

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance, in line with the Code of Corporate Governance 2012 (the “**Code**”), to ensure continued growth and success, and to justify investor confidence. This report describes the corporate governance practices and procedures adopted by the Company. As the Company was listed recently on 20 April 2018, the Company has complied with the principles and guidelines as set out in the Code to the extent possible and any deviations from the Code have been explained.

BOARD MATTERS

BOARD’S CONDUCT OF ITS AFFAIRS

Principle 1: Effective Board to lead and control the Company

The Board of Directors (the “**Board**”) oversees the management of the business and affairs of the Company and its subsidiaries (collectively, the “**Group**”). The Board’s role is to:

1. Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Group’s assets;
3. Review the management performance;
4. Identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
5. Set the Group’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
6. Consider sustainability issues such as environmental and social factors, as part of its strategy formulation.

All Directors make decisions objectively and discharge their responsibilities in the interests of the Company. To facilitate effective management, certain functions have been delegated to various Board Committees, whose actions are reported to and monitored by the Board.

The Company has adopted internal guidelines setting forth matters that require board approval. The types of material transactions that require board approval under such guidelines are listed below:

- a. Approval of financial statements’ announcements;
- b. Approval of interested parties’ transactions;
- c. Declaration of interim dividends and proposal of final dividends;
- d. Convening of shareholders’ meetings;
- e. Approval of corporate strategy;
- f. Authorisation of merger and acquisition transactions;

CORPORATE GOVERNANCE REPORT

- g. Approval of issue of new shares in the capital of the Company; and
- h. Authorisation of major transactions.

The Board meets regularly on a quarterly basis and as warranted. Ad-hoc meetings will be arranged to deliberate on urgent substantive matters. Board meeting by telephone conference is allowed under the Company's Constitution. To ensure effective corporate governance, three key committees, namely the Nominating Committee (the "NC"), the Remuneration Committee (the "RC") and the Audit Committee (the "AC") were established. Their respective roles are further discussed in this report.

The details of Board meetings, NC, RC and AC meetings held during the financial year ended 31 May 2018 ("FY2018") following the Company's listing on SGX on 20 April 2018, as well as the attendance of each Board member at those meetings are disclosed below:

Name of Director	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Mr Ong Eng Keong	1	1	1	1*	1	1*	1	1*
Mr Owi Kek Hean	1	1	1	1	1	1	1	1
Ms Ong Lay Koon	1	1	1	1	1	1	1	1
Mr Foo Der Rong	1	1	1	1	1	1	1	1

* Attended by invitation as Mr Ong Eng Keong is not a member of the Board Committees

As a general rule, Board papers are sent to Directors before the Board meeting so that members can read up before the Board meeting to have a comprehensive understanding of the matters to be discussed and/or approved.

The duties and obligations of the Director are set out in writing upon his/her appointment. Apart from keeping the Board informed of all relevant new laws and regulations, the Company has an orientation programme for new Directors to ensure that the incoming Director is familiar with the Company's business and governance practices. He/she will be briefed on the structure, business activities and growth strategies of the Group and an overview of the more significant business risks, issues and challenges it faces. Corporate materials and documents such as the latest annual report, and upon request by the Director, minutes of recent Board and Board Committee meetings and the Constitution of the Company, will also be given to him/her to facilitate his/her understanding of the structure and operations of the Group. The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and courses and seminars of relevance to the responsibilities of the Directors will be arranged and funded by the Company.

The Board as a whole is updated quarterly during the Board and AC meetings on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board committee members.

CORPORATE GOVERNANCE REPORT

For first time Directors, the Company will arrange relevant training courses for them to familiarise with the duties and responsibilities as a Director of a listed company. Prior to the initial public offering of the Company, all Directors, save for Mr Ong Eng Keong had prior experience as a director of a public listed company in Singapore. Mr Ong Eng Keong has attended a course by the Singapore Institute of Directors to familiarise and prepare himself for the role as a director of a SGX-ST listed company.

During FY2018, the external auditor briefed the AC members on developments in accounting and governance standards. The Executive Director also updated the Board on business and strategic developments relating to the industry that the Group operates in.

