

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Rex International Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs, so as to improve the performance, accountability, and transparency of the Group.

During the financial year under review, the Board of Directors of the Company (the “**Board**” or the “**Directors**”) has reviewed its corporate governance practices and ensured that they are in compliance with the applicable provisions of the Code of Corporate Governance 2012 (the “**Code**”) issued by the Monetary Authority of Singapore and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”). Where applicable, deviations from the Code have been explained.

This corporate governance report sets out how the Company has applied the principles of good corporate governance in a disclosure-based regime where the accountability of the Board to the Company’s shareholders and the Management to the Board provides a framework for achieving a mutually beneficial tripartite relationship aimed at creating, enhancing and growing sustainable shareholders’ value.

GUIDELINE

General

Compliance to the Code

The Company has complied with the principles and guidelines as set out in the Code and the disclosure guide developed by the SGX-ST in January 2015 (the “**Guide**”), where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

1.1

Role of the Board

Composition of the Board

Name of Director	Designation
Dan Broström	Executive Chairman
Dr Karl Lidgren	Executive Director
Sin Boon Ann	Lead Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director
Dr Christopher Atkinson	Independent Non-Executive Director

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The Company's Board is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs, so as to improve the performance, accountability, and transparency of the Group. The Company's Board of Directors Policy sets out the principles and general guidelines for the Directors, who should abide by the policy and any applicable law, legislation, the Catalist Rules or the Companies Act. The policy covers aspects including Board composition and balance, Board diversity, tenure and number of directorships, Board member selection, and code of conduct for the avoidance of conflicts of interest and dealing in the shares of the Company.

The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions are:

- Setting the corporate strategies of the Group and directions and goals for Management;
- Supervising Management and monitoring Management's performance against the goals set to enhance shareholders' value; and
- Overseeing the overall corporate governance of the Group.

1.3

Delegation by the Board

The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). The compositions of the Board Committees are as follows:

Composition of the Board Committees

Board Committee	AC	NC	RC
Chairman	<ul style="list-style-type: none">• Muhammad Sameer• Yousuf Khan	<ul style="list-style-type: none">• Sin Boon Ann	<ul style="list-style-type: none">• Sin Boon Ann
Member	<ul style="list-style-type: none">• Sin Boon Ann	<ul style="list-style-type: none">• Muhammad Sameer• Yousuf Khan	<ul style="list-style-type: none">• Muhammad Sameer• Yousuf Khan
Member	<ul style="list-style-type: none">• Dan Broström	<ul style="list-style-type: none">• Dr Karl Lidgren	<ul style="list-style-type: none">• Dan Broström

Board Meetings and Attendance

The Board meets on a quarterly basis, and as and when circumstances require. In the financial year ended 31 December 2017 (“**FY2017**”), the number of Board and Board Committee meetings held and the attendance of each Board member at such meetings as well as at the annual general meeting (“**AGM**”) and the extraordinary general meeting (“**EGM**”) held on 28 April 2017 are shown below:

Board, Board Committee and General Meetings in FY2017						
	Board	AC	NC	RC	AGM	EGM
Number of Meetings Held	4	4	1	1	1	1
Name of Director	Number of Meetings Attended					
Dan Broström	4	4	-	1	1	1
Dr Karl Lidgren	4	-	1	-	-	-
Sin Boon Ann	4	4	1	1	1	1
Muhammad Sameer Yousuf Khan	4	4	1	1	1	1
Dr Christopher Atkinson	4	-	-	-	1	1

To ensure meetings are held regularly with maximum Directors’ participation, the Company’s Constitution allows for meetings to be held through telephone conference. The Company ensures that telephonic and screen sharing facilities are made available for directors to attend the board meetings.

Regular meetings are held by the Board to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results. The Board will also convene additional meetings for particular matters as and when they are deemed necessary.

