

CORPORATE GOVERNANCE REPORT

Nera Telecommunications Ltd (the “Company”) is committed to high standards of corporate governance so as to ensure greater transparency and protect the interests of its employees, customers and shareholders. The Board of Directors (“Board”) and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group’s businesses and performance.

To discharge its governance function, the Board and its committees have established policies and rules to govern their activities. The Board and its committees are guided by their respective Terms of References.

The Board is pleased to report to its shareholders on the Company’s corporate governance practices for the financial year ended 31 December 2017 with specific reference to each guideline of the Code of Corporate Governance 2012 (the “Code”). The Board confirms that the principles and guidelines of the Code have been adhered to except for the following where the deviations and explanations have been provided:–

- (a) Guideline 8.4
- (b) Guideline 11.4

BOARD MATTERS

The Board oversees the overall strategy and business direction of the Group and is collectively responsible for its success. The Management also plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfilment of its responsibilities.

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

Guideline 1.1

Board’s Role

The principal functions of the Board include, inter alia, providing entrepreneurial leadership, setting strategic objectives, monitoring Management’s performance, establishing a framework for prudent and effective control for risk management, safeguarding shareholders’ interests and the Company’s assets as well as setting values and standards (including ethical standards) for the Company. The Board is also mindful of the Company’s social responsibilities.

The Board’s Conduct of Affairs

The principal functions of the Board include, inter alia:

- (a) Providing entrepreneurial leadership, setting key business and financial strategic objectives and strategies and ensuring necessary financial and human resources are in place for the Company to meet those objectives;
- (b) Approving the annual budget, major investments and divestments, and funding proposals;
- (c) Reviewing and monitoring Management’s performance;
- (d) Establishing a framework for the oversight of prudent and effective internal controls, risk management, financial reporting and compliance; and
- (e) Assuming the responsibility for good corporate governance to protect the Company’s assets and enhancing the long-term value of the Company for its shareholders.

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Sustainability issues

The Board recognises that to ensure its business is sustainable, the Group has to strike a balance between its business needs and the needs of the society and environment in which the Group operates. The Board believes that to grow sustainably as a forward-looking corporate entity, the Group has to regularly reach out to all stakeholders, from its employees to the community, and to be responsible stewards of its natural environment.

Guideline 1.2

Objective Decision Making

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with the Management to take objective decisions in the interest of the Group.

Guideline 1.3

Delegation of Authority to Board Committees

The Board is supported by a number of committees to assist it in the discharge of its responsibilities and also enhance the Company's corporate governance framework. These committees include the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit and Risk Management Committee ("ARMC"). Each Board committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

Guideline 1.4

Meetings of Board and Board Committees

The Board and its committees meet regularly through scheduled meetings and as warranted by particular circumstances. A schedule of meetings is provided in advance to each Director prior to the commencement of each Financial Year. If Directors are unable to attend meetings in person, telephonic means of communication are allowed under the Constitution of the Company. To enable members of the Board and its committees to prepare for the meetings, agendas are circulated at least seven days in advance, with board papers and related materials dispatched within five working days before the meetings.

The Board normally meets at least four times a year with additional meetings convened as and when necessary.

During FY2017, the Company has held five (5) Board Meetings.

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A record of the Directors' attendance at the Board and Board Committee meetings for the financial year ended 31 December 2017 is set out below:

	Board Meetings	Audit and Risk Management Committee	Remuneration Committee	Nominating Committee
Number of meetings held FY2017	5	4	1	1
Name of Directors	Number of meetings attended			
Ms Wong Su-Yen, Chairman	5	2*	1	1
Mr Beck Tong Hong [^]	5**	4**	1**	1**
Mr Ashish Jaiprakash Shastry	5	1*	1*	1
Dr Lee Kwok Cheong	5	4	1	1*
Mr Tan Choon Hong	5	4	1	1*
Mr Tan Lye Huat	5	4	Nil	1

* Attended as invitees

[^] Mr Beck Tong Hong was appointed as Executive Director and Chief Executive Officer ("CEO") with effect from 8 November 2017.

** Mr Beck attended one Board meeting as the Director and other Board Meetings and Board Committee Meetings by invitation in his capacity as CEO before his formal appointment as Executive Director and CEO.

Guideline 1.5

Internal Guidelines on Matters Requiring Board Approval

The Company has adopted internal guidelines governing matters that require the Board's approval.

Matters which are specifically reserved to the Board for approval are:

- a) Strategic business plans and policies of the Group;
- b) Annual budgets;
- c) Material acquisitions and disposal of assets;
- d) Corporate or financial restructuring;
- e) Share issuances, interim dividends and other returns to shareholders;
- f) Matters involving a conflict of interest for a substantial shareholder or a director; and
- g) Terms of reference of the Board and its Committees.

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Guideline 1.6

Continuous Training and Development of Directors

Management and Professional Advisers keep the Directors up-to-date on pertinent developments in the business including changes to laws and regulations, corporate governance, financial reporting standards and industry-related matters. Such periodic updates are provided to Directors to facilitate the discharge of their duties.

The Directors also attend other appropriate courses, conference and seminars conducted by various Regulatory Authorities, Financial Institutions and Professional Consultants, including the Singapore Institute of Directors (SID), Security Investors Association Singapore (SIAS), Accounting and Corporate Regulatory Authority (ACRA), Centre for Non-Profit Leadership (CNPL), Investor Relations Professionals Association Singapore (IRPAS), Singapore Association of the Institute of Chartered Secretaries and Administrators (SAICSA) and Institute of Singapore Chartered Accountants (ISCA). Funding is also provided in support of relevant training for Directors.

During FY2017, Mr Tan Lye Huat, Dr Lee Kwok Cheong, and Ms Wong Su-Yen attended the courses listed below, with attendance hours totalling approximately 67.50 hours in aggregate.

SID Dialogue with Minister
SID – CG Guides for Boards and Committees – The Final Launch
SID – So, You want to be a Non-Profit Director
SID Board Conversations – Remuneration Committee
SID Directors Conference 2017
SID Board Conversations – Board
SGX Sustainability Roundtable for Directors of Catalist Companies
Cybercrime and Business Ethics Compliance
SIAS 2017 CG Forums
DBS 2nd Half Outlook
ACRA Enhanced Auditor’s Report Focus Group Discussion
Sustainability for Directors Seminar
Relevance of Enhanced Auditor’s Report to ACs Directors and Management
ACRA-SGX-SID-AC Seminar 2017
Impact of Diversity on Directors’ Decision Making
Board Members Accounting Update by KPMG
SID Business Future Series – Cyber Security for Directors

Directors are also encouraged to read and actively engage in informal discussions on subjects which are relevant to the Group’s business.

