

CORPORATE GOVERNANCE REPORT

The Board of Directors ("**Board**" or "**Directors**") of Sen Yue Holdings Limited ("**Company**") are committed to maintaining a high standard of corporate governance within the Company and its subsidiaries ("**Group**").

This report outlines the Company's main corporate governance practices that were in place through the financial year ended 30 September 2022 ("**FY2022**") with reference to the principles set out in the Code of Corporate Governance 2018 ("**Code**") pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rule of Catalist ("**Catalist Rules**"). The Company has adhered to the principles and provisions as set out in the Code except as otherwise explained. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

The Company and its wholly-owned subsidiary, SMC Industrial Pte Ltd ("**SMCI**") were placed under interim judicial management in April 2021 by the Group's banker, DBS Bank Ltd., following non-payment of banking facilities and the Board's independent review of SMCI's affairs which resulted in a complaint being made to the Commercial Affairs Department of the Singapore Police Force ("**CAD**"). To the best of the Company's knowledge, as at the date of this report, the investigation of CAD is still in progress.

The Company and SMCI were subsequently placed under judicial management in May 2021 and the judicial managers ("**JM**") took over the management of the affairs and business of the Company and SMCI from the Board of Directors.

The Schemes of Arrangement ("**Schemes**") to address the debts of the Company and SMCI were proposed in the respective Statement of Proposals ("**SOP**") tabled by the JM pursuant to Section 107 of the Insolvency, Restructuring and Dissolution Act 2018 ("**IRDA**"). The SOP and Schemes were approved by the creditors of the Company and SMCI, and thereafter sanctioned by the Singapore courts in July 2022. The JM was re-appointed as Scheme Managers to administer the Schemes of the Company and SMCI in accordance with the terms of the Schemes as approved by creditors and the Singapore court ("**Court**"). The judicial management orders ("**JMO**") were discharged on 17 August 2022.

As the Board's powers were suspended during FY2022 from 1 October 2021 to 17 August 2022, or at least 10 months during FY2022, the Board is unable to express comment on corporate governance practices during this period.

Unless otherwise indicated in this report, references to the Board and Board Committees relate to the composition of the Board and Board Committees during FY2022.

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.

Provision 1.1

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

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The Board is accountable to the shareholders for overseeing the effective management of the business. The Board works closely with the management of the Company (“**Management**”) and the Management remains accountable to the Board.

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and are fiduciaries who are obliged to act in good faith and to take objective decisions in the best interests of the Group.

The principal functions of the Board, apart from its statutory and fiduciary responsibilities, include:

- assuming the responsibilities for corporate governance;
- protecting and enhancing shareholders’ value;
- overseeing the management of the Group. The Board meets regularly to discharge its obligation;
- determining the overall strategies of the Group as well as policies covering various matters with an emphasis on values, standards, internal controls, budget, financial performance, quarterly or half-yearly reporting (as may be required by the Catalist Rules) and risk management procedures, as well as environmental issues; and
- reviewing and approving all major investment and divestment proposals, acquisitions and disposal of assets and interested person transactions (“**IPT**”), if any.

The Board adopted a set of ethical values and standards which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arises, the concerned Director must disclose such interest, recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

Please refer to Table A set out on page 48 to page 51 of this Annual Report for the composition and primary functions of the Board.

Provision 1.2

Directors understand the Company’s business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company’s expense. The induction, training and development provided to new and existing directors are disclosed in the Company’s annual report.

Our Directors are provided with extensive background information about our Group’s history, mission, values and business operations. The Directors may, at any time, visit the Group’s production facilities or attend trade shows and customer activities to gain a better understanding of the Group’s business.

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All newly appointed Directors will undergo an orientation program to get them familiarised with the Group's business, organisation structure, policies and corporate governance practices to facilitate the effective discharge of their duties. The Directors continuously update themselves on new laws, regulations and changing commercial risks. Every Director is also invited and encouraged to seek additional training to further their skills in performing their duties, including attending classes and/or events organised by the Singapore Institute of Directors ("SID"). Directors are also informed of upcoming conferences or seminars relevant to their roles as directors of the Company. Such training by all newly appointed and existing Directors are funded by the Company.

If regulatory changes have a material impact on either the Group or the Directors, the Management will update the Directors during the Board meetings. The Company Secretary (or his/her representatives) also briefs the Directors on key regulatory changes and updates, while Deloitte & Touche LLP, the newly appointed external auditors ("**External Auditors**") of the Company with effect from 22 May 2023 briefs the Audit Committee on key amendments to the accounting standards.

Provision 1.3

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the Company's annual report.

The matters which specifically require the Board's approval or guidance are those involving:

- material acquisitions and disposals of assets exceeding S\$250,000;
- material new investments;
- borrowings, corporate or financial restructuring;
- capital expenditure exceeding S\$250,000;
- material IPT;
- share issuances, dividends and other returns to shareholders;
- establishment of strategies and objectives;
- setting the Group's budget and financial plans;
- monitoring financial and management performances;
- authorising executive compensation;
- evaluating internal controls and risk management;
- approving half-yearly and year-end financial results announcements; and
- commitments to banking facilities granted by financial institutions and overseeing corporate governance.

The Company documents the materiality threshold(s) and matters reserved for board approval. Certain important matters could be subject to the recommendation by the respective Board Committees. Matters which the Board considers suitable for delegation to a Board Committee are contained in the terms of reference of the respective Board Committees.

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Provision 1.4

Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the Company's annual report.

To assist in the execution of its responsibilities, the Board has delegated specific responsibilities to the three (3) Board Committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively "Board Committees"). The Board Committees operate within clearly defined terms of reference (as detailed under the Provision 4, 6 and 10 of this report) which are reviewed on a regular basis to ensure their continued relevance and efficacy. The composition and description of each Board Committee are also set out in other sections of this report. While the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters still lies with the entire Board.

Following the entry of the Company and SMCI into judicial management, the day-to-day operations of the Company and SMCI were managed by the JM, while the operations of the other subsidiaries of the Company not under judicial management for FY2022 were handled by Mr. Neo Gim Kiong ("Mr. Neo"), the former Chief Executive Officer ("CEO"), and Mr. Liew Nyok Wah ("Mr. Liew"), the former Executive Director. With effect from 5 August 2022, Mr. Neo's employment contract was terminated and had been placed under garden leave until the effective cessation on 2 April 2023, and Mr. Liew was re-designated from his previous role as Executive Director to Non-Executive Director with effect from 5 August 2022. He retired as Non-Executive Director upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023. Supported by the management team, the day-to-day operations of the Group were managed by Mr. Yap Meng Sing ("Mr. Yap"), the newly appointed Executive Chairman and CEO, since the discharge of JMO on 17 August 2022.

The Board Committees, which operate within clearly defined terms of reference, are actively engaged and play an important role in ensuring good corporate governance of the Group. All recommendations of the Board Committees are subsequently reviewed by the Board.

Please refer to Table A set out on page 48 to page 51 of this Annual Report for the composition and primary functions of the Board Committees.

As disclosed in the Company's announcement dated 10 February 2021, the Group had on 3 December 2020 formed a steering committee to manage the affairs of SMCI. The steering committee's functions were assumed by the JM upon SMCI being placed under judicial management in May 2021. Subsequent to the discharge of JMO, the steering committee has been dismissed.

Provision 1.5

Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the Company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each Company.

The Board meets regularly on a half-yearly basis, save when the need for such meetings was dispensed while the Company was under judicial management. Additional meetings are also held from time to time as may be required to address any significant matters that may arise.

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The number of Board and Board Committee meetings and the record of attendance of each Director during FY2022 are set out in Table B at page 52 of this Annual Report.