BOARD COMPOSITION AND BALANCE

Principle 2: Strong and Independent Element on the Board

As at the date of this report, the Board comprises one Executive Director, one Non-Executive Non-Independent Director and two Independent Directors, namely:

Executive Director

1. Mr Ong Eng Keong

Non-Executive Non-Independent Director

1. Ms Ong Lay Koon

Independent Directors

1. Mr Owi Kek Hean
2. Mr Foo Der Rong

Information regarding each Board member are set out on pages 8 and 9 of this Annual Report.

The NC adopts the definition in the Code as to what constitutes an Independent Director in its review to ensure that there is strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in view of the Company's best interests.

The NC is of the view that Mr Owi Kek Hean and Mr Foo Der Rong are independent. They are well-qualified and experienced and have the ability to make impartial and well-balanced decisions and to act in the best interests of the Company and its shareholders.

As half (1/2) of the Board is independent, the current requirement of the Code that at least half of the Board comprises Independent Directors where the Chairman is not an Independent Director is satisfied. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

CORPORATE GOVERNANCE REPORT

The Board through the NC, has examined its structure, size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The independence of each Director is reviewed annually by the NC, which ensures that Independent Directors make up at least half of the Board.

The Board and the Board Committees comprise of Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience. Hence, the NC is of the view that the current Board and Board Committees comprise of persons who as a group provide capabilities required for the Board and Board Committees, which in their collective wisdom, enables them to be effective and provide balanced views. Each Director has been appointed based on his/her calibre and experience. The Board comprises 1 female and 3 male directors with diverse backgrounds such as property development, construction and civil engineering, tax and business management.

The Non-Executive Directors constructively challenge and help to develop proposals on strategy and also review the performance of the management in meeting agreed goals and objectives, and monitor the reporting of performance. Where necessary or appropriate, the Non-Executive Directors will meet without the presence of the Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear Division of Responsibilities at the Top of the Company

The role of the Chairman is separate from that of the CEO and there is a clear division of responsibilities between the Chairman and CEO. This is to ensure an appropriate balance of power, increased accountability and greater capacity for the Board in terms of independent decision making.

The Board is of the view that there is adequate accountability and transparency as Independent Directors make up 50% of the Board. The Board is able to exercise its power objectively and independently from Management. No individual or small group of individuals dominates the Board's decision making.

The Chairman plays a key role in promoting high standards of corporate governance, scheduling meetings that enable the Board to perform its duties, establishing the agenda for the Board meetings in consultation with the CEO and ensuring that the Board reviews and approves the Group's key strategies and policies. The Chairman also participates in communicating with key stakeholders, including shareholders and senior management employees.

The CEO's responsibilities encompass managing the day-to-day business activities of the Group, developing and executing the Group's strategies, reporting back to the Board on the performance of the Group, and providing guidance to the Group's employees. The CEO also encourages constructive relations between Management and the Board.

Mr Owi Kek Hean is the Lead Independent Director of the Company as the Chairman, Ms Ong Lay Koon, is not an Independent Director. The Lead Independent Director avails himself to address shareholders' concerns and acts as a counterbalance in the decision making process. Where necessary, the Lead Independent Director will chair meetings without involvement of the Executive Director, and provide feedback to the Chairman of the Board to aid and facilitate well-balanced viewpoints on the Board.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP

Principle 4: Formal and Transparent Process for Appointment and Re-Appointment of Directors to the Board

The NC, which has written terms of reference, was established to make recommendations to the Board on all board and executive officer appointments. It currently comprises three Directors, namely:

1. Mr Foo Der Rong, Chairman
2. Mr Owi Kek Hean
3. Ms Ong Lay Koon

All members of the NC are either Independent or Non-Executive Directors, with a majority being Independent Directors. Save for Ms Ong Lay Koon, who is the nominee director of the Company's controlling shareholder, Lian Beng Group Ltd, none of the members of the NC are directly associated with any substantial shareholder. The NC's responsibilities include the following:

