

# CORPORATE GOVERNANCE

The Board of Directors of Mewah considers good corporate governance as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group. The Group is committed to maintain a high standard of corporate governance on the principles of effective leadership, accountability, integrity and openness as set out by the revised Code of Corporate Governance 2012 (the "2012 Code") issued by the Monetary Authority of Singapore on 2 May 2012 and is effective for Annual Reports relating to financial years commencing from 1 November 2012. Where there are any deviations, appropriate explanations have been provided in this report.

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# CORPORATE GOVERNANCE

## PRINCIPLE 1

### The Board's conduct of affairs

#### Effective Board to lead and control the company

##### Board Responsibility

Mewah is led and controlled by an effective Board that works closely with management for the success of the Group. The Board is responsible for providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives. The Board has overall responsibility in establishing a framework of prudent and effective controls which enables risks to be assessed and managed effectively.

While providing leadership and strategic direction, the Board gives due recognition to expectations of different stakeholders such as shareholders, lenders, employees, government agencies, suppliers, customers, competitors, business partners and service providers. The Board is responsible in ensuring that the direction set is aligned to the Group's established values and standards and due weightage is given to sustainability issues. It is also responsible for reviewing the management performance on a regular and continuous basis.

All Board members contribute their independent judgment, diversified knowledge and experience to decide on issues of strategy outlook, social and environmental issues, resources, standards of conduct and review of performance.

##### Board Committees

To assist the Board in the execution of its duties, the Board has delegated specific functions to the following board committees:

- Audit Committee, responsible for the functions as set out in Principle 12 of this report.
- Nominating Committee, responsible for the functions as set out in Principle 4 of this report.
- Remuneration Committee, responsible for the functions as set out in Principle 7 of this report.

##### Board Meeting and Attendance

The Board convenes scheduled meeting on a quarterly basis to coincide with the announcement of the Group's quarterly results. Ad hoc meetings are convened as and when necessary to attend any pressing matters requiring the Board's consideration and decision in between the scheduled meetings. To facilitate the Board's decision-making process, the Company's Articles of Association provides for Directors to participate in Board meetings by teleconference or video conference. Decisions of the Board and board committees may also be obtained via circulation.

The Directors' attendance at the Board and board committee meetings during the financial year ended 31 December 2014 is set out as follows:

Name	Board Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting
Dr Cheo Tong Choon @ Lee Tong Choon	4		2	
Ms Michelle Cheo Hui Ning	4			
Ms Bianca Cheo Hui Hsin	4			
Ms Leong Choi Foong	4			
Ms Wong Lai Wan	4			
Mr Giam Chin Toon	4	4	2	2
Mr Lim How Teck	4	4	2	2
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	4	4	2	2
Tan Sri Datuk Dr Ong Soon Hock	3		1	
<b>No. of meetings held</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>2</b>

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## *Matters requiring Board approval*

The Board sets the strategic direction for the management and day-to-day operational decisions are taken by the management. The following matters of strategic importance have been reserved for the Board's decision:

- Group's strategy and business plans
- Capital expenditure, investments and divestments exceeding certain material limits
- All capital-related matters including increase, decrease or reorganisation
- Dividend policy and dividend payments
- Risk strategy and risk limit approvals
- Approval of credit limits and trade terms with related parties

## *Induction, orientation and training*

At the time of appointment, directors are provided with formal letters setting out their duties and obligations. The Group also conducts an orientation program for new directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices. First time directors are provided training on areas such as accounting, risk management, legal, compliance and industry-specific knowledge. All the directors are also given regular training and updates on relevant, specific matters relevant to facilitate them to carry out their role effectively. The directors are also encouraged to participate in external training at the Group's expense. During the year, no new directors were appointed requiring such induction and training. To facilitate ongoing knowledge enhancement for existing directors, the following orientations and trainings were provided during the year:

- Challenges being faced by palm oil industry and Group's strategy to consolidate its position
- Overview of rice and dairy industries and Group's growth plan for consumer products business
- Inherent trading and operating risks in Group's business and Group's risk management practices

- Update on new legislations, regulations and developments relevant to the Group.
- External seminars and conferences for specific directors on taxes, compliances, industry specific knowledge and leadership programs.