The Company's Constitution ("**Constitution**") provides for meetings of the Directors to be held by means of telephone conference or other simultaneous communication methods. The Board may conduct conference calls to expedite the decision-making process for critical matters. The Board and Board Committees also approve transactions by way of written resolutions, which are circulated to the Board together with all relevant information regarding the proposed transaction.

Dates of Board meetings, Board Committee meetings and Annual General Meetings ("**AGMs**") are scheduled in advance in consultation with all of the Directors. A Director who is unable to attend the meeting in person is invited to participate in the meeting via telephone or video conference.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. Directors with multiple board representations also ensure that sufficient time and attention are given to the affairs of each Company.

Provision 1.6 **Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.**

The Directors are regularly provided with complete, adequate and timely information prior to Board meetings to enable them to fulfil their duties. The Management provides the Board with half-yearly management accounts and business updates to enable the Directors to make informed decisions, as well as to gain a better understanding of the Group's business.

Provision 1.7 **Directors have separate and independent access to Management, the Company secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the Company secretary is a decision of the Board as a whole.**

The Directors have separate and independent access to the Management and all the Group's records at all times in carrying out their duties.

The Directors have separate and independent access to the Company Secretary and other professional advisors, as and when necessary, to discharge his/her responsibilities effectively. In addition, the Directors, either individually or as a group, may seek separate independent professional advice, if necessary to enable them to discharge their duties. The cost of all such professional advice is borne by the Company.

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The Company Secretary ensures that applicable rules and regulations are complied with and assists the Board in implementing corporate governance practices. The Company Secretary also prepares minutes for all Board meetings and assists the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings to ensure good information flows within the Board and its Board Committees and between Management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development, if required.

In addition, the Company Secretary (or her representatives), had attended all Board and Board Committee meetings of the Company in FY2022.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

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.

Provision 2.1

An "independent director" is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

The criterion for independence is based on the definition set out in the Code, and taking into consideration whether the Directors falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules.

As at the date of this report, the Board comprise one (1) Executive Chairman, one (1) Non-Executive Director and three (3) Independent Non-Executive Directors. Please refer to Table A set out on page 48 to page 51 of this Annual Report for the changes in the composition of the Board and Board Committees.

The Board is able to exercise objective judgement on corporate affairs independently and constructively challenge key decisions, taking into consideration the long-term interests of the Group and its shareholders, as Independent Non-Executive Directors comprise the majority of the Board. Further, all Board Committees are chaired by Independent Non-Executive Directors and a majority of the members of the Board Committees are Independent Non-Executive Directors. The Company does not have any alternate director.

The NC is responsible for reviewing the independence of each Director based on the provisions set out in the Code. The NC conducts the review annually and requires each Independent Non-Executive Director to submit a confirmation of independence based on the provisions provided in the Code, the Practice Guidance and Rule 406(3)(d).

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Based on the confirmation of independence submitted by the Independent Non-Executive Directors and the results of the NC's review, the NC was of the view that each Independent Non-Executive Director is independent in accordance with the Code and Catalist Rule 406(3) (d) as the Independent Directors:

- (i) are not employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC; or
- (iii) have not served as a director of the Company for an aggregate period of more than nine years.

As at the date of this report, no Independent Non-Executive Directors on the Board had served for more than nine years from the date of his/her initial appointment.

Provision 2.2 Independent directors make up a majority of the Board where the Chairman is not independent.

As at the date of this report, the Independent Non-Executive Directors made up the majority of the Board where the Chairman of the Board is not independent.

Provision 2.3 Non-executive directors make up a majority of the Board.

The Board is currently made up of majority Non-Executive Directors, comprising of one (1) Non-Executive Director and three (3) Independent Non-Executive Directors.

Provision 2.4 The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the Company's annual report.

The Board and the NC regularly examine the Board's size and, with a view to determine the impact of the number upon effectiveness, decide on an appropriate size for the Board, taking into account the scope and nature of the Group's operations.

The Board and NC take into account, inter alia, the Directors' contributions, areas of expertise and scope of work on an annual basis in evaluating whether the Board's composition is adequate.

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The Group's Board Diversity Policy endorses the principle that its Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business so as to mitigate against group think and to ensure that the Group has the opportunity to benefit from all available talents. In reviewing Board composition and succession planning, the NC considers the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

During FY2022 after the discharge of JMO, the Board has the appropriate mix of expertise to lead and govern the Group effectively as the Board's Independent Non-Executive Directors are respected individuals drawn from a broad-spectrum of expertise which enables them, in their collective wisdom, to contribute effectively and provide a balance of views at both Board and Board Committee meetings.

Each Director had been appointed based on his/her calibre and experience and is expected to bring his/her knowledge and experience in his/her field of expertise to contribute to the development of the Group's strategy and the performance of its business. The Board comprised directors with diverse backgrounds such as accounting, finance, legal, manufacturing and business management.

Major proposals and decisions made by the Board are subject to majority approval by the members of the Board. The appointment of new Board members, nomination of directors for re-election and review of the Board and individual Directors' performance are carried out by the NC.

The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. The NC will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

Profile of the respective Directors are set out in the section titled "Board of Directors" of this Annual Report.

Provision 2.5

Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

The Independent Non-Executive Directors confer regularly with the Executive Directors and Management to develop strategies for the Group, review the performance of Management, assess remuneration and discuss corporate governance matters.

As the Company was under the judicial management throughout significant periods of FY2022, the Group's Independent Non-Executive Directors did not hold periodic meetings without the presence of Management in FY2022.

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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.

Provision 3.1 The Chairman and the Chief Executive Officer (“CEO”) are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Provision 3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

Following the Company’s entry into judicial management, all decisions regarding the management and operations of the Company were handled by the JM, who are accountable to the creditors of the Company throughout significant periods of FY2022.

Since 5 August 2022, the role of the Chairman and CEO are held by Mr. Yap. While the roles of Chairman and CEO are held by the same person, there is a clear division of responsibilities between the leadership of the Board and the Management responsible for managing the Company’s business.

As the Chairman of the Board, Mr. Yap ensures that Board meetings will be held at least half-yearly and as and when necessary, sets Board meeting agenda, promotes a culture of openness and debate at the Board and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. He ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognizant of the affairs of the Group as well as effective communication with Shareholders. He encourages constructive relations and effective contribution within the Board and between the Board and the Management. He also takes a leading role in ensuring that the Company strives to achieve and maintain high standards of corporate governance and an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

As the CEO of the Company, Mr. Yap is responsible for the effective management and supervision of the daily business operations of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board. The major decisions are made in consultation with the Board, a majority of which comprises Non-Executive and Independent Directors.

Although the roles of Chairman of the Board and CEO are not separated, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance. All the Board Committees are chaired by Independent Directors and a majority of the Board consists of Independent Directors. The NC will also assess the performance and effectiveness of Mr. Yap on his performance as Chairman separately from that of CEO.

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Provision 3.3 **The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent.**

The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Taking cognisance that the Chairman of the Board is an Executive Director cum CEO and thus not independent, the Board has designated a Lead Independent Director whose role includes:

- (a) providing leadership in situations where the Executive Chairman is conflicted and especially when the Executive Chairman is not independent;
- (b) serving as a sounding board for the Executive Chairman and as an intermediary between the Non-Executive and Independent Directors and the Executive Chairman;
- (c) promoting high standards of corporate governance and effective communication between the shareholders and the Company; and
- (d) co-ordinating and leading the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board.

The current Lead Independent Director is Mr. Limjoco Ross Yu ("**Mr. Limjoco**") who was appointed on 23 September 2022. He is available to shareholders and stakeholders should they have concerns with regards to the Group that cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels with the Executive Chairman and CEO or the Management.

As the Company was under the judicial management throughout significant periods of FY2022, there was no query or request on any matters which requires the Lead Independent Director's attention received in FY2022.

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.