- a. developing and maintaining a formal and transparent process in making recommendations to the Board on the selection, nomination and appointment of Directors (including the appointment of alternate Directors, if any) and Executive Officers, and recommending to the Board re-nominations of existing Directors for re-election in accordance with the Constitution, taking into account the Director's competencies, commitment, contribution and performance;
- b. reviewing Board succession plans for our Directors, in particular, for the Executive Director and CEO;
- c. determining the composition of the Board, taking into account the future requirements of the Company, as well as the need for directors who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group, and other considerations such as those set out in Guideline 2.6 of the Code of Corporate Governance 2012;
- d. developing a process for evaluation of the effectiveness of the Board, its committees and the Directors;
- e. deciding how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the approval of our Board, which address how the Board can achieve long-term shareholders' value;
- f. determining on an annual basis, and as and when circumstances require, whether or not a Director is independent having regard to the Code of Corporate Governance 2012 and any other salient factors;
- g. in respect of a Director who has multiple board representations on various companies, if any, to review and decide, on an annual basis (or more frequently as the NC deems fit), whether such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- h. deciding whether or not a Director is able to and has been adequately carrying out his duties as a director;
- i. reviewing training and professional development programs for the Board; and
- j. reviewing and approving any new employment of persons related to the Directors and/or substantial shareholders and the proposed terms of their employment.

CORPORATE GOVERNANCE REPORT

The Directors submit themselves for re-nomination and re-election at least once every three years. Newly appointed Directors will submit themselves for re-election at the next Annual General Meeting (“AGM”) of the Company following their appointment.

In the nomination and selection process, the NC identifies the candidates and reviews the nominations for the appointments based on the following criteria:

- (i) at least one third of Directors shall be Independent Directors or when the Chairman is a Non-Independent Director, the Board comprise at least half Independent Directors; and
- (ii) the candidate shall be a fit and proper person to hold such office, and the most qualified candidate nominated for the office, taking into account the candidate’s track record, experience, capabilities and other relevant factors.

Each member of the NC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board’s strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. Candidates may be suggested by Directors or management or sourced from external sources. The NC will interview the shortlisted candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his/her responsibilities, effective decision making track record, relevant experience and financial expertise. The NC then nominates the most suitable candidate to the Board for approval.

The NC meets at least once a year. Pursuant to Regulation 122 of the Company’s Constitution, all directors appointed to fill a casual vacancy are required to stand for re-election at the next AGM. As such, the NC recommended to the Board that all Directors be nominated for re-election under Regulation 122 at the forthcoming AGM.

Mr Ong Eng Keong will, upon re-election as a Director of the Company, remain as the Executive Director and CEO. Mr Owi Kek Hean will, upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company and the Chairman of the AC, a member of the RC and NC of the Company. Mr Foo Der Rong will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, the Chairman of the RC and the NC, and a member of the AC. Ms Ong Lay Koon will, upon re-election as a Director of the Company, remain as the Non-Executive Non-Independent Chairman of the Company, and a member of the AC, RC and NC.

In making the above recommendations, the NC had considered the Directors’ overall contributions and performance.

Each member of the NC have abstained from making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-election as a Director of the Company.

Notwithstanding that some of the Directors have multiple listed company board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his/her duties as a Director of the Company. The Board is of the view that the assessment of whether each Director is able to devote sufficient time to discharge his/her duties should not be restricted to the number of board representations. Holistically, the contributions by the Directors during the meetings and attendance at such meeting should also be taken

CORPORATE GOVERNANCE REPORT

into consideration. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. The NC will continue to review from time to time the listed company board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

Mr Ong Eng Keong is the nephew of Ms Ong Lay Koon and Ms Ong Lay Huan, one of the Company's indirect controlling shareholders. He is the son of Mr Ong Pang Aik, another of the Company's indirect controlling shareholder. Ms Ong Lay Koon, Ms Ong Lay Huan and Mr Ong Pang Aik are siblings.