## **PRINCIPLE 2**

### **Board Composition and Guidance**

#### ***Strong and independent element on the Board***

#### *Board Composition*

The Board comprises nine members, four of whom are non-executive independent directors. The current Board possesses diversified and varied expertise and knowledge in the areas of the Group's palm oil business and geographical operations, as well as in the areas of strategy formulation, manufacturing, marketing, legal, taxation, finance, accounting and corporate compliances. With their varied experience in different industries and areas of expertise, non-executive directors play a crucial role in challenging the Board to develop strategies in the best interest of the Group. They also contribute independent perspective in reviewing the performance of the management in meeting agreed goals and objectives and monitor performance reporting.

The Group emphasises great importance to gender equality. The Company has four women on the Board, namely Ms Michelle Cheo Hui Ning, Ms Bianca Cheo Hui Hsin, Ms Leong Choi Foong and Ms Wong Lai Wan.

The composition and the effectiveness of the Board are reviewed on an annual basis by the Nominating Committee to ensure that there is an appropriate mix of expertise and experience to fulfil its duties. In line with periodical renewal of the Board to gain diversified and varied expertise, two of the Independent Directors are not seeking re-election and two new Independent Directors are to be appointed in the forthcoming AGM. A brief profile of each Director is given on pages 8 to 10 of this annual report.

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The nature of the current Directors' appointments on the Board and details of their membership on board committees are set out below:

<b>Name</b>	<b>Board Membership</b>	<b>Audit Committee</b>	<b>Nominating Committee</b>	<b>Remuneration Committee</b>
Dr Cheo Tong Choon @ Lee Tong Choon	Executive Director and Chairman of Board		Member	
Ms Michelle Cheo Hui Ning	Executive Director and Chief Executive Officer			
Ms Bianca Cheo Hui Hsin	Executive Director and Chief Operating Officer			
Ms Leong Choi Foong	Executive Director and Head, Finance and Accounts (Malaysia)			
Ms Wong Lai Wan	Executive Director and Head, Risk Management			
Mr Giam Chin Toon <sup>1</sup>	Lead Independent Director	Member	Chairman	Chairman
Mr Lim How Teck <sup>1</sup>	Independent Director	Chairman	Member	Member
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	Independent Director	Member	Member	Member
Tan Sri Datuk Dr Ong Soon Hock	Independent Director		Member	
Mr Robert Loke Tan Cheng <sup>2</sup>	Lead Independent Director	Member	Chairman	Chairman
Dr Foo Say Mui (Bill) <sup>2</sup>	Independent Director	Chairman	Member	Member

<sup>1</sup> Not seeking re-election

<sup>2</sup> Proposed appointment is subject to the Shareholders' approval in the Annual General Meeting on 28 April 2015

#### *Independence of Directors*

All non-executive directors are independent i.e. they have no relationship with the Group, its related companies, its 10% shareholders, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Group, and they are able to exercise objective judgment on corporate affairs independently from management and its 10% shareholders.

All directors are required to disclose timely, any relationship or appointments which would impair their independence to the Board. Based on the evaluations and results of a review conducted by the Nominating Committee, the Board views all non-executive directors of the Company as independent and that there are no relationships which are likely to affect the director's judgment. Also, none of the non-executive director has served on the Board beyond nine years from the date of his first appointment.

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## PRINCIPLE 3

### **Chairman and Chief Executive Officer**

#### ***Separate Chairman and Chief Executive Officer***

#### *Chairman and Chief Executive Officer*

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

The Chairman, Dr Cheo Tong Choon @ Lee Tong Choon is an Executive Director and is responsible for leading the Board and facilitating its effectiveness while promoting a culture of openness and debate within the Board. He, as the Chairman, sets the agenda, ensures that the directors receive complete, adequate and timely information and that adequate time is available for discussion for matters on the agenda, particularly on matters relating to strategies. He is also responsible for constructive relations within the Board, and between the Board and the management. He is responsible to facilitate effective contribution of non-executive directors, effective communication with shareholders and promoting standards of corporate governance.

As an Executive Director, Dr Cheo also plays an important role to align the management with the Board and ensure the execution of the strategies and direction decided by the Board. Dr Cheo has been the force behind the success of the Group and works closely with the CEO and the management.

Ms Michelle Cheo Hui Ning, daughter of Dr Cheo Tong Choon @ Lee Tong Choon is the CEO and the Executive Director. She is responsible for execution of overall strategy of the Group and day-to-day operations.

#### *Lead Independent Director*

Since the Chairman and the CEO are immediate family members, the Board has appointed Mr. Giam Chin Toon as the Lead Independent Director. The Lead Independent Director has a pivotal role to ensure a balance of power and authority,

such that no one individual represents a considerable concentration of power. The Lead Independent Director acts as a bridge between the Independent Directors and the Chairman as well as representing shareholders' interests. He also provides continuity of leadership at the Board level in the absence of the Chairman.