Provision 4.1 **The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:**

- (a) **the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;**
- (b) **the process and criteria for evaluation of the performance of the Board, its board committees and directors;**

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- (c) **the review of training and professional development programmes for the Board and its directors; and**
- (d) **the appointment and re-appointment of directors (including alternate directors, if any).**

The NC, which terms of reference are approved by the Board, comprised three (3) Independent Non-Executive Directors as at the date of this report. After the discharge of JMO, the Board Committees were reconstituted on 23 September 2022. Please refer to Table A set out on page 48 to page 51 of this Annual Report for the responsibilities of the NC, based on written terms of reference.

The NC makes recommendations to the Board on all Board appointments and on the composition of Executive and Independent Non-Executive Directors of the Board. It is also charged with re-nominating directors who are retiring by rotation as well as determining annually whether or not a director is independent.

In accordance with Rule 720(4) of the Catalist Rules, all Directors need to submit themselves for re-nomination and re-appointment at least once every three (3) years. Further, in accordance with Regulation 89 of the Constitution, one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at every AGM of the Company. Any Director appointed by the Board during the financial year shall hold office only until the next AGM. A retiring Director shall be eligible for re-election.

At the forthcoming AGM of the Company, Mr. Lau Yan Wai ("**Mr. Lau**") and Mr. Koh Mia Seng ("**Mr. Koh**") will be retiring pursuant to Regulation 89 of the Company's Constitution. Mr. Lau has indicated his consent to seek re-election and Mr. Koh has indicated his intention to retire and not to seek re-election at the forthcoming AGM. The NC has recommended and the Board has agreed that Mr. Lau be nominated for re-election at the forthcoming AGM. In making the recommendations, the NC takes into consideration, amongst others, the retiring directors' attendance record at meetings of the Board and Board Committees, preparedness, participation and candour at such meetings as well as quality of input and contributions.

Please refer to Table C set out on page 52 to page 55 of this Annual Report for the information as out in Appendix 7F to the Catalist Rules relating to Mr. Lau.

Each member of the NC shall abstain from voting, approving or making a recommendation on any resolution of the NC in which he/she has a conflict of interest in the subject matter under consideration.

Provision 4.2

The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

As at the date of this report, the NC comprised three (3) members, all of whom including the NC Chairman, are independent Directors. The Lead Independent Non-Executive Director is a member of the NC.

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Please refer to Table A set out on page 48 to page 51 of this Annual Report for the composition of the NC.

Provision 4.3

The Company discloses the 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 in the Company's annual report.

When the need for a new director is identified, either to replace a retiring director or to enhance the Board's capabilities, the NC will make recommendations to the Board regarding the identification and selection of suitable candidates based on the desired qualifications, skill sets, competencies and experience, which are required to supplement the Board's existing attributes. If need be, the NC may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration.

The NC, after completing its assessment, meets with the short-listed candidates to assess their suitability, before submitting the appropriate recommendations to the Board for approval. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Provision 4.4

The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the Company discloses the relationships and its reasons in its annual report.

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

The NC reviews the independence of each Director annually in accordance with the definition of independence set out in the Code, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. For FY2022, the NC did not convene to review the independence of directors as the Company was under judicial management.

In respect of the Company's current Independent Directors, namely Mr. Limjoco, Mr. Lau and Mr. Tay Boon Zhuan ("**Mr. Tay**"), the Board is of the view that they are independent, taking into account the circumstances set forth in the Code and Rule 406(3)(d) of the Catalist Rules.

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Provision 4.5

The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the Company. The Company discloses in its annual report the listed Company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

It is required under Rule 406(3)(a) of the Catalist Rules for first-time appointees on boards of public listed companies in Singapore to attend the Listed Entity Director ("**LED**") programme organised by the Singapore Institute of Directors ("**SID**") as prescribed under Practice Note 4D of the Catalist Rules. As Mr. Yap has no prior experience as a director of a listed company in Singapore, he has attended the prescribed Listed Entity Director modules conducted by Singapore Institute of Directors. Save for Mr. Koh who will be retiring at the upcoming AGM, all Board members have completed the mandated sustainability training course required by the enhanced SGX sustainability reporting rules announced in December 2021. Where appropriate, the responsibilities of a Director are clearly delineated in their appointment letter or service agreement (as the case may be). All Directors declare their board memberships and principal commitments as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Group to adequately perform their duties as directors of the Group.

In assessing the capacity of the Directors, the NC takes into consideration the expected and/or competing time commitments of the Directors, size and composition of the Board, and nature and scope of the Group's operations and size.

The NC will conduct a rigorous review if any of the Directors hold more than six listed Company board representations. The Board and the NC will review the requirement to determine the maximum number of listed board representations as and when they deem fit.

The Company does not have any alternate directors.

The NC was satisfied that the Directors were able to and had adequately carried out their duties as Directors of the Company after the discharge of JMO.

Details of the Directors' academic and professional qualifications, date of first appointment and other relevant information are set out on in the "Board of Directors" section of this Annual Report.

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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.

Provision 5.1

The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

The NC assesses the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board on an annual basis. Objective performance criterias used to assess the performance of the Board include both quantitative and qualitative criteria. The Board and the NC believe that the financial indicators are mainly used to measure the Management's (including Executive Directors') performance and hence are less applicable to the Independent Non-Executive Directors.

Provision 5.2

The Company discloses in its annual report how the assessments of the Board, its 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.

The performance criteria for the Board and Board Committees' evaluation, as determined by the NC, cover the following areas:

1. Board Composition and Structure;
2. Conduct of Meetings;
3. Corporate Strategy and Planning;
4. Risk Management and Internal Control;
5. Measuring and Monitoring Performance;
6. Training and Recruitment;
7. Compensation;
8. Financial Reporting;
9. Chairman of the Board;
10. Board Committees; and
11. Communicating with Shareholders.

The abovementioned performance criteria do not change from year to year.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance and/or re-nomination as a Director.

The assessment parameters for each Director include their knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The NC and the Board have relied on the abovementioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

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The replacement of a Director, when it occurs, does not necessarily reflect the Director's performance, but may be driven by the need to align the Board with the needs of the Group.

The Company was under judicial management throughout the substantial period of FY2022. Given the Board and Board Committee was barely reconstituted on 23 September 2023, there was no Board or Board Committee evaluation carried out for FY2022.

No external facilitator was engaged by the Company in FY2022. Where relevant, the NC will consider such engagement.

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.

Provision 6.1 The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:

- (a) a framework of remuneration for the Board and key management personnel; and**
- (b) the specific remuneration packages for each director as well as for the key management personnel.**

The RC, which terms of reference are approved by the Board, reviews and makes recommendations to the Board on the framework of remuneration packages and policies applicable to the CEO, Executive Directors and key management personnel.

The RC reviews the remuneration packages and employment contracts of the CEO, Executive Directors and key management personnel in order to attract and retain capable executives through competitive compensation. The RC recommends for the Board's endorsement, a framework of compensation that covers aspects of remuneration including Directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for the CEO, Executive Directors and key management personnel.

Provision 6.2 The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

As at the date of this report, the RC comprised three (3) Independent Non-Executive Directors for FY2022. The majority of the members, including the Chairman of the RC, are independent.

Please refer to Table A set out on page 48 to page 51 for the composition and functions of the RC.

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Provision 6.3 **The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.**

The RC's review of remuneration packages covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, profit sharing (where applicable) and benefits-in-kind. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises.

The RC also reviews the Company's obligations arising from termination clauses and termination processes in relation to the Executive Directors' and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages take into account the Company's relative performance and the performance of the individual Directors or key management personnel.

The RC's recommendations are submitted to the entire Board for review and approval. Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

Provision 6.4 **The Company discloses the engagement of any remuneration consultants and their independence in the Company's annual report.**

No remuneration consultants were engaged by the Company during FY2022 while the Company was under judicial management.

