and Fraud Policy & Guidelines

The Board and Management are committed to conducting business with integrity and consistent with high standards of business ethics and in compliance with all applicable laws and regulatory requirements. The Company has in place the Code of Business Conduct and Ethics crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The code, which provides a communicable and understandable framework for officers and employees to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with customers, suppliers and amongst employees, have been disseminated to officers and employees of the Group.

The Code of Business Conduct and Ethics provides guidance on issues such as:

- (a) conflicts of interest and the appropriate disclosures to be made;
- (b) the Company's stance against corruption and bribery;
- (c) compliance with applicable laws and regulations including those relating to the protection of the environment and the conservation of energy and natural resources;
- (d) compliance with the Company's policies and procedures, including those on internal controls and accounting;
- (e) safeguarding and proper use of the Company's assets, confidential information and intellectual property rights, including the respect of the intellectual property rights of third parties; and
- (f) competition and fair dealing in the conduct of the Company's business, in its relationships with customers, suppliers, competitors and towards its employees.

In line with the Board's commitment to maintain high ethical standards which are integral to the Group's corporate identity and business, the Company has also put in place the following two corporate policies:

- (i) Anti-Corruption Policy & Guidelines which set out the responsibilities of the Group companies and of each employee in observing and upholding the Company's "zero-tolerance" position against all forms of corruption, bribery and extortion and provide information and guidance to employees on how to recognise, address, resolve, avoid and prevent instances of corruption, bribery and extortion which may arise in the course of their work; and
- (ii) Fraud Policy & Guidelines which provide guidance on actions which may constitute fraudulent conduct and highlight the importance of the implementation, maintenance and compliance with the internal controls framework of the Group and its policies and procedures.

These policies are available on the Company's corporate website and have also been disseminated to officers and employees of the Group. These policies have been translated into Mandarin for dissemination to employees of the Group in the PRC.

## Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy which sets out the procedures for a whistle-blower to make a report to the Company on any misconduct or wrongdoing relating to the Group, its officers and employees, in confidence, whether anonymously or otherwise, without fear of reprisals in any form. Anonymous complaints may be considered, taking into account the severity and credibility of the issues raised and the likelihood of confirmation of the allegation from attributable sources and information provided. The misconduct or wrongdoing that is reportable under the policy includes (a) criminal offences, (b) breaches of laws and regulations, for example fraud, theft, bribery, corruption, insider trading or money laundering, (c) irregularities in financial reporting, accounting or other financial matters, (d) conduct that is in violation of the Company's policies, procedures or guidelines, (e) unauthorised disclosure of confidential information whether within or outside the Group, (f) undeclared conflicts of interest in business dealings, (g) endangerment of the health and safety of an individual and (h) concealment of any of the above. The ARC is responsible for overseeing and monitoring the whistle-blowing.

## Reporting Mechanism

A mechanism for the submission of issues and concerns has been established where whistle-blowers will have direct access to the ARC and may report any issue or concern by mail or email to the ARC. Any report involving any member(s) of the ARC may be submitted by email to the Group CEO, who shall refer the report to the remaining member(s) of the ARC.

## Investigations

The ARC has the authority to conduct independent investigations into any complaints and to determine the manner in which the complaint should be investigated. To ensure the independence and effectiveness of the investigations of a report, any investigation will be conducted in a timely manner and will be fair and independent from the whistle-blower as well as the persons involved in the complaint. In determining the appropriate approach to each investigation, the ARC may consider, among other things:

- (a) whether an internal or external investigator should lead the investigation;
- (b) whether the matter should be referred to the external auditors;
- (c) whether the matter should be referred to law enforcement agencies or regulatory authorities; and
- (d) the nature of any technical, financial or legal advice that may be required to support an investigation.

The ARC will consider the investigation report to determine what, if any, actions are to be taken.

## Confidentiality and No Reprisal

The policy is aimed at encouraging the reporting of misconduct or wrongdoing and the Company is committed to ensuring that whistle-blowers will be treated fairly, and protected from reprisals or any other detrimental or unfair treatment. The Company will treat all information received confidentially and protect the identity of all whistle-blowers. The policy sets out:

- (a) the steps that the Company will take to protect confidentiality and to protect the whistle-blower against reprisals or any other detrimental or unfair treatment;
- (b) the recourse that is available to the whistle-blower if he or she suffers any reprisals or other detrimental or unfair treatment; and
- (c) the disciplinary action that may be taken against anyone shown to have subjected a whistle-blower to detrimental or unfair treatment.

# CORPORATE GOVERNANCE

The policy and procedures are reviewed, updated and approved by the ARC from time to time to ensure that they remain current. The most recent review by the ARC was undertaken in FY2021 to take into account the enhancements to the whistle-blowing framework which came into effect on 1 January 2022.

The policy is available on the Company's corporate website and has also been disseminated to officers and employees of the Group. This policy has been translated into Mandarin for dissemination to employees of the Group in the PRC.