On the sidelines of every board meeting, the independent directors meet without the presence of the other directors and the feedback is provided by the Lead Independent Director to the Chairman after the meeting.

## PRINCIPLE 4

### **Board Membership**

#### ***Formal and transparent process for the appointment of new directors to the Board***

The Board has established a Nominating Committee (the "NC") to make recommendations to the Board on all Board appointments. NC comprises Lead Independent Director Mr Giam Chin Toon, Independent Directors Tan Sri Datuk Dr Ong Soon Hock, Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor, Mr Lim How Teck, and Executive Director Dr Cheo Tong Choon @ Lee Tong Choon. The Chairman of the Nominating Committee is Mr Giam Chin Toon.

NC is responsible for:

- (i) reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board for appointment of Directors;
- (ii) re-nomination of the Directors in accordance with the Articles of Association, having regard to the Director's contribution and performance;
- (iii) determining annually whether or not a Director is independent; and
- (iv) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

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The NC also makes recommendations on training and professional development needs of the Directors and how the Board's performance is to be evaluated. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Details of the process are explained under Principle 5, Board Performance.

The Board has not set the maximum number of board representations which any director may hold. The NC continuously assesses the performance of individual directors taking into consideration the director's number of board representation and other principal commitments. The NC is satisfied that sufficient time and attention is being given to the affairs of the Group by each director.

Each member of the NC is required to abstain from deliberating, participating or voting in the matters relating to him including the assessment of his performance and re-nomination as director.

All Board appointments are approved by way of written resolutions based on the recommendations of the NC. In searching, nominating and selecting new directors, the NC will continue to tap on the resources of director's personal contacts and recommendations of potential candidates and participate in the shortlisting and interviewing process, if required. The NC will engage external agencies to assist if required, at the expense of the Group.

In assessing re-appointment of the directors, the NC evaluates based on several criteria including, qualifications, contributions and independence of the directors. In accordance with the Company's Articles of Association, each director shall retire at least once every three years. A retiring director shall be eligible for re-election subject to approval by the shareholders at the Annual General Meeting ("AGM"). New directors will hold office only until the next AGM following their appointments and they will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation. The Board generally does not have a practice of appointing alternate directors.

Key information regarding each director's qualifications, shareholdings, relationships (if any), date of first appointment, directorship and other principal commitments is presented in the 'Board of Directors' and 'Directors' Report' of this Annual Report.

## **PRINCIPLE 5**

### **Board Performance**

#### ***Formal assessment of the effectiveness of the Board and its members***

The NC has in place a process for the evaluation of the Board's effectiveness as a whole, its board committees and a process for assessing the contribution by the Chairman and each individual director to the effectiveness of the Board. The evaluation is done through written assessments by individual directors. The assessment is based on objective performance criteria including the Board's understanding of the Group's business operations, development of strategic directions, the effectiveness of the Board meetings to facilitate discussion and decision on critical and major corporate matters, as well as individual's contribution and commitment to their roles. The collated findings are reported and recommendations are submitted to the Board for review and to further enhance the Board's effectiveness.

## **PRINCIPLE 6**

### **Access to Information**

#### ***Board members to have complete, adequate and timely information***

As a general rule, board papers and related materials e.g. background or explanatory information, are required to be sent to directors at least three calendar days before the board meeting so that the members may better understand the matters prior to the board meeting to enable constructive discussion and queries to be raised in the meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. The directors are also provided with the names and contact details of the Group's senior management and the Company Secretary to

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facilitate direct access to the senior management and the Company Secretary.

The Group fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in discharge of its duties. Management is therefore expected to provide the Board with accurate information in a timely manner concerning the Group's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Group.

The role of the Company Secretary is clearly defined and includes the responsibility of ensuring that the board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is required to attend all board meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Subject to the approval of the Chairman, the 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 Group.

**PRINCIPLE 7**  
**Procedures for Developing Remuneration Policies**  
*A formal and transparent procedure for developing policy*

The Remuneration Committee (the "RC") comprises entirely of independent directors. The RC is chaired by Mr Giam Chin Toon with Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor and Mr Lim How Teck as its members.