The RC may consider utilising external expert advice and data, as and when necessary, to assist in the evaluation of its compensation recommendations. None of the RC members or Directors is involved in deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him/her or someone related to him/her.

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.

Provision 7.1 **A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.**

The remuneration policy of the Company is to provide compensation packages at market rates, which reward successful performance and attract, retain and motivate Directors and key management personnel.

CORPORATE GOVERNANCE REPORT

In reviewing and determining the remuneration packages of the Executive Directors and the Group's key management personnel, the RC considers the Executive Directors' and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages. An appropriate proportion of their remuneration is linked to individual and corporate performance and is aligned with the interests of Shareholders.

The Company had no long-term incentive schemes during FY2022.

Provision 7.2

The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

No Independent Non-Executive Directors have service agreements with the Company. They are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Independent Non-Executive Directors are subject to approval by Shareholders at each AGM thereby ensuring that their independence is not compromised.

Each member of the RC abstains from deliberating on or making recommendations in respect of any proposed amounts to be paid by the Company to him/her.

Please see Table D set out on page 56 to page 57 for the schedule of annual fees bands for Directors being proposed to Shareholders.

Provision 7.3

Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

For FY2022, there are currently no incentive schemes on share options or share related payments for the Executive Directors and key management personnel. The Board uses contractual provisions or other measures to reclaim any approved bonuses or other payments from the parties involved should there be any misstatements of financial results, or of misconduct resulting in financial loss to the Group.

The RC is of the view that the remuneration is appropriate to attract, retain and motivate the Directors and key management personnel to successfully manage the Company for the long term.

CORPORATE GOVERNANCE REPORT

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.

Provision 8.1 The Company discloses in its annual report 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.**

Please refer to Table D set out on page 56 to page 57 for remuneration details for the Directors, CEO and top four (4) key management personnel. For FY2022, the Group had four (4) key management personnel. The RC has not recommended the payment of any directors' fees for FY2022 as the Company had been predominantly under judicial management and professional fees were paid to the JM for their services.

In FY2022, the aggregate remuneration paid to the key management personnel (who are not Directors or the CEO) was S\$529,000

The Company's remuneration policy is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the Executive Directors and key management personnel to achieve the Company's business vision and create sustainable value for its stakeholders.

The remuneration policy adopted by the Group comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. The variable component is in the form of a bonus and depends on the relative performance of the Company and the performance of each individual Executive Director and key management personnel, allowing for the alignment of their interests with that of Shareholders. The Executive Directors do not receive additional Directors' fees.

The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on the profitability of the Group, leadership, as well as the Executive Directors' and key management personnel's compliance in all audit matters. There are currently no long-term incentives for the Executive Directors and key management personnel. The Executive Directors' and key management personnel's short-term incentives (namely the performance-related variable component) are recommended by the RC and approved by the Board. The Board, taking into consideration the competitive business environment, decided not to disclose the exact details of the remuneration of each individual Director and key management personnel (who are not Directors of the Company) be kept confidential. The Company is of the view that detailed disclosure of such information is sensitive and not in the best interest of the Company as it may have a negative impact on talent attraction and retention

CORPORATE GOVERNANCE REPORT

(such as poaching) given the highly competitive environment it is operating in. As the Company has a small and tightly-knit team, such disclosure would be disadvantageous to the Company in relation to its competitors and may affect adversely the working relationship, cohesion and spirit of team work prevailing amongst the employees of the Company.

After taking into the account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders with information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company has complied with Principle 8 of the Code.

Provision 8.2 **The Company discloses the names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.**

Save for Mr. Yap, who was Executive Director during FY2022, there was no employee who is a substantial shareholder or are immediate family members of a Director, CEO or substantial shareholder of the Company, whose remuneration exceeds S\$100,000 in the Group's employment for FY2022. For sake of clarity, the appointment of Ms. Shann Yap Shiau Wei, daughter of Mr. Yap, was effective on 1 February 2023 and was not an employee of the Group in FY2022.

Please refer to Table D set out on 56 to page 57 for remuneration details set out in bands of S\$100,000.

Provision 8.3 **The Company discloses in its annual report 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. It also discloses details of employee share schemes.**

Please refer to Table D set out on page 56 to page 57 of this Annual Report for the remuneration and other payments and benefits, paid by the Company and its subsidiaries to Directors, CEO and key management personnel of the Company for FY2022. The Company had no employee share schemes in place during FY2022.

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.

Provision 9.1 **The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.**

The Company manages risks under an overall strategy determined by the Board and supported by the AC. The Company sets acceptable risk management standards and periodically reviews the risks that the Group is subject to.

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The Board recognises that it is responsible for the overall internal control framework, but accepts that no internal control system or risk management will preclude all errors and irregularities such as poor judgement in decision making, human error, losses or fraud, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The AC will annually:

- satisfy itself that adequate measures are being made to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating, information technology and compliance controls and risk management, is conducted at least annually. Such review can be carried out the internal auditors appointed by the Company;
- ensure that the internal control recommendations made by internal auditors and the management letter recommendations by external auditors (noted during the course of the statutory audit) have been implemented; and
- ensure the Board is in a position to comment on the adequacy and effectiveness of the internal controls of the Group.

The Board with the assistance of the internal auditors, determines the Company's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also reviews compliance issues, if any, with Management on a half-yearly basis and as and when required.

Provision 9.2

The Board requires and discloses in the Company's annual report that it has received assurance from:

- (a) the CEO and the Chief Financial Officer ("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 other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.**

No assurance has been provided by the CEO and key management of the Company for FY2022 as the Company and SMCI was placed under judicial management throughout substantial period of FY2022.

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AUDIT COMMITTEE

Principle 10

The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1 The duties of the AC include:

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and
- (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The AC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the AC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

Prior to the appointment of the JM, the AC meets at least on a half-yearly basis to review the half-yearly and full year results of the Group and the audited annual financial statements, SGXNet announcements and all related disclosures to shareholders before recommending the same to the Board for approval. In the process, the AC reviews the basis and reasoning of the Management in the preparation of the financial statements, critical accounting policies and any significant changes that would have an impact on the Company's financials.

The AC evaluates on a yearly basis the adequacy and effectiveness of the internal controls including financial, operational, compliance and information technology controls and regulatory compliance of the Group through discussion with Management and its Internal and External Auditors.

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The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets. The AC acknowledges FKT's findings that the alleged relationships between Mr. Koh and the customers identified by FKT would have resulted in breaches of Catalist Rules 905, 906 and 907 in relation to IPT. The AC further acknowledges FKT's conclusion that the breaches arose as a result of Mr. Koh's non-disclosure, which could not be detected by the Company's existing internal controls as set out below:

- (a) All directors are required to disclose their interests in companies (including directorships and shareholdings) on an annual basis. Any changes during the year are to be disclosed to the Board and company secretary on a timely basis;
- (b) The AC has obtained all directors' (both executive and non-executive) confirmation that they do not have any interests in any of the companies that the Group trades with, for the purposes of determining if these transactions are IPT;
- (c) The finance department will keep track of all IPTs as declared by the directors and present the list of IPTs to the AC for their review and approval. The finance department will also review the IPTs to ensure that these transactions are at arm's length; and
- (d) As part of internal control review, the Company also engages the internal auditors to review the identified IPTs on a periodic basis and will implement any recommendations put forward to strengthen the internal controls relating to IPT.

Subsequent to FY2022, the Group engaged NLA Risk Consulting Pte Ltd ("**NLA**") to review adequacy and effectiveness of the internal audit function across the Group's key business processes, including interested person transactions. NLA's reviews yielded no significant observations indicating high-risk concerns.