The dates of appointment and re-election, and Directorships of the current Directors in other listed companies are set out below:

Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies	
			Present	Last Three Years
Mr Ong Eng Keong	17 October 2017	Not Applicable	None	None
Mr Owi Kek Hean	23 March 2018	Not Applicable	Centurion Corporation Limited	None
Mr Foo Der Rong	23 March 2018	Not Applicable	Matex International Limited Noel Gifts International Ltd. Pavillon Holdings Ltd.	Intraco Limited
Ms Ong Lay Koon	23 March 2018	Not Applicable	Lian Beng Group Ltd	None

BOARD PERFORMANCE

Principle 5: Formal Assessment of the Effectiveness of the Board and Contribution by Each Director

The NC decides on how the Board's and its Board Committees' performance and individual Directors' contributions are to be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution from each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his/her performance or re-nomination as a Director.

In evaluating the Board's and the Board Committees' performance, the NC considers a set of quantitative and qualitative performance criteria in the form of an assessment checklist that has been approved by the Board. The performance criteria for the Board and Board Committee's evaluation are in respect of:

- a. Board size and composition;
- b. Board processes;
- c. Board information and accountability; and
- d. Board Committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

CORPORATE GOVERNANCE REPORT

The individual Director's performance criterion are in relation to the Director's:

- a. Industry knowledge and/or functional expertise;
- b. Contribution and workload requirements;
- c. Sense of independence; and
- d. Attendance at board and committee meetings.

The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

Although the NC's criteria to evaluate the Board, Board Committee's and individual Directors have been adopted, the NC is of the view that an evaluation for FY2018 would not be accurate given the short time frame between the composition of the current Board pursuant to the Company's initial public offering on 20 April 2018 until the end of the Company's financial year on 31 May 2018. As such, the Company will disclose the NC's evaluation on the effectiveness of the Board and Board Committees and the contribution by each Director in the next Annual Report.

ACCESS TO INFORMATION

Principle 6: Board Members to Have Access to Complete, Adequate and Timely Information

In order to ensure that the Board members are able to fulfil their responsibilities, the management provides all Directors with complete, adequate and timely information prior to Board and Board Committee meetings, and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. All Directors have separate and independent access to the Company's senior management, who together with the Company Secretaries, are responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

Information provided by the management to the Directors include background information or explanatory information relating to matters to be brought forward before the Board and copies of disclosure documents.

All Directors have separate and independent access to the Company Secretary. The Company Secretary administers, attends and prepares minutes of all Board and Committee meetings. The Company Secretary assists the Chairman in ensuring that board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's Constitution and relevant rules and regulations, including requirements of the Companies Act are complied with. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flow within the Board and its committees, facilitating the Directors' orientation programme, and assisting with their professional developments as required. The Company Secretary and/or his representatives attend all quarterly Board meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board engages independent professional advice, as and when necessary, to enable it to discharge its responsibilities effectively. Subject to the approval of the Chairman, Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

Changes to regulations and accounting standards are closely monitored by the management. The Directors are briefed either during Board and Board Committee meetings or by the Company Secretary of these changes especially where these changes, inter alia, have an important bearing on the Directors' disclosure obligations.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: Formal and Transparent Procedure for Developing Policy on Executive Remuneration and for Fixing Remuneration Packages of Directors

The RC currently comprises three Directors, all of whom are Independent or Non-Executive Directors, with a majority being Independent Directors. All three members of the RC are non-executive:

1. Mr Foo Der Rong, Chairman
2. Mr Owi Kek Hean
3. Ms Ong Lay Koon

Members of the RC carry out their duties in accordance with the terms of reference, which include the following:

- a. reviewing and recommending to the Board on the framework of remuneration policies for Directors, the CEO (if the CEO is not a director) and key management personnel;
- b. reviewing and approving specific remuneration packages for each Director and the Chairman, including Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
- c. reviewing the remuneration of key management personnel and employees related to executive directors, the CEO (if the CEO is not a director) and substantial or controlling shareholders of the Group;
- d. administering any share option scheme or performance share plan which may be adopted by the Company from time to time; and
- e. reviewing 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.

The RC's recommendations are submitted for endorsement by the entire Board. No Director is involved in deciding his/her own remuneration. Each member of the RC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

The RC has full authority to obtain any external professional advice on matters relating to remuneration, as and when the need arises, at the expense of the Company.