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Guideline 1.7

Appointment Letter to new Director

Orientation programmes will be organised during the year for new incoming Directors to ensure that they are familiar with the Company's key businesses and corporate governance practices. This also allows the new director to get acquainted with Senior Management, thereby facilitating board interaction and independent access to Senior Management. Directors may also at any time request further explanations, briefings and informal discussions on any aspect of the Company's operations or business.

A formal letter is sent to newly-appointed Director upon his/her appointment stating his/her duties and obligations as director.

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Company.

Mr Beck Tong Hong was appointed as Executive Director and CEO on 8 November 2017.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Guideline 2.1

Independent Element of the Board

As at the date of this Report, the Board comprises seven Directors, one of whom is an Executive Director, three of whom are non-Executive Directors and the remaining three directors are independent, thus providing a strong independent element on the Board, capable of open, constructive and robust debate on pertinent issues affecting the affairs and business of the Company and the Group.

Guideline 2.2

Composition of Independent Directors on the Board

Out of seven (7) Directors, three including the Chairman are independent. Mr Ashish Jaiprakash Shastri has notified the Company of his intention to retire at the forthcoming Annual General Meeting and independent directors will make up half of the Board upon Mr Ashish Jaiprakash Shastri's retirement. Therefore, no individual or group is able to dominate the Board's decision making process.

Guidelines 2.3 & 2.4

Independence of Directors

The NC, in its deliberation as to the independence of a Director, takes into account examples of relationships as set out in the Code, and considers whether a Director has business relationships with the Group, and if so, whether such relationships can interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment.

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The NC, having considered the assessment made by the Directors on the independent status of Ms Wong Su-Yen, Dr Lee Kwok Cheong and Mr Tan Lye Huat and other relevant factors, has determined that each has no relationship with the Company, its related corporations or its officers and is also independent of the executive functions of the Company. In the discharge of their duties, they had exercised their independent business judgment to the best interest of the Company. In this respect, the NC affirmed that Ms Wong Su-Yen, Dr Lee Kwok Cheong and Mr Tan Lye Huat remain as Independent Directors of the Company.

The Board also confirms that none of the Independent Directors has served on the Board beyond nine (9) years from the date of his first appointment. Guideline 2.4 of the Code is therefore not applicable to the Board. However, taking into account the need for Board refreshment, the Board may consider developing a policy on this at the appropriate time.

Guideline 2.5

Composition and Size of the Board

The NC conducts an annual review on the composition of the Board which comprises members from different backgrounds and whose core competencies, qualifications, skills and experiences are extensive. Having reviewed and considered the composition of the Board and its committees, the NC has determined that the current Board size and structure is adequate for the existing business operations of the Company.

The Board is also well supported by accurate, complete and timely information, and has unrestricted access to Management.

A summary of the composition of the Board and its Committees is set out below:

Director	Board	ARMC	NC	RC
Ms Wong Su-Yen	Chairman, Independent Director	–	Chairman	Member
Mr Beck Tong Hong	Executive Director and CEO	–	–	–
Mr Ashish Jaiprakash Shastry	Non-Executive Director	–	Member	–
Dr Lee Kwok Cheong	Independent Director	Member	–	Chairman
Mr Tan Choon Hong	Non-Executive Director	Member	–	Member
Mr Tan Lye Huat	Independent Director	Chairman	Member	–
Mr Tommy Teo Zhi Zhuang	Non-Executive Director	–	–	–

The NC with the concurrence of the Board, is of the opinion that the current Board size of seven (7) Directors is appropriate and that the Board possesses the appropriate diversity. The NC also takes into account gender diversity in relation to the composition of the Board, as well as a mix of skills and core competencies of its members, to ensure a good balance and diversity of skills, knowledge and experience. Amongst the directors are IT, accounting, finance, corporate governance and human resource/talent professionals who possess the relevant expertise and skill sets in their respective fields for effective decision making. Mr Tan Lye Huat is a Chartered Accountant and is also a member of the Institute of Singapore Chartered Accountants and Chartered Fellow of the Institute of Directors (UK). Dr Lee Kwok Cheong, currently the CEO of the Singapore Institute of Management, has more than 20 years' experience in the IT industry, and has also served as the president of the Singapore Computer Society and as the chairman of the National InfoComm Competency Council. Their combined core competencies and experience provide management with a diverse and objective perspective to enable balanced and well-considered decisions to be made. The Directors' profiles are set out in pages 7 to 9 of this Annual Report.

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Guideline 2.6

Competency of the Board

To assist the NC in its annual review of the Directors' mix of skills and experiences that the Board requires for it to function competently and efficiently, the Directors complete a Board of Directors Competency Matrix form providing information on their areas of specialisation and expertise. The NC reviews and subsequently presents the results to the Board for further consultation, highlighting key areas for improvement.

Guideline 2.7

Role of Non-Executive Directors

During the year, the Non-Executive Directors constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress in implementing such agreed business strategies are monitored by the Non-Executive Directors.

Guideline 2.8

Regular Meetings of Non-Executive Directors

During the year, the Non-Executive Directors communicate among themselves without the presence of Management as and when the need arises. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings.

PRINCIPLE 3: CHAIRMAN AND CEO

Guideline 3.1

Separate role of Chairman and CEO

The functions of the Chairman and the CEO are assumed by two separate individuals so as to ensure effective supervision and maintenance of an appropriate balance of power and authority. There is a clear demarcation between the roles of the Chairman and the CEO, which promotes increased accountability and a greater capacity of the Board for independent decision making.

The former CEO, Mr Samuel Ang, had tendered his resignation on 24 October 2016 and his final day of service with the Company shall be on 23 April 2018. The Board has appointed Mr Beck Tong Hong as Executive Director and CEO of the Company.

The Chairman, Ms Wong Su-Yen, manages the business of the Board, whilst the CEO, Mr Beck Tong Hong and his management team translate the Board's decisions into executive action. The CEO assumes responsibilities for the Group's business and is accountable to the Board.

The Chairman and CEO are not related.