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and key executives, and determining specific remuneration packages for each Director and the Chief Executive Officer. The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the Remuneration

Committee. Each member of the Remuneration Committee is required to abstain from voting on any resolutions and making recommendations and/ or participating in any deliberations of the Remuneration Committee in respect of his own remuneration package.

The RC has access to appropriate advice from within and/ or outside the Group on the remuneration of Directors and key executives. It ensures that in the event of such advice being sought, existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. In the financial year 2014, the RC did not engage any remuneration consultants.

The RC is also responsible in reviewing the Group's obligations arising in the event of termination of the executive directors' and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

**PRINCIPLE 8**  
**Level and Mix of Remuneration**  
*Alignment of remuneration to long term interest and risk policies of the company*

A competitive remuneration and reward system based on individual performance is important in order to retain and incentivise the best talents. The Group's level and mix of remuneration is aligned with the long term interests and risks policies of the Group and is also responsive to the economic climate as well as the performance of the Group, business units and individuals.

Non-Executive Directors are paid Directors' fees which comprise a basic fee and additional fees for appointments on other board committees. As an Executive Director, the CEO does not receive Directors' fees but is remunerated as a member of management.

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## PRINCIPLE 9

### Disclosure on Remuneration

*Clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration*

The breakdown of the remuneration of the Directors and Employees who are immediate family members of a director of the Company, for the financial year ended 31 December 2014 is as follows:

Name	Fixed Salary	Variable Income	Benefits in Kind	Total	Remuneration Band S\$'000
<b>Executive Directors</b>					
Dr Cheo Tong Choon @ Lee Tong Choon	80%	20%	<1%	100%	3,250 to 3,500
Ms Michelle Cheo Hui Ning	79%	20%	1%	100%	1,000 to 1,250
Ms Bianca Cheo Hui Hsin	79%	20%	1%	100%	1,000 to 1,250
Ms Wong Lai Wan	59%	37%	4%	100%	250 to 500
Ms Leong Choi Foong	82%	17%	1%	100%	250 and below

### Independent Non-Executive Directors

Mr Giam Chin Toon	100%	-	-	100%	250 and below
Mr Lim How Teck	100%	-	-	100%	250 and below
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	100%	-	-	100%	250 and below
Tan Sri Datuk Dr Ong Soon Hock	100%	-	-	100%	250 and below

Name	Family relationship with any director and/or substantial shareholder	Remuneration Band S\$'000
<b>Employees who are immediate family members of a Director (remuneration exceeding S\$50,000)</b>		
Mr Cheo Jian Jia	Son of Dr Cheo Tong Choon @ Lee Tong Choon; Brother of Ms Michelle Cheo Hui Ning and Ms Bianca Cheo Hui Hsin	250 to 500
Ms Cheo Chong Cher	Sisters of Dr Cheo Tong Choon @ Lee Tong Choon; Aunts of Ms Michelle Cheo Hui Ning and Ms Bianca Cheo Hui Hsin	250 to 500
Ms Cheo Sor Cheng Angeline		250 to 500
Ms Cheo Su Ching		250 and below
Ms Alicia Cheo		250 and below
Ms Cheo Soh Hua @ Lee Soh Hua		250 and below
Mr Cheo Teong Eng	Brother of Dr Cheo Tong Choon @ Lee Tong Choon; Uncle of Ms Michelle Cheo Hui Ning and Ms Bianca Cheo Hui Hsin	250 and below



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## Top Five Key Management Personnel

Remuneration paid to the top five key management personnel ranged between S\$250,000 and S\$1,750,000 and aggregated to S\$3,437,000, 55%, 44%, 1% of which was fixed salary, variable income and benefits in kind respectively.

In considering the disclosure of remuneration of the directors, immediate family members of a director or key management personnel, the Group measured the industry conditions in which the Group operates and the confidential nature of the remuneration. The Group believes that more detailed disclosures such as disclosure of remuneration on individually named basis for key personnel, exact amounts for directors, and disclosure in incremental bands of S\$50,000 for the immediate family members of the directors would be detrimental to the long term interest of the Group and in attracting, retaining and motivating the employees of the Group.

Remuneration of executive directors and key executives includes a variable component which is linked directly to performance measures identified by the Group. The quantum of variable component is dependent on the individual performance against those measures that includes, knowledge and understanding of the Group and industry, execution of strategies, personal qualities, as well as performance of the Group in general.

The Company did not have any employee share schemes for the financial year 2014.