While the Board considers Directors’ attendance at Board meetings to be important, it is not the only criterion which the Board uses to measure Directors’ contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

The responsibility of day-to-day management, administration and operation of the Group are delegated to the Executive Chairman, the Executive Director and the Chief Executive Officer of the Group (the “**CEO**”). The CEO does not sit on the Board. The CEO has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties can be carried out in an effective and efficient manner.

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1.5 ***Material Transactions Requiring Board Approval***

The Company has in place policies for investments and divestments, related persons transactions and cash management. All material transactions are subject to Board's approval.

Matters that require the Board's approval include, amongst others, the following:

- Overall Group business and budget strategy;
- Capital expenditures exceeding certain material limits;
- Investments or divestments;
- All capital-related matters including capital issuance;
- Significant policies governing the operations of the Company;
- Corporate strategic development and restructuring;
- Interested person transactions exceeding the S\$100,000 threshold; and
- Risk management strategies.

1.6 ***Board Induction and Training***

All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management, whenever required.

Except for Mr Sin Boon Ann and Mr Muhammad Sameer Yousuf Khan, the rest of the Directors of the Company do not have prior experience holding directorship(s) in public listed companies in Singapore. Mr Dan Broström, and Dr Karl Lidgren had completed the Listed Company Director courses conducted by the Singapore Institute of Directors (the "SID") in 2013 while Dr Christopher Atkinson underwent a session on Director's Duties for a Listed Company conducted by Baker McKenzie in 2016 to prepare and familiarise themselves with the roles and responsibilities of Directors of a public listed company.

The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. To this end, the Company encourages continuous professional development for its Directors. The Company is responsible for arranging and funding the training of Directors.

Furthermore, Directors are regularly updated with the latest professional developments in relation to the Catalist Rules and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors.

In 2017, Mr Muhammad Sameer Yousuf Khan attended the AC Chapter Pit Stop on FRSP & AQIs and the AC Chapter Pit-Stop Series 1 (EAR) organised by the SID, the SGX-SID Audit Committee Seminar 2017 organised by ACRA and the launch of the APAC Fraud Survey 2017, *'Economic uncertainty / Unethical conduct: How should over-burdened compliance functions respond'*, organised by Ernst & Young Advisory Pte Ltd. Mr Dan Broström attended the seminar on the Singapore Board of Directors Survey 2017 and the CTP 6 Private Equity vs Public Markets Forum organised by the SID; the SGX Sustainability Round Table for Directors of Catalist Companies and Oil & Gas Property Evaluation seminar organised by the SGX; a discussion on Shareholders' activism hosted by APIC Corporate Solutions Pte. Ltd.; and the SGX-SID Audit Committee Seminar 2017 organised by ACRA.

1.7 ***Formal Appointment Letter to Each Director***

For future appointments, the Company will also provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and obligations.

Board Composition and Balance

Principle 2 ***There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individuals or small group of individuals should be allowed to dominate the Board's decision making.***

2.1 ***Independent Directors***

2.2 In view that the Executive Chairman is part of the management team and is not an independent director,
3.3 Guideline 2.2 of the Code is met as the Independent Directors make up more than half of the Board since the Company's listing in July 2013. Three of the five directors are independent. Mr Sin Boon Ann has also been appointed as the Lead Independent Director of the Company to represent the views of independent directors, and to facilitate a two-way flow of information between shareholders, the Chairman and the Board. He also makes himself available at all times when shareholders have concerns and for which normal channels of the Chairman, CEO or Chief Financial Officer ("CFO") have failed to resolve or are inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meetings.

2.3 ***Review of Directors' Independence***

The Company has in place a policy on Board of Directors whereby Directors should refrain from having any conflicts of interests with the Company to ensure that their duty to act in the best interest of the Company is not jeopardised. Directors must immediately report any conflicts of interests that have occurred or may possibly occur as soon as the Directors is aware of such potential or actual conflict of interest. This ensures that Directors continually meet the stringent requirements of independence under the Code.

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4.3 The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.

The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code.