## IPTs

The Company has adopted an internal policy in respect of IPTs. The Directors are required to disclose their interest and any conflict of interest in such transactions, and will accordingly abstain from the deliberation and voting on resolutions relating to these transactions. For each material IPT, key information pertaining to the IPT together with the identification of the relationship of each party is provided to the ARC for review and evaluation. The ARC will review the IPT to ensure that the IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. In the event that the relevant threshold as stipulated in the Listing Manual is met, the IPT including the interested person(s) and its or their relationship with the Company, will be announced via SGXNET or put to vote by disinterested shareholders at the Company's general meeting as the case may be.

The ARC reviewed IPTs entered into by the Group during FY2021. During FY2021, there were no IPTs with an aggregate value of S\$100,000 or more, except for the following:

	<b>Aggregate value of all IPTs entered into during FY2021 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate<sup>3</sup> pursuant to Rule 920 of the Listing Manual) (S\$'000)</b>	<b>Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000) (S\$'000)</b>
<b>Transaction with Third Quay Pte Ltd ("Third Quay")<sup>1</sup></b> Lease by the Company from Third Quay of 19 Lorong Telok, Singapore 049031 to be used as office premises for a term of 3 years from 1 June 2022 to 31 May 2025	435 <sup>2</sup>	-

Notes:

1. Third Quay is a wholly-owned subsidiary of Tai Tak, a controlling shareholder of the Company.
2. The amount of rental payable by the Company for the entire tenure of the lease.
3. The Company does not have a shareholders' mandate for IPTs.

The above IPT was carried out on normal commercial terms and was not prejudicial to the interests of the Company and its minority shareholders.

## Material Contracts

Since the end of the previous financial year ended 31 December 2020, no material contracts involving the interest of the Group CEO, any Director or controlling shareholder has been entered into by the Company or any of its subsidiaries, and no such contract subsisted as at 31 December 2021, save as may be disclosed on SGXNET or herein.

**SUMMARY OF DISCLOSURES OF CODE**

Rule 710 of the Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the Code in their annual reports. This summary of disclosures describes the Company's corporate governance practices with specific reference to the express disclosure requirements in the principles and provisions of the Code.

Principles and provisions of the Code	Page reference in this Annual Report
<b>Provision 1.2</b> The induction, training and development provided to new and existing Directors	Pages 74 and 75
<b>Provision 1.3</b> Matters that require Board approval	Page 72
<b>Provision 1.4</b> Names of the members of the Board committees, the terms of reference of the Board committees, any delegation of the Board's authority to make decisions, and a summary of each Board committee's activities	Pages 76 to 82, 97 to 100
<b>Provision 1.5</b> The number of meetings of the Board and Board committees held in the year, as well as the attendance of every Board member at these meetings	Page 74
<b>Provision 2.4</b> The Board diversity policy and progress made towards implementing the Board diversity policy, including objectives	Pages 83 and 84
<b>Provision 4.3</b> Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate candidates	Pages 83 and 84, 87 to 91
<b>Provision 4.4</b> Where the Board considers a Director to be independent notwithstanding the existence of a relationship which may affect his or her independence, the nature of the Director's relationship and the reasons for considering him or her as independent	Pages 84 and 85
<b>Provision 4.5</b> The listed company directorships and principal commitments of each Director, and where a Director holds a significant number of such directorships and commitments, the NC's and Board's reasoned assessment of the ability of the Director to diligently discharge his or her duties	Pages 88 to 90
<b>Provision 5.2</b> How the assessments of the Board, the Board Committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its Directors	Page 91
<b>Provision 6.4</b> The engagement of any remuneration consultants and their independence	Pages 93 and 94
<b>Principle 8</b> Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration, and the relationship between remuneration, performance and value creation	Pages 92 to 96

# CORPORATE GOVERNANCE

Principles and provisions of the Code	Page reference in this Annual Report
<b>Provision 8.1</b> The policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual Director and the CEO; and (b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel	For Non-Executive Directors, pages 92 to 95  For Group CEO and key management personnel, pages 95 and 96
<b>Provision 8.2</b> Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, stating clearly the employee's relationship with the relevant Director or the CEO or substantial shareholder	Page 96
<b>Provision 8.3</b> All forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to Directors and key management personnel of the Company, and details of employee share schemes	For Non-Executive Directors, pages 92 to 95  For Group CEO and key management personnel, pages 95 and 96  For employee share option scheme, page 92
<b>Provision 9.2</b> Whether the Board has received assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the CEO and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems	Page 99
<b>Provision 10.1(f)</b> The existence of a whistle-blowing policy and procedures for raising such concerns	Pages 106 and 107
<b>Provision 11.3</b> Directors' attendance at general meetings of shareholders held during the financial year	Pages 74 and 102
<b>Provision 11.6</b> The Company's dividend policy	Page 103
<b>Provision 12.1</b> The steps taken to solicit and understand the views of shareholders	Pages 101 to 103
<b>Provision 13.2</b> The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period	Page 104