LEVEL AND MIX OF REMUNERATION

Principle 8: Remuneration of Directors Should Be Adequate but Not Excessive

The Company adopts a remuneration policy, which comprises fixed and variable components. The fixed and variable components comprise a base salary, variable bonus and/or profit sharing. In setting remuneration packages, the Company takes into account the Group's relative performance and the performance of individual Directors. The pay and employment conditions within the same industry and in comparable companies are also given due consideration.

CORPORATE GOVERNANCE REPORT

The review of the remuneration of the executive officers takes into consideration the performance and the contributions of the officer to the Company and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

The fees of the Independent Directors are determined by the Board according to the level of contribution, and taking into account factors such as the effort and time spent, and their respective responsibilities. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company. They do not have any service agreements with the Company.

The Company has entered into a service agreement with Mr Ong Eng Keong, the Executive Director and CEO, which does not contain any onerous removal clauses and is valid for an initial period of 3 years following the Company's admission to Catalist. Upon expiry of the initial period of 3 years, the employment of Mr Ong Eng Keong shall be automatically renewed for a period of 3 years (and thereafter automatically renewed every 3 years). The notice period in the service agreement is 6 months and the Board uses contractual provisions or other measures to reclaim the incentives or any related payments from the parties involved should there be any misstatements of financial results, or of misconduct resulting in financial loss to the Group. There are currently no long-term incentive schemes for the Executive Director and key management personnel.

DISCLOSURE ON REMUNERATION

Principle 9: Disclosure on Remuneration Policy, Level and Mix of Remuneration and Procedure for Setting Remuneration

The Board is of the opinion that due to confidentiality and sensitivity issues attached to remuneration matters, it would not be in the best interests of the Company to disclose the remuneration of each individual Director to the nearest thousand as recommended by the Code. The RC has also reviewed the practice of the industry and considered the pros and cons of such disclosure.

A breakdown, showing the level and mix of each individual Director's remuneration for FY2018 is as follows:

Name of Director	Salary and CPF (%)	Bonus (%)	Other Benefits and Allowances (%)	Directors' Fees (%)	Total (%)
\$S\$500,000 to \$S\$750,000					
Ong Eng Keong (Executive Director and CEO) ⁽¹⁾	19	63 ⁽²⁾	18	–	100
Below \$S\$250,000					
Ong Lay Koon (Non-Executive Non-Independent Chairman) ⁽¹⁾	–	–	–	100	100
Owi Kek Hean (Lead Independent Director)	–	–	–	100	100
Foo Der Rong (Independent Director)	–	–	–	100	100

(1) Ong Eng Keong is the nephew of Ong Lay Koon.

(2) Bonus paid to Ong Eng Keong was in relation to his contribution to the property development business segment of Lian Beng Group Ltd prior to the listing of SLB Development Ltd.

CORPORATE GOVERNANCE REPORT

The Board is of the opinion that the disclosure of the exact amount of remuneration of the top 5 key management personnel (who are not directors or the CEO) may affect the retention or recruitment of competent personnel in the highly competitive business environment the Company operates in, given the low barriers to entry in the property development industry, as well as the competitive pressures in the talent market. As a company with a small and tightly-knit team, such disclosure would be disadvantageous to the Company in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing amongst the employees of the Company.

A breakdown, showing the level and mix of the remuneration of the top 5 key management personnel for FY2018 is as follows:

Name of Key Management Personnel	Salary and CPF (%)	Bonus (%)	Other Benefits and Allowances (%)	Total (%)
Below S\$250,000				
Lee Hun Lin Lawrence	42	41 ⁽¹⁾	17	100
Cheong Chee Kuan	82	15	3	100
Ang Ying Hui Phyliscia	100	–	–	100
Joanna Chong Su Hui	74	22	4	100
Tiny	75	21	4	100

(1) Bonus paid to Lee Hun Lin Lawrence included a portion related to his contribution to the property development business segment of Lian Beng Group Ltd prior to the listing of SLB Development Ltd.