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Guideline 3.2

Roles and Responsibilities of Chairman

Ms Wong Su-Yen is both an independent Director and Chairman of the Board. She is responsible for the overall leadership of the Board and engages the Senior Management regularly on pertinent issues. She approves the agendas for Board Meetings and promotes a culture of open and free discussion amongst the Directors. She also ensures that the Board receives timely and accurate information from Management, and provides valuable insight, guidance and advice on corporate governance systems and processes.

Guidelines 3.3 & 3.4

The Chairman is an independent director and the CEO are two unrelated individuals.

PRINCIPLE 4: BOARD MEMBERSHIP

Guideline 4.1

NC Membership and Terms of Reference

The NC comprises three members, a majority of whom, including the Chairman, are Independent Directors. The composition of the NC is as follows:

Ms Wong Su-Yen, Chairman	(Independent Director)
Mr Ashish Jaiprakash Shastry	(Non-Executive Director)
Mr Tan Lye Huat	(Independent Director)

During the year, the NC has held one scheduled meeting, which all members attended.

The principal functions of the NC are:

- (a) To identify candidates, review nominations for both appointment and reappointment of the Directors to the Board for its approval. For the appointment of new candidates to the Board, the proposed appointee's background, experience and other board memberships will be taken into account. The NC also reviews the Board's succession plans for the Directors, CEO, and Senior Management;
- (b) To review the Board structure, size, competencies including the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board, and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (c) To review the independence of each Director annually;
- (d) To decide whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when the Director has multiple Board representations; and
- (e) To assess the effectiveness of the Board and contribution of each director to the effectiveness of the Board.

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Guideline 4.2

NC Responsibilities

The key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board as a whole. It also ensures compliance with the provisions of the Constitution of the Company which stipulates that at each AGM, one-third of the Directors, (or, if their number is not three or a multiple of three, the number nearest to one-third), shall retire from office by rotation in accordance with the Constitution, and may stand for re-election.

Each member of the NC abstains from voting on any resolution and making any recommendation and/or participating in respect of matters in which he/she is interested.

In accordance with the Constitution of the Company, new Directors must submit themselves for re-election at the next Annual General Meeting of the Company and one third of the Directors must retire by rotation at each Annual General Meeting and they shall be available for re-election.

Mr Ashish Jaiprakash Shastry has notified the Company of his intention not to seek re-election at the forthcoming AGM. Accordingly, Mr Ashish Jaiprakash Shastry will cease to be a Director of the Company at the conclusion of the forthcoming AGM.

The NC has recommended the nomination of the following Directors retiring under Articles 87 and 94 of the Constitution of the Company, for re-election at the forthcoming Annual General Meeting ("AGM"):

- (i) Mr Tan Choon Hong (Article 87)
- (ii) Mr Beck Tong Hong (Article 94)
- (iii) Mr Tommy Teo Zhi Zhuang (Article 94)

Mr Tan Choon Hong will, upon re-election as Director, remain as a member of the Remuneration Committee and Audit and Risk Management Committee. As at the date of this Report, there is no Independent Director being appointed as Director into the Group's principal subsidiaries. The Board will inform the revised Board structures of the principal subsidiaries and the appointment of Independent Director into the principal subsidiaries as necessary.

Guideline 4.3

Determining Directors' Independence

Each Director completes a checklist to confirm his/her independence on an annual basis. The NC has reviewed the independence of the Directors as mentioned under guidelines 2.3 and 2.4 above. The Board also recommends a maximum tenure for all Independent Directors of two consecutive terms of three years each.

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Guideline 4.4

Multiple Board Representations

All Directors are required to declare their Board Representations. The NC has set guidelines on the maximum number of Board appointments in listed companies that Directors can hold to ensure that the Directors are able to commit their time to effectively discharge their responsibilities. The NC recommends that Independent Directors serve concurrently on no more than five listed company Boards, and that the Senior Management serve concurrently on no more than two listed company Boards besides the Company. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties to the Company.

The Directors had committed considerable time towards the many board meetings and board committee meetings held in FY2017 and adjusted their schedules to ensure participation in board and board committee meetings for the deliberation of issues. The NC finds the Directors have committed their time effectively to discharge their responsibilities.

Guideline 4.5

Alternative Directors

There are currently no Alternative Directors on the Board.

Guideline 4.6

Process for the Selection and Appointment of New Directors

As mentioned in Guideline 2.5 above, the NC determines a suitable size and composition of the Board, and evaluates the balance of skills, knowledge and experience of members of the Board required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the operations of the Company. For the appointment of a new Director, a rigorous search process is undertaken by the NC which evaluates the academic and professional qualifications, knowledge and experience in relation to the business of the Group, independence status and other directorships of the candidate(s). Subsequently, the NC makes a recommendation to the Board for approval of the new Director.

New Directors are at present appointed by way of Board resolution or at the Board meeting based on the evaluation and recommendation made by the NC. Before making a recommendation to the Board for approval, extensive searches are conducted and the NC ensures that the potential candidate possesses the necessary skills, knowledge, qualifications, working experience and other relevant factors that could facilitate the Board in making sound and well considered decisions. The incoming Director will also be required to undertake an assessment of independence.

Guideline 4.7

Key Information on Directors

Key information of each member of the Board including directorships and chairmanships in other listed companies, other major appointments, academic/professional qualifications, membership/chairmanship in the Company's Board committees, date of first appointment and last re-election, etc. can all be found under the Directors' Profile section on pages 7 to 9.

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PRINCIPLE 5: BOARD PERFORMANCE

Guideline 5.1

Board Performance

The Company has implemented a formal process to assess the Board as a whole, its committees, the Chairman, and each individual director in their ability to discharge their responsibilities in providing stewardship, corporate governance and oversight of Management's performance.

For the year under review, Directors participated in the evaluation by providing feedback to the NC in the form of completing an Overall Board Performance Evaluation, Committee Evaluation and Individual Assessment. To ensure confidentiality and frank assessment, the evaluation returns completed by Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year.

The Chairman will act on the results of the performance evaluation and propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

Guideline 5.2

Performance Criteria for Board Evaluation

The Board Performance Evaluation form is circulated and completed by each member of the Board annually. This involves scoring and an invitation for feedback on a number of key areas, including:

- a) Board composition and size
- b) Board access to timely and accurate information;
- c) Board processes;
- d) Internal controls and risk management;
- e) Board accountability to the shareholders;
- f) Performance of each Board Committee;
- g) Board interaction with CEO/Senior Management; and
- h) Board's standards of conduct.