There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

2.4 *Duration of Independent Directors' Tenure*

It is the Company's policy that the submission for re-election of an Independent Director who has served beyond nine years since the date of his or her appointment would be reviewed and approved by the NC.

There is no Independent Director who has served beyond nine years since the date of his first appointment.

2.5 *Board Diversity*

2.6 The Board comprises five directors: One Executive Chairman, one Executive Director and three Independent Non-Executive Directors, who have the appropriate mix of core competencies and diversity of experience, to direct and lead the Company. There is a good balance between the Executive and Non-Executive Directors, with a strong and independent element on the Board.

The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender, ethnicity or nationality. The current five Board members are of four different nationalities. The Company is also receptive to achieving gender diversity on the Board and appointment of a woman to the Board if it encounters suitable candidates.

The Board is of the view that the current board size is appropriate to effectively facilitate decision making in relation to the operations of the Group, taking into account the nature and scope of the Company's operations. The Board believes that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The NC is also of the view that the current Board members comprise persons with a broad range of expertise and experience in diverse areas including accounting, finance, legal, business and management, technology, oil and gas, strategic planning and regional business experience.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC and periodic engagement of external consultants to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

To meet the changing challenges in the industry and countries which the Group operates in, such reviews and evaluations, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies, would be done on a periodic basis to ensure that the Board dynamics remain optimal.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

2.7

Non-Executive Director Meetings in Absence of Management

2.8

The Independent Non-Executive Directors constructively challenge and help develop proposals on strategies. From time to time, the Independent Non-Executive Directors have met in the absence of Management in FY2017 to discuss concerns or matters such as overall Group business strategies and investments.

Chairman and Chief Executive Officer

Principle 3

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

3.1

Segregation of the Role of Chairman and the CEO

3.2

The roles of the Executive Chairman and the CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Executive Chairman is not related to the CEO and is not a substantial shareholder of the Company.

The Executive Chairman leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures the quality, quantity and timeliness of the flow of information between the Board and Management to facilitate efficient decision making. He chairs the Board meetings and encourages the Board members to present their views on topics under discussion at the meetings. He also assists in ensuring compliance with the Group's guidelines on corporate governance.

The CEO is responsible for the business management and day-to-day operations of the Group. He takes a leading role in developing and expanding the businesses of the Group, including making major business and finance decisions. He also oversees the execution of the Group's business and corporate strategy as set out by the Board and ensures that the Directors are kept updated and informed of the Group's businesses.

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The Executive Chairman's performance and appointment to the Board were reviewed by the NC. The Executive Chairman and CEO's remuneration packages were reviewed by the RC. As the roles of the Executive Chairman and the CEO are separate, and the AC, NC and RC comprise a majority of Independent Directors of the Company, the Board believes that there are adequate safeguards in place to ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

3.3 *Lead Independent Director*

The appointment of Mr Sin Boon Ann as the Lead Independent Director where the Executive Chairman is part of the management team and is not an independent director is in line with the recommendation under Guideline 3.3 of the Code. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between shareholders, the Chairman and the Board.

3.4 *Independent Director Meetings in Absence of Other Directors*

To facilitate well-balanced viewpoints on the Board, the Lead Independent Director will, where necessary, chair meetings with the Independent Directors without the involvement of other Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

Board Membership

Principle 4 There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

4.1 *Nominating Committee*

The Board has established an NC which comprises three members, a majority of whom including the chairman, are Independent Directors. The members of the NC, with the Lead Independent Director as Chairman, are as follows:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director
Dr Karl Lidgren	Member	Executive Director

The NC is guided by key terms of reference as follows:

- (a) recommending to the Board on all board appointments, including re-nominations of existing Directors for re-election in accordance with the Constitution, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Non-Executive Director. All Directors shall be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

- (b) reviewing and approving any new employment of related persons and their proposed terms of employment;
- (c) reviewing and recommending to the Board succession plans for the Company's Directors, in particular, for the Executive Chairman and the CEO;
- (d) determining annually, and as and when circumstances require, whether or not a Director is independent;
- (e) reviewing and deciding whether or not a Director who has multiple board representations on various companies is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards and discharging his/her duties towards other principal commitments;
- (f) deciding whether or not a Director of the Company is able to and has been adequately carrying out his/her duties as a Director; and
- (g) developing a process for evaluation of the performance of the Board, the Board Committees and Directors and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addresses how the Board has enhanced long-term shareholders' value.