### PRINCIPLE 10

#### Accountability

#### *Balanced and understandable assessment of the Company's performance, position and prospects*

The Board has embraced openness and transparency in the conduct of the Group's affairs, whilst preserving the commercial interests of the Group. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET to the SGX, press releases, the Company's website, and public webcast and media and analyst briefings.

The Board reviews the financial reports to ensure that the disclosure of material information to shareholders is in compliance with statutory requirements and the Listing Manual of the SGX-ST and approves the financial reports before the release. As recommended in the Guidebook for

Audit Committees in Singapore, the Board also reviews and approves any media release of its financial results. Negative Assurance statements given by the Board to accompany the quarterly financial results announcements are supported by management's representations to the Board on the integrity of the Group's financial statements and internal control systems.

### PRINCIPLE 11

#### Risk Management and Internal Controls

#### *Sound system of internal controls;*

### PRINCIPLE 13

#### Internal Audit

#### *Establishment of an effective internal audit function*

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, work performed by external auditors for the purpose of the statutory audit and reviews performed by management, various board committees and the Board, the Audit Committee and the Board are satisfied with the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

The Chief Executive Officer and Chief Financial Officer have also provided a written confirmation to the Board that to the best of their understanding (a) the financial records have been properly maintained, the financial statements give a true and fair view of the Group's operations and finances and (b) the Group's risk management and internal control systems are effective.

The internal audit function of the Group is carried out by in-house Group Internal Audit Department ("IA"). The IA is suitably staffed by qualified executives who carry out their work based on the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The IA's direct and primary line of reporting is to the Chairman of the Audit Committee, and administratively to the Chief Executive Officer. The Audit Committee approves the hiring, removal, evaluation, and compensation of the head of IA.

The role of the internal auditors is to assist the Audit Committee to provide reasonable assurance that the Group maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the Audit Committee, and conducting regular in-depth audits of high risk areas.

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The Audit Committee ensures that the IA are adequately resourced and have appropriate standing within the Group and ensures, on an annual basis, the adequacy of the internal audit function and reviews the adequacy and effectiveness of the internal audit function.

The Group's IA conduct an annual review of the effectiveness of the Group's material internal controls, including financial, operational, compliance, information technology controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

The Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls. Audits were carried out on all significant business units in the Group, inclusive of limited review performed on dormant and inactive companies. All the Group Internal Audit's reports are submitted to the Audit Committee for deliberation with copies of these reports extended to the Chairman, Chief Executive Officer and the relevant senior management officers. In addition, IA's summary of findings and recommendations are discussed at the Audit Committee meetings.

## PRINCIPLE 12

### Audit Committee

#### *Establishment of Audit Committee with written terms of reference*

The Audit Committee ("AC") comprises entirely non-executive and independent directors, namely Mr Lim How Teck, Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor and Mr Giam Chin Toon. The Board considers the members of the AC are appropriately qualified with sufficient and relevant financial management expertise and experience to discharge its functions. The AC is also kept abreast of changes to accounting standards and issues which have a direct impact on financial statements through meetings with the external auditors who will update the AC on recent related developments. It held four meetings in FY 2014. The AC has met with the internal and external auditors without the presence of the management once during the year.

The AC is guided by the following terms of reference which defines its scope of authority:

- (i) commissioning internal investigations and reviewing any significant findings and otherwise carrying out its obligations under Rule 719 of the SGX-ST Listing Manual (for example, in relation to any suspected fraud or irregularity or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority of Singapore, which has or is likely to have a material impact on the Company's operating results or financial position);
- (ii) assisting the Board in the discharge of its responsibilities on financial and accounting matters;
- (iii) recommending the appointment and dismissal of internal auditors and reviewing the audit plans, scope of work and results of the audits compiled by the Group's internal and external auditors;
- (iv) reviewing the co-operation given by the Group's officers to the external auditors;
- (v) nominating external auditors for re-appointment;
- (vi) reviewing the integrity of any financial information presented to the Company's shareholders;
- (vii) reviewing interested person transactions and potential conflicts of interest, if any;
- (viii) reviewing all hedging policies and instruments to be implemented by the Group, if any;
- (ix) reviewing all investment instruments that are not principal protected;
- (x) reviewing and evaluating the Group's administrative, operating and internal accounting controls and procedures; and
- (xi) reviewing the Group's risk management structure and any oversight of risk management processes and activities to mitigate and manage risk at acceptable levels determined by the Board.

Each member of the Audit Committee must abstain from voting on any resolution in respect of matters in which he is interested.