For FY2017, the NC duly observed the aforesaid process and criteria and was satisfied with the results of the review.

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Guideline 5.3

Evaluation of Individual Directors

The performance of Individual Directors is also evaluated annually by the NC. A peer review process is carried out, assessing each Director's contribution to the Board on a number of key areas, including:

- a) knowledge of the Group's business and operations;
- b) business acumen;
- c) knowledge of Corporate Governance and Committee work;
- d) contribution and engagement;
- e) communication and interaction;
- f) integrity; and
- g) any other special contributions made.

Following the foregoing assessment the Board is of the view that the Board and its Board Committees operate efficiently and that each director is contributing to the overall effectiveness of the Board.

PRINCIPLE 6: ACCESS TO INFORMATION

Guideline 6.1 and 6.2

Board's Access to information

Management places a high priority on providing timely and accurate information to the Board on an on-going basis, in order for the Directors to discharge their duties efficiently and effectively. Board members receive quarterly management reports pertaining to the operational and financial performance of the Company, including updates on the Company's financials, cash flow positions and forecasts, budget variance reports, order in-take, order backlog and sales pipelines. The Board will also be updated on industry trends and developments. Board members will receive all Board papers not less than five days in advance of the meeting to enable them to have sufficient time to fully consider and deliberate issues to be considered at the meetings.

The Board has at all times separate and independent access to the Management and Company Secretary, and are entitled at all times to request for any additional information needed to make informed decisions. Similarly, key Management staff, the Company's auditors or external consultants are invited to attend Board and Board Committee meetings to update and provide independent professional advice on specific issues, where necessary.

Guideline 6.3

Board's Access to Company Secretary

Directors have separate and independent access to the Company Secretary through electronic mail, telephone and face-to-face meetings.

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The role of the Company Secretary includes the responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Further, the Company Secretary also assists in coordinating the flow of information within the Board and Board Committees as well as between the Management and the Board. He also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes.

Guideline 6.4

Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Guideline 6.5

Board's Access to Independent Professional Advice

Where required, procedures are also in place for the Board and individual Board Committees to seek independent professional advice, paid for by the Company.

REMUNERATION MATTERS

Matters concerning remuneration of the Board, senior executives and employees who are related to the controlling shareholders and/or Directors (if any) are handled by the RC whose primary functions include development of formal and transparent policies on remuneration matters in the Company.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Guideline 7.1

Remuneration Committee and Terms of Reference

The Remuneration Committee ("RC") comprises the following three Directors, all of whom are Non-Executive and the majority, including the Chairman, are independent:

Dr Lee Kwok Cheong, Chairman	(Independent Director)
Ms Wong Su-Yen	(Independent Director)
Mr Tan Choon Hong	(Non-Executive Director)

During the year, the RC held one scheduled meeting, which all members attended.

The RC is guided by its written Terms of Reference, which set out its authority and duties.

The principal functions of the RC are:

- (a) To review and recommend to the Board a general framework for remuneration for the directors, CEO and Senior Management of the Company;
- (b) To recommend the remuneration of the Non-Executive Directors to the Board for approval at the Annual General Meeting;

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- (c) To determine specific remuneration packages for each Executive Director, CEO, Senior Management and any relative of a Director and/or its 10% shareholders who is employed in a managerial position by the Company;
- (d) To review the Company's obligations arising in the event of termination of the Executive Directors, CEO and Senior Management's service contracts and to ensure that these service contracts contain fair and reasonable termination clauses which are not overly generous; and
- (e) To review the remuneration packages of employees related to Executive Director, CEO and substantial or controlling shareholders of the Group and to ensure that the remuneration of such employees are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

Guideline 7.2

Remuneration Framework

To attract, retain and motivate Directors and employees, the RC establishes appropriate remuneration frameworks for the Directors and key management personnel of the Company. Such frameworks are reviewed periodically to ensure that they remain relevant.

During the year, the RC considered and approved the CEO's remuneration package which included salary, bonus and benefits-in-kind. In addition, the RC reviewed the performance of the key management personnel and considered the CEO's recommendation for bonus and remuneration for the key management personnel.

The framework for Non-Executive Directors' fees on per annum basis (unless otherwise indicated) is as follows:

	Chairman	Member
	S\$	S\$
Board of Directors	60,000	30,000
Audit and Risk Management Committee	18,000	12,000
Nominating Committee	12,000	6,000
Remuneration Committee	12,000	6,000

No member of the RC was involved in deciding his or her own remuneration.

Guideline 7.3

RC's Access to Advice on Remuneration Matters

The RC has access to the professional advice of external experts in the area of remuneration, where required.

No remuneration consultants were engaged by the Company in FY2017.

Guideline 7.4

Service Contract

As at the date of this report, there is a service contract signed with the Executive Director.

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PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

Guideline 8.1

Remuneration of Key Management Personnel

The Company's remuneration structure for its Key Management Personnel comprises both fixed and variable components. The variable component is performance related and is linked to the Group/Company's performance as well as individual's performance. Such performance-related remuneration is designed to align with the interests of shareholders and promote long term success of the Group.

For the purpose of assessing the performance of the Key Management Personnel, key performance indicators ("KPIs") are set out for each year.

Guideline 8.2

Short-term Incentive Scheme

To build a strong performance-based culture across the Company, a short-term incentive ("STI") scheme has been implemented to reward the achievement of corporate and individual results. It is also devised to attract and retain talented senior executives critical to the success of the Company. The STI is paid out in 2 parts, one part paid in the first year after financial year end and the other part paid in the second year after financial year end.

Guideline 8.3

Remuneration of Non-Executive Directors

The Board concurred with the RC's proposal for Non-Executive Directors' fees for the financial year ended 31 December 2017. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors. The RC has also considered the scheme of Non-Executive Directors' holding shares in the Company but has decided not to implement.

Guideline 8.4

Contractual Provisions

The Company does not have any contractual provisions in the employment contracts for the Company to reclaim incentive components of remuneration from Executive Director and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company and the Group. The Executive Director owes a fiduciary duty to the Company. Hence, the Company should be able to avail itself to remedy against the Executive Director in the event of such breach of fiduciary duties.