4.4

Board Representations

The Board has capped the maximum number of listed company board representations each Director may hold to six. This is to ensure the Directors have sufficient time and attention to adequately perform their role.

Notwithstanding the above, the NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively, whilst taking into consideration the maximum number of listed company board representations each Director may hold. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors;
- Geographical location of Directors;
- Size and composition of the Board; and
- Nature and scope of the Group's operations and size.

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The NC takes into consideration the following measures and evaluation tools in its assessment of competing time commitments of Directors:

- Declarations by individual Directors of their other listed company board directorships and principal commitments;
- Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and
- Assessment of the individual Directors' performance based on the criteria set out in Section 5 of this report.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2017.

4.5

Alternate Directors

The Company does not have any alternate directors currently. Alternate directors may be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health and age related concerns as well as Management succession plans.

4.6

Board Nomination Process

The Board has adopted the following nomination process for the Company in the last financial year for selecting and appointing new directors and re-electing incumbent directors:

Process for the Selection and Appointment of New Directors:

- | | |
|---|---|
| 1. Determination of selection criteria | • The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge and gender to complement and strengthen the Board and increase its diversity. |
| 2. Search for suitable candidates | • The NC would consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations to source for a suitable candidate. |
| 3. Assessment of shortlisted candidates | • The NC would meet and interview the shortlisted candidates to assess their suitability. |
| 4. Appointment of director | • The NC would recommend the selected candidate to the Board for consideration and approval. |

Process for the Re-election of Incumbent Directors

1. Assessment of director
 - The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and
 - The NC would also consider the current needs of the Board.
2. Re-appointment of director
 - Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.

The Constitution requires that at least one-third of the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM. A retiring Director is eligible for re-election by the shareholders at the AGM. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

4.7

The NC has recommended to the Board that Mr Sin Boon Ann and Dr Christopher Atkinson, who are due to retire pursuant to the Constitution, be re-elected at the forthcoming AGM.

Mr Sin Boon Ann will, upon re-election as a Director, remain as an Independent Non-Executive Director, the Lead Independent Director, the Chairman of the NC and RC respectively and a member of the AC. He will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including family relationships) between Mr Sin Boon Ann and the other Directors, the Company and its ten per cent. (10%) shareholder. Further information on Mr Sin Boon Ann can be found on page 10 of the Annual Report.

Dr Christopher Atkinson will, upon re-election as a Director, remain as an Independent Non-Executive Director. There are no relationships (including family relationships) between Dr Christopher Atkinson and the other Directors, the Company and its ten per cent. (10%) shareholder. Further information on Dr Christopher Atkinson can be found on page 11 of the Annual Report.

The Constitution further provides that any Director appointed to fill a casual vacancy shall hold office only until the next AGM of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

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

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4.7

Directors' Key Information

Key information regarding the Directors, including their present and past three years' directorships in other listed companies and other principal commitments are set out below:

Name of Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Current Directorships in Other Listed Companies Current / Principal Commitments	Directorships in Other Listed Companies Over the Past Three Years
Dan Broström	Executive Chairman	11 January 2013	29 April 2016	NA	NA
Dr Karl Lidgren	Executive Director	1 May 2013	28 April 2017	NA	NA
Sin Boon Ann	Lead Independent Non-Executive Director	26 June 2013	29 April 2016	- HRnetGroup Limited - OUE Limited - CSE Global Limited	- OSIM International Pte. Ltd. - Courage Marine Group Limited - MFS Technology Ltd - Swee Hong Limited - Transcorp Holding Limited (f.k.a. Transview Holding Limited)
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director	26 June 2013	28 April 2017	NA	NA
Dr Christopher Atkinson	Independent Non-Executive Director	6 January 2015	30 April 2015	- Sonoro Energy Limited ⁽¹⁾	NA

⁽¹⁾ Listed on TSX Venture Exchange.