The former Chairman of the AC, Mr. Chim Suan Kit Mark and the Group's former CEO, Mr. Neo had on 5 January 2021 filed a report with the CAD in relation to the matters highlighted by FKT. Please refer to the Company's announcements dated 3 and 10 February 2021 for further details. As at the date of this report, the investigation of CAD is still in progress.

The Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. For example, the key features of the internal control environment include having clear and defined terms of reference for Board Committees, assigning authority and responsibility in accordance with an authority matrix and written internal control procedures.

The AC reviews the scope of the External Auditors' audit plan and the effectiveness of the results from the independent audit. The AC also reviews the independence and objectivity of the External Auditors as well as the Group's compliance with Catalist Rules, the Code, as well as IPT and whistleblowing reports, if any.

The AC recommends to the Board the appointment, re-appointment and removal of External Auditors, and approves the remuneration and terms of engagement of the External Auditors.

CORPORATE GOVERNANCE REPORT

Please refer to Table A on 48 to page 51 for the detailed terms of reference of the AC.

The Group has established a whistleblowing policy which provides the channel for employees of the Group and external parties to raise their concerns about improprieties in financial reporting or other matters to the AC Chairman or CEO, in good faith and in confidence, sending their mails directly to the Company's registered address, if any.

The procedures for whistle blowing are displayed clearly on the notice boards of the Company and its subsidiaries where staff can call or email the CEO directly on all matters not related to the CEO, and they have access to the AC Chairman for matters relating to the CEO or as they deem appropriate. The follow-up procedures regarding matters raised are also stated and whistleblowers are assured that all actions in good faith will not affect them in their work and staff appraisals. All information received will be treated confidentially and the identity of whistle-blowers will be protected. The objective of such arrangement is to ensure independent investigation of such matters raised and for appropriate follow-up action to be taken.

Apart from the duties listed above, the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC is also authorised to investigate any matter within its terms of reference and has full access to and co-operation of the 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 AC meets annually with the internal auditors and the external auditors, without the presence of the Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors.

The Company's current External Auditors are Deloitte & Touche LLP appointed pursuant to an extraordinary general meeting convened on 22 May 2023. Their fees paid for undertaking the FY2022 audit are approximately S\$465,000 and the non-audit fees paid to the External Auditors are S\$90,000.

In compliance with Rule 1204(6)(b) of the Catalist Rules, the AC undertook the annual review of the independence and objectivity of the External Auditors by reviewing the non-audit services provided and the fees paid to them, if any. Considering the non-audit services provided by the External Auditors were conducted before the appointment of External Auditors, as well as the nature and extent of the non-audit services, the AC opines that the independence and objectivity of the External Auditors are not affected, and has recommended the re-appointment of the External Auditors at the forthcoming AGM.

Deloitte & Touche LLP and its member firms are the auditors of SMC Industrial Pte. Ltd. and SYH Resources Pte. Ltd., the Company's subsidiaries incorporated in Singapore. For the purpose of Rule 715(2) of the Catalist Rules, the relevant Deloitte Global member firm within the international network of Deloitte will perform audit of the Company's foreign incorporated subsidiaries for consolidation purpose for the financial year ended 30 September 2022,

CORPORATE GOVERNANCE REPORT

including but not limited to the review of audit working paper of the Company's predecessor auditors, Crowe Horwath First Trust LLP's members firms. The Board and the Audit Committee, having discussed with Deloitte and considered the size and complexity of its subsidiaries in Malaysia and Indonesia, are satisfied that the proposed audit plan on subsidiaries in Malaysia and Indonesia for the year ended 30 September 2022 will not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Board and AC are of the view that the Company has complied with Catalist Rules 712 and 715 in relation to its External Auditors.

Provision 10.2 **The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.**

As at the date of this report, the AC comprised three members, all of whom including the AC Chairman, are Independent Non-Executive Directors. The Lead Independent Non-Executive Director, Mr. Limjoco is the Chairman of the AC. Mr. Limjoco and Mr. Tay are trained in accounting and financial management. The AC members were appropriately qualified to discharge their responsibilities and functions under the terms of reference approved by the Board.

Please refer to Table A set out on page 48 to page 51 for the composition and the main functions of the AC.

Provision 10.3 **The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.**

None of the AC members were previous partners or directors of the existing auditing firms within the previous twelve months and none of the AC members hold any financial interest in the above-mentioned auditing firms.

Provision 10.4 **The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.**

The AC, in consultation with Management, approves the hiring, removal, evaluation and fees of the internal auditors. The objective of the internal audit function is to provide an independent review of the adequacy and effectiveness of the Group's internal controls and provide reasonable assurance to the AC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

The internal auditors report primarily to the AC Chairman and have unrestricted access to documents, records, properties and personnel of the Group.

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The role of the internal auditors is to assist the AC in ensuring that the controls are adequate, effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal audit function is independent, adequately resourced, staffed by suitably qualified and experienced professionals and has the appropriate standing within the Company to perform its function effectively.

The internal audit function plans its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the internal auditors may be involved in ad-hoc projects initiated by the Management which require the assurance of the Internal Auditors in specific areas of concerns.

The Board did not engage any firm to perform internal audit during FY2022 as the Company was under judicial management during the substantial period of FY2022.

The internal audit function of the Group is currently outsourced to NLA. NLA is part of NLA DFK, a group of accounting and advisory firms with a history in Singapore since 1948. NLA DFK is a member firm of DFK International, a top ten (10) international association of independent accounting firms and business advisers. NLA is a suitably appointed qualified firm of risk consultants (including Certified Internal Auditors), with its processes guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The firm currently maintains an outsourced internal audit portfolio of about twenty (20) companies listed on the SGX-ST in various industries, including construction, property development, manufacturing, healthcare, logistics, engineering services and trading. The engagement team from NLA Risk Consulting comprises a director, a manager and is supported by a team of trained internal auditors. The director, Mr. Gary Ng, has over twenty (20) years of relevant experience and is a Certified Internal Auditor, whilst the manager has more than ten (10) years of relevant experience and is also a Certified Internal Auditor.

Provision 10.5 **The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.**

As the Company and the Group was under judicial management during the substantial period of FY2022, the AC did not meet with the External Auditors during FY2022.

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.

CORPORATE GOVERNANCE REPORT

Provision 11.1 The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

At general meetings, Shareholders are given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance. The chairpersons of the AC, NC and RC, as well as the External Auditors, are present to assist the Directors in addressing any relevant queries raised by Shareholders.

Due to the easing of the COVID-19 measures by the Singapore Government, the Company's last AGM for the financial year ended 30 September 2021 held on 13 January 2023 ("FY2021 AGM") physically. The notice of AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding the AGM pursuant to the COVID-19 Order. The Company had also published a notice to Shareholders, together with the notice of AGM.

Shareholders participated in the FY2021 AGM, voting by appointing proxy(ies) and their questions (if any) in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the FY2021 AGM, and responses to the questions were provided via announcement on SGXNet and the Company's corporate website. There were no queries received by the Company relating to the items on the agenda of the FY2021 AGM. Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.

The Company's Constitution permits a shareholder to appoint up to two (2) proxies to attend and vote in his/her stead at these meetings. Furthermore, the Companies Act 1967 allows certain members who are relevant intermediaries (the meaning ascribed to it in Section 181 of the Companies Act 1967 such as corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of CPF investors), to appoint multiple proxies to attend and participate in the general meetings.

All shareholders will receive the Company's annual report and notice of AGM or general meetings and are entitled to attend the general meetings of the Company. They are afforded the opportunity to participate effectively at such meetings and are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings.

In view that the COVID-19 Order had ceased with effect from 1 July 2023, the upcoming AGM for FY2022 will be a physical meeting. There will be no option for shareholders to participate the upcoming physical AGM virtually.