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PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Guideline 9.1

Remuneration Report

Details on the remuneration of Directors and key management personnel for the year under review are presented in the following table.

Guideline 9.2

Remuneration of Directors

The table below shows the breakdowns (in dollar terms) of the remuneration and fees of the Directors for the year ended 31 December 2017. Shareholders' approval will be sought at the Annual General Meeting for such payment to be made to the Directors.

Remuneration/Name of Directors	Fees (S\$)	Salary (S\$)	Bonus (S\$)	Total ⁽¹⁾ (S\$)
S\$1,000,000 to S\$1,250,000 Remuneration paid to Executive Director/CEO Mr Beck Tong Hong ⁽¹⁾⁽²⁾	–	478,546	538,340	1,016,886
Below S\$250,000 Fees paid to Independent and Non-Executive Directors				
Ms Wong Su-Yen	153,000	–	–	153,000
Dr Lee Kwok Cheong	104,000	–	–	104,000
Mr Tan Choon Hong	48,000	–	–	48,000
Mr Tan Lye Huat	104,000	–	–	104,000
Total Directors' Remuneration	409,000 ⁽³⁾ 29%	478,546 33%	538,340 38%	1,425,886 100%

Notes:

(1) Mr Beck Tong Hong, was appointed as CEO and Executive Director on 18 July 2017 and 8 November 2017 respectively.

(2) Executive Director/CEO does not receive director's fee. His salary and bonus disclosed above include employer's CPF contributions for FY2017.

(3) The proposed directors' fee includes an one-off fee of S\$175,000 for the directors' contribution in a special project

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Guideline 9.3

Remuneration of Key Management Personnel

Top five highest paid key executives of the Company who received remuneration in the S\$250,000 and S\$500,000 band and below S\$250,000 (in percentage terms) during the calendar year are set out below:

Name and Position of Key Management Personnel	Salary ⁽¹⁾	Bonus ⁽²⁾	Total	Remuneration Bands of S\$250,000 to S\$500,000 and below S\$250,000
Mr Chan Heng Chew Michael Senior Vice President, Contracts and Corporate Secretariat	68%	32%	100%	S\$250,000 – S\$500,000
Mr Odd Kare Fossmo Managing Director, Norway Deputy Head, Wireless Infrastructure Networks	82%	18%	100%	S\$250,000 – S\$500,000
Ms Tan Geok Leng Jacqueline Financial Controller	67%	33%	100%	S\$250,000 – S\$500,000
Mr Tan Cham Khain Orlando ⁽³⁾ Vice President, Infocomm and Network Infrastructure	55%	45%	100%	S\$250,000 – S\$500,000
Ms Molly Sim ⁽³⁾ Vice President, Corporate Affairs & HR	65%	35%	100%	Below S\$250,000
Total Remuneration of Top 5 Key Management Personnel	68%	32%	100%	S\$1,414,332

Notes:

(1) Salary includes allowances, benefits in-kind and statutory contributions.

(2) Bonus includes statutory contributions.

(3) Mr Tan Cham Khain Orlando and Ms Molly Sim joined us on 01 March 2017 and 17 April 2017 respectively.

The Code recommends the disclosure of the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).

Guideline 9.4

Employee Related to Directors/CEO

There is no employee who is an immediate family member of a Director or the CEO, whose remuneration exceeded S\$50,000 during the year.

CORPORATE GOVERNANCE REPORT

Guideline 9.5

Employee Share Scheme

The LTI, approved at an extraordinary general meeting held on 29 April 2014, was put in place to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees. No shares were issued in FY2017.

Guideline 9.6

Link between Remuneration and Performance

In determining the remuneration of the Key Management personnel, the RC reviewed their respective KPIs achievement and assessed their performance for the year.

The KPIs for individual performance take into consideration the broad categories of objectives, namely financial, business and functional, regulatory and controls, and organisational and people development as well as alignment to the Group's risk policies. For FY2017, the RC has evaluated the extent to which each of key management personnel management has delivered on the corporate and individual objectives and based on the evaluation, has approved the compensation for the key management personnel which were endorsed by the Board.

ACCOUNTABILITY AND AUDIT

The Board recognises the importance of providing accurate and relevant information on a timely basis to all stakeholders. In this respect, the ARMC reviews all financial statements and results announcements and recommends them to the Board for approval. In addition, the ARMC ensures that the Group maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks.

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

PRINCIPLE 10: PRESENTATION OF A BALANCED AND UNDERSTANDABLE ASSESSMENT OF THE COMPANY'S PERFORMANCE, POSITION AND PROSPECTS

Guideline 10.1

Accountability for Accurate Information

The Board is mindful of its obligations to furnish timely information to its shareholders, the public and regulators and to ensure full disclosure of material information to its shareholders in compliance with the statutory requirements and the Listing Manual.

In discharging its responsibility, the Board ensures that the Group's financial results provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects and that the results are released in a timely manner.

The Company has adopted quarterly results reporting. News releases and quarterly results announcements are published through SGXNET. Results for the first three quarters are released within 45 days from the end of the quarter, and full-year results within 60 days from the financial year end. For the full financial year under review, the Board will provide shareholders reassurance that in their opinion, the financial statements presented a true and fair view of the state of affairs of the Group and of the Company. In accordance with SGX-ST's requirements, the Board issued negative assurance statements in its quarterly financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

CORPORATE GOVERNANCE REPORT

Guideline 10.2

Compliance with Legislative and Regulatory Requirements

The Board works closely with professionals to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST.

Guideline 10.3

Management Accounts

The Management updates the Board on the Group's business activities and financial performance through quarterly reports. Such reports compare the Group's actual performance against the approved budget and results of the previous year and where appropriate, against forecast. They also highlight key business indicators and major issues that are relevant to the Group's performance from time to time, in order for the Board to make balanced and informed assessments of the Group's performance, position and prospects.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

Guideline 11.1

Risk Management and Internal Controls System

The Board recognises the importance of maintaining sound systems of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The AC was re-designated as the ARMC to reflect its additional risk management functions. The ARMC oversees and ensures that such system have been appropriately implemented and monitored.

A summary of the Company's risk management and internal controls system is appended below.

Risk Management

The Group adopts a comprehensive and systematic approach towards Enterprise Risk Management ("ERM") to help identify, measure, prioritise and respond to the risks challenging its objectives, initiatives, and day-to-day operating activities.