For FY2018, the total remuneration paid to the top 5 key executives (who are not Directors or the CEO) of the Company was S\$372,000.

There are no termination, retirement or post-employment benefits that are granted to the Directors, CEO and the key management personnel of the Group.

Save for Mr Ong Eng Keong (Executive Director and CEO) who is the nephew of Ms Ong Lay Koon (Chairman of the Board), there were no employees of the Company or its subsidiaries who were immediate family members of any Director or the CEO and whose remuneration exceeded S\$50,000 during FY2018.

The Company does not have any employee share schemes in effect for FY2018.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: Presentation of a Balanced and Understandable Assessment of Company's Performance, Position and Prospects

The management provides Board members with management accounts that present a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. At present, the management prepares the management accounts on a monthly basis and provides the monthly management accounts to the Board whenever the Board requests for it. Board papers are given prior to the Board meeting to facilitate effective discussion and decision making.

The announcements for the quarterly and full-year financial results are released via the SGXNET. All material information relating to the Company is disseminated via SGXNET.

CORPORATE GOVERNANCE REPORT

The Board will furnish, among others and whenever necessary, interim and other price sensitive public reports, and reports to the regulators with the aim of providing a balanced and understandable assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Maintenance of Sound System of Risk Management and Internal Controls

The Board believes that the system of risk management and internal controls maintained by the management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislations, regulations and best practices and the identification and management of business and strategic risks.

The Board has received assurance from the CEO and the Chief Financial Officer that (a) the financial records have been properly maintained and the financial statements for FY2018 give a true and fair view of the Company's operations and finances, and (b) the Company's risk management and internal control systems were adequate and effective ("**Assurance**").

The Board has put in place a risk governance and internal control framework manual to define the strategic objectives and determine the risk appetite, tolerance and risk mitigation measures to address potential impediments to achieving these business strategies. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the management and various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational, compliance and information technology controls risks, and risk management systems of the Company were adequate and effective as at 31 May 2018. The Board's opinion is based collectively on the risk governance and internal control framework and assessment of internal control adequacy and effectiveness.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Group has implemented a risk management programme which allows the Board to be apprised of the key strategic, operational, financial and compliance risks.

The Board will continue to update the risk governance framework and re-assess the business risks on an ongoing basis. This ensures that the pertinent risks are properly addressed and the internal controls remain relevant and effective to address the Group's risk exposures.

AUDIT COMMITTEE

Principle 12: Establishment of Audit Committee with Written Terms of Reference

The AC currently comprises of three Directors, all of whom are Independent or Non-Executive Directors, with a majority being Independent Directors:

1. Mr Owi Kek Hean, Chairman
2. Mr Foo Der Rong
3. Ms Ong Lay Koon

CORPORATE GOVERNANCE REPORT

The Board is of the view that the AC has sufficient financial management and accounting expertise and experience to discharge the AC's functions. Mr Owi Kek Hean and Mr Foo Der Rong are trained in tax and business administration.

The AC has explicit authority to investigate all matters within its terms of reference, full access to and cooperation by management, 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 has reviewed the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge its functions properly. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

The AC has met with the external auditors and internal auditors, without the presence of the Company's management at least once in FY2018.

The key functions of the AC as provided in its written terms of reference include, amongst others:

- a. consider the appointment or re-appointment of the external auditors, the level of their remuneration and matters relating to the resignation or dismissal of the external auditors, and review with the external auditors the audit plans, their evaluation of the system of internal accounting controls, their audit reports, their independence and objectivity, their management letter and our management's response before submission of the results of such review to the Board for approval;
- b. review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and consider the adequacy of the management's response;
- c. consider the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to the resignation or dismissal of the internal auditors, and review with the internal auditors the internal audit plans and their evaluation of the adequacy of the system of internal accounting controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report (where necessary);
- d. review the system of internal accounting controls and procedures established by management to address financial, operational, information technology and compliance risks, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary);
- e. review and report to the Board, at least annually, the effectiveness and adequacy of the risk management systems and internal control procedures addressing financial, operational, IT and compliance risks and discuss issues and concerns, if any, arising from the internal audits, prior to the incorporation of the Board's comments in the annual report;
- f. review the assistance and co-operation given by the Company's officers to the internal and external auditors;
- g. review the periodic consolidated financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange, statutory and/or regulatory requirements;