CORPORATE GOVERNANCE REPORT

Provision 11.2 **The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are “bundled”, the Company explains the reasons and material implications in the notice of meeting.**

The Company has separate resolutions at general meetings for each distinct issue. The Company avoids ‘bundling’ resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations. In line with the Rule 730A of the Catalist Rules, all the resolutions are voted on by way of poll and the Company announces the detailed results showing the number of votes cast for and against each resolution and the respective percentages to the public.

Provision 11.3 **All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders’ queries about the conduct of audit and the preparation and content of the auditors’ report. Directors’ attendance at such meetings held during the financial year is disclosed in the Company’s annual report.**

The respective chairpersons of the AC, RC and NC are normally present and available to address questions relating to the the work of their respective Board Committees at the general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries from the Shareholders, including the conduct of audit and the preparation and content of the auditors’ report. All Directors will endeavour to be present at the Company’s general meetings of Shareholders to address Shareholders’ queries. All Directors were present at the FY2021 AGM of the Company held on 13 January 2023.

Provision 11.4 **The Company’s Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.**

The Constitution of the Company allows a shareholder of the Company to vote in person or by proxy at the AGM of the Company. Each shareholder is allowed to appoint not more than two (2) proxies to vote on his/her behalf at general meetings through proxy forms sent in advance by the Company. Investors who hold shares through nominees such as the Central Provident Fund (CPF) and custodian banks are allowed to attend the AGM as observers subject to availability of seats.

Voting in absentia by mail, facsimile or email, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Shareholders through the web is not compromised, and legislative changes are effected to recognise remote voting.

CORPORATE GOVERNANCE REPORT

Provision 11.5 **The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.**

As detailed in the Notice of AGM, the upcoming AGM will be a physical meeting for the Company to engage with its shareholders. Shareholders of the Company can attend the physical meeting and raise questions in advance or during the AGM, and vote in person or through the appointment of proxy(ies).

Minutes are taken of all general meetings which incorporate substantial comments and queries from Shareholders and responses from the Board and Management. Such minutes, which are subsequently approved by the Board, will be made available to Shareholders on the SGXNet. The Company had on 27 January 2023 announced the minutes of the FY2021 AGM on the SGXNet and the Company's website.

For the upcoming AGM for FY2022, the minutes of the AGM will be posted on the SGXNet and the corporate website within 1 month from the date of the AGM.

Provision 11.6 **The Company has a dividend policy and communicates it to shareholders.**

The Company does not have a fixed dividend policy at present. The issue of payment of dividends is deliberated by the Board annually, having regards to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate).

The Board did not declare or recommend a dividend for FY2022 in order to preserve cash for the Group's operations in view of the prevailing business conditions of the Group.

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.

Provision 12.1 **The Company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.**

The Company firmly believes in high standards of transparent corporate disclosure, pursuant to the Catalist Rules and the Singapore Companies Act, whereby shareholders are informed of all major developments that affect the Group. Information is communicated to our shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

CORPORATE GOVERNANCE REPORT

In presenting the annual financial statements and half-yearly announcements to shareholders as well as any price/trade sensitive reports to the public, the Board aims to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

Please refer to the disclosures in Provision 12.2 on the avenue of communication between the Board and its shareholders.

Provision 12.2 **The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.**

The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

For the upcoming AGM, shareholders of the Company will receive a copy of the annual reports, Notice of AGM and Proxy form. The Notice of AGM is also advertised in the newspapers within the prescribed deadlines prior to the AGM. Such information will also be disseminated via SGXNet and the Company's corporate website. The Board encourages shareholders' participation at the AGMs and periodically communicates with Shareholders through SGXNet throughout the financial year. The Company will announce the responses to substantial and relevant questions from shareholders on SGXNet prior to the deadline for the lodgement of the proxy forms.

The Company has also released quarterly announcements containing a summary of the financial information and affairs of the Group for that period, and announcements requiring disclosures as required by the Catalist Rules via SGXNet. Shareholders can also access the Company's website at <https://senyueholdings.com/> to access information on the Group.

Provision 12.3 **The Company's investor relations 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 Company has engaged the investor relations firm who focuses on facilitating the communications with all stakeholders, Shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance. The contact details of the investor relations firm are set out in "Corporate Information" section of the Annual Report.

Shareholders may also contact the Company by completing the "Contact Us" form on the Company's website at <https://senyueholdings.com/contact-us>. The Company will respond directly to the querying shareholder using the contact information provided therein.

CORPORATE GOVERNANCE REPORT

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.

Provision 13.1 The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company is committed in maintaining close communication with those stakeholders whom will have an impact on the Company's business and operating performance and long term sustainability. To this end, the Company has established relevant communication channels to engage with its stakeholders as detailed in Principle 12.

Provision 13.2 The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

The Company recognises the need for ensuring the business interests of the Company and its stakeholders are properly aligned as part of its sustainability journey. As in previous years, the Company has undertaken a process of identifying material environmental, social and governance (ESG) issues which are important and will impact the stakeholders. Having identified these material topics, the Company seeks to map out its processes and align its business practices and strategies to address the concerns of these stakeholders. The Company's efforts and approaches in ensuring the respective stakeholders' concerns are properly addressed are set out in its Sustainability Report for FY2020.

The Company will not be issuing its Sustainability Report for FY2022 pursuant to Catalist Rule 711A in view of the Company and its subsidiary were under judicial management from the period of 1 October 2022 to 17 August 2022, or at least 10 months during FY2022.

Provision 13.3 The Company maintains a current corporate website to communicate and engage with stakeholders.

The Company updates its corporate website <https://senyueholdings.com> regularly with information released on the SGXNet and business developments of the Group.

OTHER CORPORATE GOVERNANCE MATTERS

1. Material Contracts

[Catalist Rule 1204(8)]

Save as Mr. Koh's personal guarantee and as disclosed in Note 8, Note 21 and Note 32 to the Financial Statements, no material contracts of the Company or its subsidiaries involving the interests of the CEO or any Director or controlling shareholders existed at the end of the financial year or have been entered into since the end of the previous financial year other than that. In addition, no Director, CEO, controlling shareholders or a Company related to the aforesaid persons have received a benefit from any contract entered into by the Group since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

2. Interested Person Transactions

[Catalist Rule 1204(17)]

As at 30 September 2022, the Group has not obtained a general mandate from shareholders for IPT.

There were no IPT conducted under the IPT Mandate pursuant to Rule 920 that were more than S\$100,000 in FY2022.

3. Dealing in Securities

[Catalist Rule 1204(19)]

In compliance with Rule 1204(19), the Group has adopted a Code of Conduct to provide guidance to Directors and executive officers with regards to dealing in the Company's securities.

The Company, Directors and officers of the Group are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are also reminded regularly not to deal in the Company's shares two weeks before the first three quarters of its financial year and one month before the announcement of the company's full year financial statements, or one month before the announcement of the company's half year and full year financial statements. The Company, its Directors and officers are required to report to the Company Secretary whenever they deal in the Company's shares. The Company Secretary assists the AC and the Board in monitoring such share transactions and making the necessary announcements. Directors and officers are also reminded to be mindful of the laws on insider trading at all times and to ensure that their dealings in securities do not contravene the laws on insider trading as determined by the Securities and Futures Act 2001 of Singapore, the Act and other appropriate regulations.

"Directors and officers" include the following classes of employees:

- 1) All directors and managers;
- 2) All significant participants in the financial consolidation process;
- 3) Others with significant management responsibility whose decisions can materially impact the Company's financial results; and
- 4) Certain accounting and finance personnel who assist the Company's CFO/Company Secretary in preparing all public announcements and materials distributed to the Board of Directors.