As part of ERM, the Group has conducted on an annual basis a Risk Assessment exercise where a total of ten key risks have been identified and evaluated. In addition, the Group evaluates its risk exposure by adopting a Four-by-Four Matrix Model where risks are assigned risk exposure ratings based on the likelihood and consequences of each risk identified.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team.

Internal Controls

An internal control system has been implemented to enhance the Group's internal control function in areas such as finance, operations, compliance and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

CORPORATE GOVERNANCE REPORT

Guideline 11.2

Adequacy and Effectiveness of Risk Management and Internal Control Systems

ERM has become an essential part of the Group's business planning and monitoring process, and has been incorporated into its business cycle. On an annual basis, the Group engages the professional firm Foo Kon Tan Advisory Services Pte Ltd ("FKTAS") to evaluate and report to the Board on the Group's risk profile, evaluation results and counter-measures to mitigate or transfer identified potential risks.

During the year, the ARMC also reviewed reports submitted by the internal auditors relating to the effectiveness of the Group's internal controls, including the adequacy of the Group's financial, operational, compliance and information technology controls.

Guideline 11.3

Board's Comment on Adequacy and Effectiveness of Internal Controls

The Board is satisfied that the Company worked closely with the internal and external auditors to implement the recommended measures and procedures, and strived to achieve high standards in risk management and internal controls.

Based on the framework of risk management controls and internal controls established and maintained in the Group, the work performed by the internal auditors, statutory audit review undertaken by the external auditors, the Board with the concurrence of the ARMC, is of the opinion that the risk management and internal control systems that the Group's has put in place to address the financial, operational, compliance and information technology risks are adequate as at 31 December 2017 to meets the needs of the Group's current business environment. The Board, has received written assurance from the CEO and the Financial Controller that:

- (a) the financial records have been properly maintained and the financial statements for FY2017 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 adequate and effective.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Guideline 11.4

Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARMC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate Risk Committee is not required for the time being. In February 2015 the Audit Committee was renamed as Audit and Risk Management Committee.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 12: ESTABLISHMENT OF AUDIT COMMITTEE WITH WRITTEN TERMS OF REFERENCE

Guideline 12.1

ARMC Membership

The ARMC comprises the following three Directors, all of whom are Non-Executive and the majority, including the Chairman, are independent:

Mr Tan Lye Huat, Chairman	(Independent Director)
Dr Lee Kwok Cheong	(Independent Director)
Mr Tan Choon Hong	(Non-Executive Director)

During the year, the ARMC held four scheduled meetings, which all members attended.

Guideline 12.2

Expertise of ARMC Members

The ARMC members bring with them invaluable professional expertise in the accounting and financial management domains.

The Chairman of the ARMC, Mr Tan Lye Huat, is a Fellow of the Association of Chartered Certified Accountants, a member of the Institute of Singapore Chartered Accountants and Chartered Fellow of the Institute of Directors (UK). The other members of the ARMC have many years of experience in business management and finance services. The Board is satisfied that the members of the ARMC have recent and relevant accounting or related financial management expertise and experience to discharge the ARMC functions.

Guidelines 12.3 and 12.4

Roles, Responsibilities and Authorities of ARMC

The ARMC is guided by its Terms of Reference which stipulate that its principal functions include, inter alia, reviewing the annual audit plans (internal and external), the system of internal controls and management of financial risks, the effectiveness and adequacy of the internal audit function which is outsourced to a professional services firm, regulatory compliance matters, the risk management framework, recommendation on the appointment/re-appointment/removal of external auditors and their remuneration.

The key functions of the ARMC are:

- (a) Review the adequacy and effectiveness of financial, operational, compliance controls and risk management;
- (b) To consider the appointment and re-appointment of the external auditors, audit fee and matters relating to the removal of the auditors;
- (c) To review the audit plans and reports of the internal and external auditors and consider the effectiveness of the actions taken by Management on the auditors' recommendations, review and evaluate the Group's internal accounting controls system;

CORPORATE GOVERNANCE REPORT

- (d) To review the quarterly and annual financial statements for recommendation to the Board for approval, focusing in particular, on:
 - (i) Significant financial reporting issues and judgments
 - (ii) Changes in accounting policies and practices
 - (iii) Major risk areas
 - (iv) Significant adjustments resulting from the audit
 - (v) Going Concern statement
 - (vi) Compliance with accounting standards
 - (vii) Compliance with statutory and regulatory requirements
- (e) To review any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position;
- (f) To review Interested Party Transactions;
- (g) To review the scope and results of the internal audit procedures; and
- (h) To review the assistance given by the Management to the auditors.

The ARMC has explicit authority to investigate any matter within its Terms of Reference. It has full access to, and has had the full co-operation of the Management and staff. It also has full discretion to invite any Director or any member of the Management to attend its meetings.

During FY2017, the ARMC reviewed and approved all disclosable interested person transactions in accordance with the Shareholders' Mandate for Interested Person Transactions. Directors who are interested in the transaction had recused themselves from the deliberation and approval process in both the ARMC and Board deliberation. On a quarterly basis, the ARMC also reviewed the financial results announcements of the Company before their submission to the Board for approval.

The ARMC has explicit authority to investigate any matter including whistle-blowing within its Terms of Reference. All whistle-blower complaints were reviewed by the ARMC to ensure independent and thorough investigation and adequate follow-up. The Company has maintained a whistle-blowing register to record all the whistle-blowing incidents. The contents including "nil" returns in the register is reviewed by the ARMC at its quarterly meetings.

The ARMC has full access to, and has had the full co-operation of the Management and staff. It also has full discretion to invite any Director or any member of the Management to attend its meetings.

Minutes of the ARMC meetings are routinely tabled at Board meetings for information.

The ARMC had reviewed the external auditor's audit plan for FY2017 and agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In ARMC's review of the financial statements of the Group for FY2017, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARMC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the external auditors for FY2017.

CORPORATE GOVERNANCE REPORT

KAM	HOW THE ARMC REVIEWED THESE MATTERS AND WHAT DECISIONS WERE MADE
Revenue recognition	The ARMC discussed the issues with Management and the external auditors in relation to recognition of revenue. The ARMC was satisfied with the appropriateness of the revenue recognised in the consolidated financial statements of the Group for the financial year ended 31 December 2017.
Provisions for warranty and accrued costs	The ARMC queried Management and the external auditors on the judgements and estimates involved in the provisions for warranty and accrued costs, and was satisfied that the amounts have been recorded appropriately as of 31 December 2017.
Recoverability of trade receivables	The ARMC reviewed information provided by Management and the external auditors in relation to the basis used as well as the specific doubtful debts to determine the level of allowance for doubtful debts, and was satisfied that as of 31 December 2017, the level of allowance for doubtful debts for the Group was adequate.