CORPORATE GOVERNANCE REPORT

- h. review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- i. review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- j. review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;
- k. review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;
- l. review arrangements by which the Group's staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- m. on a half-yearly basis, review the register of feasibility studies carried out by the Group on potential buildings considered by the Group for acquisition to determine whether the buildings purchased by the Group fall within the scope of its business;
- n. monitor whether the terms of the undertakings provided by the Company's controlling shareholder, Lian Beng Group Ltd, to the Company have been complied with; and
- o. generally to undertake such other functions and duties as may be required by the Board, by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2018 are as follows:

Audit fees	:	S\$114,500
Non-audit fees	:	S\$237,000
Total	:	S\$351,500

Included in non-audit fees is an amount of S\$200,000 relating to the Initial Public Offering exercise of the Company during the year.

The AC reviews the independence of the external auditors annually. The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services do not affect the independence of the external auditors and has recommended to the Board for the re-appointment of Messrs Ernst & Young LLP as the auditors of the Company at the forthcoming AGM.

The external auditors will present to the AC the audit plan and also relevant updates relating to any change in accounting standards which have a direct impact on financial statements before commencing audit.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

In addition, the AC is given the task to commission investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings thereof.

CORPORATE GOVERNANCE REPORT

Whistle-blowing Policy

The AC has put in place a whistle-blowing policy, whereby employees of the Group and external parties, may in confidence, raise concerns about possible improper financial reporting or other matters to Mr Owi Kek Hean, the AC Chairman at whistleblowing@slbdevelopment.com.sg. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. The Company did not receive any whistle-blowing report during FY2018.

Key Audit Matters

The AC discussed with management and the external auditors on significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the members of the Company under Key Audit Matters ("KAM"), namely the accounting for investment in joint ventures and associates. Based on its review as well as discussion with management and the external auditors, the AC is satisfied that those matters, including the KAM, have been properly dealt with.

INTERNAL AUDIT

Principle 13: Establishment of an Independent Internal Audit Function

The AC is aware of the need to establish a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The AC conducts a review, at least annually, of the adequacy and effectiveness of the internal audit function. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

In order to provide adequate assurance over the internal controls, the Group has appointed an independent internal audit function that is performed by RSM Risk Advisory Pte Ltd. RSM Risk Advisory Pte Ltd is a corporate member of the Institute of Internal Auditors ("IIA") and the internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing established by IIA. The internal auditors report their findings based on the scope of review performed for FY2018 directly to the AC and administratively to the CEO.

In preparation for the Company's Initial Public Offering, the AC had reviewed with the internal auditors their risk-based internal audit plan and their evaluation of the system of internal controls, their audit findings and the management's responses to address the findings; the effectiveness of material internal controls, including financial, operational and compliance controls and overall risk management of the Company and the Group for FY2018. The AC is satisfied that the internal auditor is adequately qualified, resourced and has the appropriate standing within the Group to discharge its duties effectively.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

The Company recognises and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Singapore Companies Act and the Company's Constitution. Information to all shareholders is disclosed to in a timely and transparent manner and in compliance with SGX disclosure requirements.

Shareholders are given ample opportunity to attend, participate and vote at the Company's general meetings.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Regular, Effective and Fair Communication with Shareholders

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. Where inadvertent disclosure has been made to a select group, the Company will make the same disclosure publicly to all others as soon as practicable. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via the quarterly announcements of results; and other ad hoc announcements as required by the SGX-ST. The Company's Annual Report is sent to all shareholders and is available on request. The Company's latest Annual Report is also accessible via the Company's website.

While the AGM of the Company is a principal forum for dialogue and interaction with all shareholders, the Company will consider use of other forums such as analyst briefings as and when applicable.