4. Non-sponsor Fees

[Catalist Rule 1204(21)]

No non-sponsor fees were paid/payable to the Company's former sponsor, PrimePartners Corporate Finance Pte. Ltd. in FY2022.

CORPORATE GOVERNANCE REPORT

TABLE A

Board composition for FY2022:

Yap Meng Sing	(Executive Chairman and Chief Executive Officer ¹)
Koh Mia Seng	(Non-Executive Chairman)
Liew Nyok Wah	(Non-Executive Director ²)
Limjoco Ross Yu	(Lead Independent Non-Executive Director ³)
Chim Suan Kit Mark	(Independent Non-Executive Director ⁴)
Yu Lihong	(Independent Non-Executive Director ⁵)
Tay Boon Zhuan	(Independent Non-Executive Director ⁶)
Lau Yan Wai	(Independent Non-Executive Director)

1 Mr. Yap Meng Sing was appointed as Executive Chairman and Chief Executive Officer with effect from 5 August 2022.

2 Mr. Liew Nyok Wah was re-designated from his previous role as Executive Director to Non-Executive Director with effect from 5 August 2022 and retired as Non-Executive Director upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023. His employment service with the Company had ceased with effect from 4 February 2023 pursuant to the notice of termination dated 5 August 2022.

3 Mr. Limjoco Ross Yu was appointed as Independent Non-Executive Director with effect from 5 August 2022 and, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees with effect from 23 September 2022 and, is considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

4 Mr. Chim Suan Kit Mark, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired as Independent Non-Executive Director, and member of Audit, Remuneration and Nominating Committees. He was considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

5 Mdm. Yu Lihong, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retires as Independent Non-Executive Director. She ceased to be Chairman of Remuneration Committee and member of Audit and Nominating Committees effective from 23 September 2022. She was considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

6 Mr. Tay Boon Zhuan was appointed as Independent Non-Executive Director with effect from 5 August 2022 and, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees with effect from 23 September 2022 and, is considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

Board composition as at the date of this report:

Yap Meng Sing	(Executive Chairman and Chief Executive Officer)
Koh Mia Seng	(Non-Executive Chairman ¹)
Limjoco Ross Yu	(Lead Independent Non-Executive Director)
Tay Boon Zhuan	(Independent Non-Executive Director)
Lau Yan Wai	(Independent Non-Executive Director)

1 Mr. Koh Mia Seng, upon conclusion of the Annual General Meeting, shall retire as Non-Executive Director

The primary functions of the Board include:

1. charting the overall strategy, growth and direction of the Group;
2. overseeing and monitoring the performance of the management team;
3. ensuring there are in place appropriate and adequate systems of internal controls and risk management policies;
4. approving the annual budget, major capital expenditures and funding proposals, and investment and divestment proposals; and
5. assuming responsibilities for good corporate practices.

The Board's approval is also required on matters such as major acquisitions and disposals, corporate or financial restructuring, share issuance and dividends (Please refer to the full list of matters require Board's approval on the disclosure under Provision 1.3 on page 19).

CORPORATE GOVERNANCE REPORT

Audit Committee composition for FY2022:

Limjoco Ross Yu	(Chairman, Lead Independent Non-Executive Director)
Lau Yan Wai	(Member, Independent Non-Executive Director)
Tay Boon Zhuan	(Member, Independent Non-Executive Director)
Chim Suan Kit Mark	(Member, Independent Non-Executive Director)

Audit Committee composition as at the date of this report:

Limjoco Ross Yu	(Chairman, Lead Independent Non-Executive Director)
Lau Yan Wai	(Member, Independent Non-Executive Director)
Tay Boon Zhuan	(Member, Independent Non-Executive Director)

The responsibilities of the AC, based on the written terms of reference, are as follows:

1. reviewing the financial statements of the Company and the Group before they are submitted to the Board for approval;
2. reviewing the audit plans and the external auditors' report with the external auditors;
3. reviewing the independence and objectivity of the external auditors;
4. reviewing management letters from the external auditors and responses from the management;
5. recommending to the Board the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
6. reviewing the scope and results of the internal audit procedures;
7. ensuring the internal auditors' primary line of reporting is to the AC, in particular the AC Chairman;
8. ensuring the internal audit function is adequately resourced and effective;
9. reviewing the adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance controls and risk management;
10. reviewing IPT, if any; and
11. Commissioning and reviewing the finding of internal investigations conducted where fraud or impropriety is suspected, or where there is a failure of internal controls and infringement of laws, rules or regulations which is likely to have a material impact on the Group.

Nominating Committee composition for FY2022:

Tay Boon Zhuan	(Chairman, Independent Non-Executive Director)
Lau Yan Wai	(Member, Independent Non-Executive Director)
Limjoco Ross Yu	(Member, Lead Independent Non-Executive Director)
Chim Suan Kit Mark	(Member, Independent Non-Executive Director)

Nominating Committee composition as at the date of this report:

Tay Boon Zhuan	(Chairman, Independent Non-Executive Director)
Lau Yan Wai	(Member, Independent Non-Executive Director)
Limjoco Ross Yu	(Member, Lead Independent Non-Executive Director)

CORPORATE GOVERNANCE REPORT

The responsibilities of the NC, based on the written terms of reference, are as follows:

1. making recommendations to the Board on the appointment and re-election of Directors to the Board;
2. reviewing the size and composition of the Board;
3. evaluating the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board;
4. determining the independence of Directors, at least annually;
5. determining orientation programs for new Directors and recommending opportunities for the continuing training of the Directors;
6. formulating and implementing succession plan;
7. reviewing the appointment of immediate family members of the Company's Directors or substantial shareholders to managerial positions in the Group; and
8. reviewing the performance of the Directors who have multiple listed board representation.

Remuneration Committee composition for FY2022:

Lau Yan Wai	(Chairman, Independent Non-Executive Director)
Tay Boon Zhuan	(Member, Independent Non-Executive Director)
Limjoco Ross Yu	(Member, Lead Independent Non-Executive Director)
Chim Suan Kit Mark	(Member, Independent Non-Executive Director)

Remuneration Committee composition as at the date of this report:

Lau Yan Wai	(Chairman, Independent Non-Executive Director)
Tay Boon Zhuan	(Member, Independent Non-Executive Director)
Limjoco Ross Yu	(Member, Lead Independent Non-Executive Director)

The functions of the RC are as follows:

1. recommending to the Board a framework of review procedures for fixing the remuneration packages of the Directors and key management personnel of the Group;
2. reviewing the appropriateness of the remuneration packages in relation to the level of contribution and performance of each Director and key management personnel of the Group; and
3. reviewing the remuneration package of the Group's employees who are immediate family members of the Directors or substantial shareholders of the Company.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of each individual Director and key management personnel of the Group. The recommendations of the RC are submitted for endorsement by the Board. Each member of the RC shall abstain from voting on any resolution in respect of his or her own remuneration package.

CORPORATE GOVERNANCE REPORT

TABLE B

Name of Incumbent Director	Board of Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nominating Committee Meetings	
	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Yap Meng Sing ¹	4	3	3	3*	1	1*	2	2*
Koh Mia Seng ²	4	–	3	–	1	–	2	–
Liew Nyok Wah ³	4	–	3	–	1	–	2	–
Limjoco Ross Yu ⁴	4	4	3	3	1	1	2	2
Chim Suan Kit Mark ⁵	4	1	3	–	1	–	2	–
Yu Lihong ⁶	4	1	3	–	1	–	2	–
Tay Boon Zhuan ⁷	4	4	3	3	1	1	2	2
Lau Yan Wai	4	4	3	3	1	1	2	2

* By invitation

- 1 Mr. Yap Meng Sing was appointed as Executive Chairman and Chief Executive Officer with effect from 5 August 2022.
- 2 Mr. Koh Mia Seng, upon conclusion of the upcoming Annual General Meeting, retires as Non-Executive Director of the Company.
- 3 Mr. Liew Nyok Wah, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired as Non-Executive Director of the Company.
- 4 Mr. Limjoco Ross Yu was appointed as Independent Non-Executive Director with effect from 5 August 2022, and Chairman of the Audit Committee and member of the Nominating and Remuneration Committees with effect from 23 September 2022.
- 5 Mr. Chim Suan Kit Mark, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired as Independent Non-Executive Director of the Company, and member of Audit, Nominating and Remuneration Committees.
- 6 Mdm. Yu Lihong, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired as Independent Non-Executive Director, and ceased to be Chairman of Remuneration Committee and member of Audit and Nominating Committees effective from 23 September 2022.
- 7 Mr. Tay Boon Zhuan was appointed as Independent Non-Executive Director with effect from 5 August 2022 and, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees with effect from 23 September 2022.