The Management reported to and discussed with the ARMC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

Guideline 12.5

Meeting with External and Internal Auditors

During the year, the Company's internal and external auditors were invited to attend the ARMC meetings and make presentations as appropriate. They also met separately with the ARMC without the presence of Management.

Guideline 12.6

Independence of External Auditors

The ARMC oversees the Group's relationship with its external auditors. It reviews the selection of the external auditors and recommends to the Board the appointment, re-appointment and removal of the external auditors, the remuneration and terms of engagement of the external auditors. The annual re-appointment of the external auditors is subject to shareholders' approval at each AGM of the Company.

The ARMC has reviewed the independence and objectivity of the external auditors through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors and the ARMC was of the view that the non-audit services (namely for tax compliance services) provided by the external auditors in FY2017 did not prejudice their objectivity and independence.

In respect of the audit quality indicators, the ARMC had reviewed, in particular, the following areas: audit hours planned, experience of the team, adequacy of training received by the team, results of internal and third party's inspection of their work, compliance with independence requirement, quality control, staff oversight, and staff attrition rate.

CORPORATE GOVERNANCE REPORT

A breakdown of the fees paid to the Group's external auditors (including its member firms) is disclosed in the table below:

External Auditor Fees for FY2017	S\$'000	% of Total Fees
Total Audit Fees	149	86
Total Non-Audit Fees	25	14
Total Fees	174	100

The ARMC had recommended and the Board had accepted proposing to shareholders, the reappointment of EY as the independent auditors for the Group in the ensuing year. The Company has complied with SGX-ST 712, 715 and 716 in relation to the Company's appointment of its auditors.

Guideline 12.7

Whistle-blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has implemented a Whistle-blowing Policy. The policy provides mechanism by which concerns about plausible improprieties in matters of financial reporting, etc., may be raised. A Whistle-blowing Committee ("WBC") had been established for this purpose. In addition, e-mail addresses are provided for the whistle-blowers to contact the WBC and the ARMC directly.

The Company's Whistle-blowing Policy allows not just employees but also external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

Assisted by the WBC, the ARMC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARMC reports to the Board any issues/concerns received by it and the WBC, at the ensuing Board meeting. Should the ARMC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

Whistle-blowing Committee ("WBC")

The WBC consists of:

- CEO
- Vice President, Corporate Affairs and Human Resource
- Financial Controller

The WBC is empowered to:

- look into all issues/concerns relating to the Group (except for those directed specifically to or affecting any member of the WBC which are dealt with by the ARMC);
- make the necessary reports and recommendations to the ARMC or the Board for their review and further action, if deemed required by them; and
- access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

CORPORATE GOVERNANCE REPORT

The Group takes concerns with the integrity and honesty of its employees very seriously. A copy of the Whistle-blowing Policy has been disseminated to all staff to encourage the report of any behaviour or action that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. Whistle-blowers can also email to members of the ARMC directly and in confidence and his/her identity is protected from reprisals within the limits of the law.

The Company treats all information received confidentially and protects the identity and the interest of all whistle-blowers. Anonymous reporting will also be attended to and anonymity honoured.

All newly recruited employees are briefed of the existence of the Policy.

It has also been a standard item in the agenda of the quarterly meeting of the ARMC to review any entries in the register of whistle-blowing, and progress of investigation, if it remains outstanding.

The Whistle-blowing Policy is reviewed by the ARMC once every two years to assess the effectiveness of the processes in place and to ensure that the said policy is updated with any related changes in legal and regulatory requirements. The last review was in February 2017.

During the year, the Company received an anonymous whistleblowing letter and the ARMC undertook an investigation into the matter. As no irregularity as alleged by the anonymous whistle blower was noted, the ARMC and the Board concluded that there was no merit in the case and it is formally closed.

Guideline 12.8

ARMC to Keep Abreast of Changes to Accounting Standards

In addition to the activities undertaken to fulfil its responsibilities, the ARMC is kept up to date by the Management, external and internal auditors on changes to accounting standards, SGX-ST rules and other codes and regulations which can have an impact on the Group's business and financial statements.

Guideline 12.9

Cooling-off Period for Partners or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARMC.

PRINCIPLE 13: INDEPENDENT INTERNAL AUDIT FUNCTION

Guidelines 13.1 & 13.2

Internal Auditors

The ARMC's responsibilities over the Group's internal controls and risk management are complemented by the work of the internal auditors ("IA").

The Company has outsourced its internal audit function to FKTAS. The Board has approved the recommendation of the ARMC to re-engage FKTAS as IA of the Company. The ARMC assesses the adequacy of the IA function through the review of FKTAS' audit plan and the quality of its report. The IA has unrestricted access to all the Company's documents, records, properties and personnel, including access to the ARMC. The IA's primary line of reporting is to the Chairman of the ARMC.

CORPORATE GOVERNANCE REPORT

Guidelines 13.3 & 13.4

Internal Audit Function

The Company's internal audit function is independent of the activities it audits. The IA, FKTAS, is a corporate member of the Institute of Internal Auditors Singapore and staffed with professionals with relevant qualifications and experience. Our engagement with FKTAS stipulates that its work shall comply with the FKTAS' Internal Audit Services Methodology which is aligned with the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The internal audit was conducted based on a two-year internal audit plan that was approved by the ARMC. The two-year internal audit plan entails a review of the major functions or business units of the Group.

Having reviewed the audit plan of FKTAS, the ARMC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

Guideline 13.5

Adequacy and Effectiveness of Internal Audit Function

The ARMC reviews the adequacy of the internal audit function to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The ARMC also reviews the IA's reports and remedial actions implemented by Management. The ARMC was satisfied that the internal control functions were adequate and effective.

PRINCIPLE 14: SHAREHOLDER RIGHTS

Guideline 14.1

Sufficient Information to Shareholders

The Company believes in providing sufficient and regular information to its shareholders. In this respect, the Board adopts a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance that may have a material impact on the price or value of its shares.