The Company does not have a fixed dividend policy. The Board, having considered the financial performance of the Group for FY2018, did not recommend any dividend payment.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Encouragement of Greater Shareholder Participation at AGMs

The Board welcomes the view of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders.

Separate resolutions are proposed for substantially separate issues at shareholders' meetings. The Chairman of the Board and the Chairmen of the AC, RC and NC as well as the external auditors are usually available at the general meetings to answer those questions relating to the work of these committees. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company's Constitution allows for shareholders of the Company to appoint up to two proxies to attend and vote in place of the shareholder at a general meeting. In line with the amendments to the Companies Act, Chapter 50 of Singapore, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two proxies to attend and vote on their behalf at general meetings. The Company does not intend to implement absentia-voting methods such as email, fax or mail until security, integrity and other pertinent issues are satisfactorily resolved.

The Group puts all resolutions at general meeting to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings. The detailed results will be announced via SGXNET after the conclusion of the general meeting.

The Company prepares minutes of general meetings which incorporate substantial comments and queries from shareholders and responses from the Board and Management. These minutes are made available upon request by shareholders.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

Dealings in Securities

The Company has adopted policies in line with the requirements of Rule 1204(19) of the Catalyst Rules on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company, its Directors and officers are not allowed to deal in the Company's shares during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year and one month before the Company's full year financial statements, as the case may be, and ending on the date of the announcement of the relevant financial results.

Interested Person Transactions

The Group will be seeking a renewal of the general mandate from shareholders for recurrent interested person transactions, details of which are found in the Circular to Shareholders dated 10 September 2018.

The Company has also adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such interested person transaction.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company and its minority shareholders.

CORPORATE GOVERNANCE REPORT

The aggregate value of interested person transactions during FY2018 was as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	Total value of the transaction	Based on issuer's effective interest pursuant to Catalyst Rule 909(1)	Total value of the transaction	Based on issuer's effective interest pursuant to Catalyst Rule 909(1)
	S\$'000	S\$'000	S\$'000	S\$'000
Construction services by related companies				
Lian Beng Construction (1988) Pte Ltd ⁽¹⁾	–	–	68,298	34,829
L.S. Construction Pte Ltd ⁽¹⁾	–	–	1,999	400
Millennium International Builders Pte Ltd ⁽¹⁾	–	–	6,520	3,260
Purchase of motor vehicle from a related company				
Lian Beng Realty Pte Ltd ⁽¹⁾	270	270	–	–
Interest expenses to holding company				
Lian Beng Group Ltd	112	112	–	–

(1) Lian Beng Construction (1988) Pte Ltd, L.S. Construction Pte Ltd, Millennium International Builders Pte Ltd and Lian Beng Realty Pte Ltd are wholly-owned subsidiaries of the Company's controlling shareholder, Lian Beng Group Ltd.

Material Contracts and Loans

Pursuant to Rule 1204(8) of the Catalyst Rules, the Company confirms that except as disclosed in the Directors' Statement and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of FY2018 or if not then subsisting, which were entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

Sponsorship

With reference to Rule 1204(21) of the Catalist Rules, non-sponsorship fees amounting to approximately S\$2,050,200 were paid to the Sponsor during FY2018, in connection with the listing of the Company on the Catalist.

Utilisation of IPO proceeds

The Company raised gross proceeds from its initial public offering of approximately S\$54.7 million (the “**Gross Proceeds**”). As at 20 August 2018, the Gross Proceeds have been utilised as follows:

Purpose of the IPO Proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Balance as at the date of this announcement S\$'000
Acquisition of new land sites and buildings for development, redevelopment and overseas expansion of its business	18,000	3,108	14,892
Funding of existing property development projects in the pipeline and other general working capital	18,377	14,108 ⁽¹⁾	4,269
Repayment of bridging loan	15,000	15,000	–
Payment of listing expenses	3,363	3,363	–
Total	54,740	35,579	19,161

(1) The amounts were utilised for funding of the existing property development projects in the pipeline.

The above utilisation of Gross Proceeds is in line with the intended use of proceeds as set out in the Offer Document dated 11 April 2018.