CORPORATE GOVERNANCE REPORT

TABLE C

The Director named below is retiring and being eligible, offer themselves for re-election at the upcoming AGM:

Name of Director	Lau Yan Wai (“ Mr. Lau ”)
Date of appointment	18 December 2019
Date of last election	22 January 2020
Age	45
Country of principal residence	Singapore
The Board’s comments on this re-election	<p>The Board of Directors of the Company has accepted the NC’s recommendation, who has reviewed and considered Mr. Lau’s performance as Independent Non-Executive Director of the Company.</p> <p>The Board considers Mr. Lau to be independent for the purpose of Rule 704(7) of the Catalist Rules.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.
Job title	Independent Non-Executive Director, Chairman of Remuneration Committees, Member of Audit and Nominating Committees
Professional qualifications	<p>Master of Laws (Chinese Law), National University of Singapore and a Master of Science in Information Systems, University of Sheffield, and a Bachelor of Laws, University of Sheffield.</p> <p>Admitted as an advocate and solicitor in the High Court of Malaya and advocate and solicitor in the Supreme Court of Singapore.</p> <p>Member of Singapore Academy of Law, Law Society of Singapore and Malaysian Bar.</p>
Working experience and occupation(s) during past 10 years	<p>Withers KhattarWong LLP 2005 to 2011 – Associate/Partner</p> <p>RHT Capital Pte. Ltd. 2011 to 2014 – Registered Professional (Catalist)</p> <p>RHTLaw TaylorWessing LLP 2011 to 2015 – Partner</p> <p>Equity Law LLC 2014 to 2019 – Director</p>

CORPORATE GOVERNANCE REPORT

	<p>MS Holdings Limited 2014 to 2022 – Non-Executive and Independent Director</p> <p>Donaldson & Burkinshaw LLP 2019 to current – Partner</p> <p>Sen Yue Holdings Limited 2019 to current – Non-Executive and Independent Director</p> <p>Datapulse Technology Limited 2020 – 2023 – Non-Executive and Independent Director</p>
Shareholdings interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	<p><u>Past (for the last 5 years)</u></p> <p>Equal Plus Pte. Ltd. RHT Compliance Solutions Sdn Bhd EQ Advisory Pte Ltd EQ Compliance Pte Ltd Equity Law LLC MS Holdings Limited Propel Adventures Pte Ltd Datapulse Technology Limited</p> <p><u>Present</u></p> <p>Donaldson & Burkinshaw LLP Sen Yue Holdings Limited</p>

CORPORATE GOVERNANCE REPORT

Question	Lau Yan Wai
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him/her?	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

CORPORATE GOVERNANCE REPORT

(i)	Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No
(j)	Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
	in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	
(k)	Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only.		
	Any prior experience as a director of an issuer listed on the Exchange?	Yes
	If yes, please provide details of prior experience.	Mr. Lau was appointed as an Independent Director of MS Holdings Limited. He was also on the Board of Datapulse Technology Limited.
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N/A

CORPORATE GOVERNANCE REPORT

TABLE D

The tables below show the remuneration bands of the Directors and the top four (4) key management personnel of the Group, who are not directors as well as the approximate percentage breakdown of the remuneration during FY2022.

(a) Remuneration of Directors and the CEO of the Company during FY2022

	Salary* (%)	Bonus# (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
Director					
\$S\$250,000 to \$S\$500,000					
Liew Nyok Wah (Non-Executive Director ¹)	86	–	–	14	100
CEO					
Neo Gim Kiong (Chief Executive Officer ²)	88	–	–	12	100
Below \$S\$250,000					
Directors					
Yap Meng Sing (Executive Director ³)	91	–	–	9	100
Chim Suan Kit Mark (Independent Non-Executive Director ⁴)	– [^]	– [^]	– [^]	– [^]	– [^]
Yu Lihong (Independent Non-Executive Director ⁵)	– [^]	– [^]	– [^]	– [^]	– [^]
Lau Yan Wai (Independent Non-Executive Director)	– [^]	– [^]	– [^]	– [^]	– [^]
Koh Mia Seng (Non-Executive Director)	– [^]	– [^]	– [^]	– [^]	– [^]

* The salary amount shown is inclusive of Central Provident Fund ("CPF"), all fees other than directors' fees and other emoluments.

The bonus amount shown is inclusive of CPF.

[^] No remuneration as the Company was under judicial management.

1 Mr. Liew Nyok Wah was re-designated from his previous role as Executive Director to Non-Executive Director with effect from 5 August 2022 and retired as Non-Executive Director upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023. His employment service with the Company had ceased with effect from 4 February 2023 pursuant to the notice of termination dated 5 August 2022.

2 Mr. Neo Gim Kiong was the Chief Executive Officer of the Company. His employment service had been terminated and was placed on garden leave since 5 August 2022. His last day of employment with the Company was 4 February 2023.

3 Mr. Yap Meng Sing was appointed as Executive Chairman and Chief Executive Officer with effect from 5 August 2022.

4 Mr. Chim Suan Kit Mark, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired as Independent Non-Executive Director, and member of Audit, Remuneration and Nominating Committees. He was considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

5 Mdm. Yu Lihong, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired as Independent Non-Executive Director. She ceased to be Chairman of Remuneration Committee and member of Audit and Nominating Committees effective from 23 September 2022. She was considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

CORPORATE GOVERNANCE REPORT

(b) Remuneration of top four (4) Key Management Personnel in FY2022

Name of Top 4 Key Management Personnel	Salary* (%)	Bonus* (%)	Allowance and other benefits (%)	Total (%)
S\$250,000 to S\$500,000				
Foo Say Kit (Managing Director, Malaysia and Indonesia)	61	26	13	100
Below S\$250,000				
Queenie Foo Quek Cheng (Chief Financial Officer ¹)	96	–	4	100
Pua Kai Chek (General Manager, Malaysia)	62	28	10	100
Lim Soon Wah (Director, Indonesia)	70	30	–	100

* The salary and bonus amounts shown are inclusive of CPF.

1 Ms. Queenie Foo Quek Cheng was appointed as the Chief Financial Officer of the Company with effect from 1 September 2022.

No stock options were granted in FY2022 as the Company has no employees' shares option scheme in place. Please refer to the disclosure under Provision 8.3 for more details.

(c) Remuneration of Substantial Shareholders and employees related to Director in FY2022

Name of Substantial Shareholders	Salary* (%)	Bonus* (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
Below S\$100,000					
Yap Meng Sing (Executive Director ¹)	91	–	–	9	100

* The salary and bonus amounts shown are inclusive of CPF.

1 Mr. Yap Meng Sing was appointed as Executive Chairman and Chief Executive Officer with effect from 5 August 2022.

Save as disclosed above, there was no employee of the Group who is a substantial shareholder or an immediate family member of any Director, the CEO or a substantial shareholder whose remuneration exceeds S\$100,000 in FY2022.