Guideline 14.2

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements via SGXNET and the reports/circulars sent to all shareholders. All resolutions tabled at general meetings are put to vote by poll voting.

Guideline 14.3

Proxies for Nominee Companies

The Constitution of the Company allows all shareholders (who are not relevant intermediaries as set out in the Companies Act) to appoint up to two proxies to attend general meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the Central Provident Fund (CPF) agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Guideline 15.1

Communication with Shareholders

In line with the continuous disclosure obligations under the listing rules of the SGX-ST and the Singapore Companies Act, Chapter 50, the Board informs shareholders promptly of all major developments that may have material impact on the Group.

The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. Material information on the Group is being released to the public through the Company's announcements via the SGXNET.

Guideline 15.2

Timely Information to Shareholders

The Company communicates with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Group are released within 45 days from the end of each quarter and within 60 days from the financial year end. In addition, Annual Reports are distributed to shareholders at least 14 days before each AGM.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. The Company provides regular briefings to analysts on its quarterly and full year results.

Guideline 15.3

Regular Dialogue with Shareholders

General Meetings have been and are still the principal forum for dialogue with shareholders. The Company also communicates with its shareholders, both institutional and retail, on a regular basis. Annual Reports and Notices of Annual General Meetings are forwarded to all shareholders of the Company. Notices of Annual General Meetings are also advertised in the newspaper. All Directors, including chairpersons of the ARMC, NC and RC are encouraged to be present at the Annual General Meeting. At the Annual General Meeting, shareholders are given the opportunity to engage the Board and Management on the Group's business activities, financial performance and other business-related matters. To further enhance its communication with investors, the Company maintains a corporate website which includes a dedicated Investor Relations section. (<http://www.nera.net/>).

The Company's website also contains the latest and past annual reports, quarterly results and results' presentation slides as presented to analysts. The Company's Investor Relations contact is also reflected on the website, to enable shareholders to contact the Company, if required.

Guideline 15.4

Soliciting and Understanding Views of Shareholders

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's General Meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on value creation.

CORPORATE GOVERNANCE REPORT

All resolutions at AGMs are put to vote by poll to allow greater transparency and more equitable participation by shareholders. An independent scrutineer, Moore Stephens LLP appointed by the Company to ensure the satisfactory procedure of the electronic polling process and to direct and supervise the counting of votes during the last Annual General Meeting held in 2017.

Guideline 15.5

Dividend Policy

As at the date of this Report, the Company does not have a formal dividend policy in place as the Board intends to conserve cash for its operations. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. Any payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results. The Company has proposed a Final Dividend (tax exempt one tier) of 1.5 Singapore cents per ordinary share for the financial year ended 31 December 2017, payment of which is subject to shareholders' approval at the forthcoming AGM.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Guideline 16.1

Effective Shareholders' Participation

To facilitate shareholders' effective participation at General Meetings, the Company holds its General Meetings at a location which is considered convenient and accessible to shareholders. All shareholders of the Group receive annual report, circulars and notices of all shareholders' meetings. The notices are advised in the newspapers and made available on SGXNET.

The Group fully supports the Code's principle to encourage shareholders' participation in and vote at all the general meetings. The Company's Constitution allows the appointment of not more than two proxies by shareholders to attend the AGM and vote on his/their behalf. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings as proxies without being constrained by the two-proxy requirement.

The Company, however, has not implemented measure to allow shareholders who are unable to vote in person at the Company's AGM the option to vote in absentia, such as via mail, electronic mail or facsimile transactions as the authentication of shareholder indemnity information and other related security issues still remain a concern.

Guideline 16.2

Separate Resolutions at General Meetings

At the shareholders' meeting, the Board ensures that separate resolutions are proposed for approval on each distinct issue at General Meetings. Shareholders can vote either in person or through proxies.

CORPORATE GOVERNANCE REPORT

Guideline 16.3

Attendees at General Meetings

The Chairman of the Board and its committees attend all General Meetings to address issues raised by shareholders. The Company's external auditors are also present to address any relevant queries from shareholders on the conduct of the audit and the preparation and contents of the auditors' report. Appropriate key management executives are also present at the general meetings to respond, if necessary, to operational questions from shareholders.

Shareholders are also informed of the rules and voting procedures governing such meetings.

Guideline 16.4

Minutes of General Meetings

The minutes of General Meetings, are available to shareholders at the registered office of the Company at 109 Defu Lane 10, Singapore 539225 during normal business hours upon written request.

Guideline 16.5

Voting by Poll

For greater transparency, the Company has adopted the voting of all its resolutions by poll at the general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages are announced at the meeting and via announcements on SGXNET made on the same day.

OTHER CORPORATE GOVERNANCE MATTERS

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities.

Dealings in Securities – listing Manual Rule 1207(19)

The Company has adopted a policy on securities dealing by Directors and officers of the Company and its subsidiaries (comprising Directors and Key Personnel) in the form of a Code of Best Practices on Security Dealings (the "Code") to govern and regulate transactions relating to securities in the Company. The Code is based on the best practices on dealings in securities issued by SGX-ST and has been circulated to all relevant parties.

The Company issues circulars informing them that they, while in possession of price-sensitive information, must not trade in the listed securities of the Company one month before the announcement of the Company's full year results or two weeks before quarterly results and ending on the date of the announcement of such results. They are also informed not to deal in the Company's securities on short-term considerations.

The Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two (2) business days of the transactions. The Board is satisfied with the Group's commitment in compliance with the Code.

The Directors and senior management are aware, and a new director or senior management staff will be briefed, that the Company should comply with the best practice pursuant to Listing Rule 1207(19)(c) in not dealing in its securities during the restricted trading periods. The Company has complied with Listing Rule 1207(19) (c).

CORPORATE GOVERNANCE **REPORT**

Material Contracts

Pursuant to Rule 1207(8) of the Listing Manual issued by SGX-ST, no material contract had been entered to by the Company or its subsidiaries involving the interests of the CEO, each Director or Controlling Shareholder.

Interested Party Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported to the ARMC and the transactions are carried out at arm's length and under normal commercial terms. There are no interested person transactions for the financial year ended 31 December 2017.

CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of integrity, professionalism on the conduct of its business activities. Employees are expected to embrace, practice and adopt these values while performing their duties and always to act in the best interest of the Group and avoid situations that may create conflicts of interest.