The Audit Committee has conducted annual review on the independence and objectivity of the external auditors as well as non-audit services provided by them and is satisfied that the nature and extent of such services do not affect the independence of the external auditor. Details of the fees paid and payable to the auditors in respect of audit and non-audit services are set out in the notes to financial statements of

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this Annual Report. The Group has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditors.

The Group has put in place a policy on whistle-blowing, approved by the Audit Committee and endorsed by the Board to facilitate the reporting of activities or practices which are malpractice, illegal act or omission of work by an employee. Details of the whistle blowing policies and arrangements have been made available to all employees. By creating an atmosphere of openness and trust, the Group encourages the employees to use internal mechanisms for reporting any malpractice, illegal acts or omissions by any of Group's employees or ex-employees and such reports will be treated fairly and be protected from reprisal.

## **PRINCIPLE 14**

### **Shareholder Rights**

*All shareholders are treated fairly and equitably;*

## **PRINCIPLE 15**

### **Communication with shareholders**

*Regular, effective and fair communication with shareholders;*

## **PRINCIPLE 16**

### **Conduct of shareholder meetings**

*Greater shareholder participation at Annual General Meetings*

The Group values dialogue with its shareholders and believes in regular, effective and fair communication with its shareholders. The Group is committed to upholding high standard of disclosure and continues to keep all stakeholders informed of its corporate activities on a timely and consistent basis. The Company disseminates all price sensitive and material information to its shareholders via SGXNET on a non-selective basis. Financial and other performance data of the Group as well as business units, where appropriate, is provided to shareholders in order to have a better insight into the Group's performance. The date of the release of quarterly results is disclosed at least two weeks prior to the date of announcement through SGXNET. On the day of announcement, the financial statements as well as the accompanying press release and presentation slides are released onto the SGX-ST website as well as on the Company website at [www.mewahgroup.com](http://www.mewahgroup.com). Thereafter, a briefing or teleconference by management is jointly held for media and analysts.

All shareholders of the Company whose names are registered in the Depository Register and the Register of Members are entitled to attend the general meetings of the Company. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. All shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders and have been informed of the rules, including voting procedures, which govern general meetings of shareholders. They are encouraged to meet with the Board and senior management so as to have a greater insight into the Group's developments. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

At shareholders' meetings, each distinct issue is proposed as a separate resolution and the results of the votes are announced at the shareholders' meetings.

The Chairmen of each board committee and management are required to be present to address questions at the Annual General Meeting. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary. Minutes of shareholder meetings are available upon request by registered shareholders.

Furthermore, to show appreciation for the support of the shareholders, the Board of Directors has proposed a final exempt dividend of S\$0.017 per ordinary share.

### *Dealings in Securities*

The Group has adopted a Best Practice Code – Trading in Company's Securities. As per the policy, the Company, its Directors and all employees of the Group are prohibited from dealing in the Company's shares two weeks before the announcement of the Group's first quarter, second quarter and third quarter results and one month before the announcement of full year results, and ending with one business day after the announcement of the results. Directors and all employees are also prohibited from trading in the Company's securities on short-term considerations, defined as 30 days from last dealing; and in situations where the insider trading laws and rules would prohibit trading.

The directors' interests in shares of the Company are found on pages 38 to 39 of this Report.

# CORPORATE GOVERNANCE

## *Interested Person Transactions*

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosures in respect of interested person transactions for the financial year ended 31 December 2014 are as follows:

Name of Interested Person	Aggregate value of all IPT during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
	FY 2014 US\$'000	FY 2014 US\$'000
Prelude Gateway Sdn. Bhd.	2	3,283
Perfect Venue Sdn. Bhd	2,309	NIL
Ecolex Sdn. Bhd.	1,115	38,903
Containers Printers Pte Ltd	NIL	5,255
Nature International Pte Ltd	NIL	34,329
Mr Cheo Seng Jin	852	NIL
Mr Cheo Tiong Choon	852	NIL
Kent Holidays (S) Pte Ltd	213	NIL
Choon Heng Logistics Pte Ltd	57	NIL
Expertway (M) Sdn Bhd	31	NIL

## *Statement by Audit Committee and Board of Directors*

In accordance with Rule 716 of the Listing Manual, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries as disclosed on page 117, would not compromise the standard and effectiveness of the audit of the Group.

## *Material Contracts*

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of the Chief Executive Officer, any Director, or controlling shareholder subsisting at the end of financial year ended 31 December 2014 and no material contracts entered into since the end of the previous financial year.