NA – Not Applicable

Further information on the Directors are set out on pages 9 to 11 of this Annual Report.

Board Performance

Principle 5

There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

5.1

Performance Criteria

5.2

5.3

The Board has established processes including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual directors. At the same time, the processes also identify weaker areas where improvements can be made. The Board and individual directors can direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual directors.

The NC has been tasked to evaluate the Board's performance covering areas that include, *inter alia*, size and composition of the Board, Board's access to information, Board processes, strategic planning and accountability.

The NC shall also review the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole. The Board is of the opinion that a separate assessment on the effectiveness of the Board Committees is not necessary as the Board Committees share common members.

The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.

For FY2017, the review process was as follows:

1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board based on criteria disclosed;
2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report;
3. The NC discussed the report and concluded the performance results during the NC meeting; and
4. Each individual Director was also requested to send a duly completed confidential individual director self-assessment checklist to the NC chairman for review.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of their individual performance.

The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork, and overall effectiveness.

The NC would review the aforementioned criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long-term shareholder value, and thereafter propose amendments if any, to the Board for approval. There has been no change in the assessment criteria for FY2017 as the assessment criteria for FY2016 was considered adequate for the aforementioned assessment.

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The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2017 and that the Board has met its performance objectives in FY2017. The evaluation process of the overall performance of the Board was conducted without an external facilitator in FY2017.

Access to Information

Principle 6

In order to fulfil their responsibilities, all directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

6.1

Provision of Information

6.2

All Directors are furnished on an on-going basis with complete, adequate and timely information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's Management. Information provided to the Board include board papers, copies of disclosure documents, budgets, forecasts, business strategies, risk analyses and assessments, internal financial statements and reports from the internal and external auditors. Most of the information distributed on electronic devices to the Board are encrypted for added cyber security. The Board has unrestricted access to the Company's records and information.

Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least one week prior to the meetings to allow sufficient time for the Directors' review.

The Board has separate and independent access to Management at all times. Management is available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or such information can also be provided by external consultants engaged on specific projects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.

Management will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Meetings with subsidiaries, partners and consultants through overseas trips are also arranged, whenever possible. Frequent information updates are provided by the Executive Chairman through emails, telephone conferences and informal meetings.

Management also keeps the Board apprised of regulatory updates and implications, as well as significant project updates.

6.3 ***Company Secretary***

6.4 The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:

- Ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules, are complied with;
- Assisting the Executive Chairman to ensure good information flow within the Board and its committees and Management;
- Attending and preparing minutes for all Board meetings;
- Assisting to ensure coordination and liaison between the Board, the Board Committees and Management, in its capacity as secretary to all other Board Committees; and
- Assisting the Executive Chairman, the Chairman of each Board Committee and Management in the development of the agenda for the various Board and Board Committee meetings.

The Directors have separate and independent access to the Company Secretary.

6.5 ***Independent Professional Advice***

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7 ***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No directors should be involved in deciding his own remuneration.***

7.1 ***Remuneration Committee***

7.2 To effect the best corporate governance, the Company has established an RC. The RC comprises three members, of which a majority including the chairman are independent:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Dan Broström	Member	Executive Chairman
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director

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The RC does not comprise solely of non-executive directors following the appointment of Mr Dan Broström, the Executive Chairman, as a member of the RC. Taking into account that the Executive Chairman would be able to provide relevant input and guidance to the RC, given his familiarity with the Group's activities as well as industry and market practices (including remuneration packages which are in line with the current market standards and commensurate with the respective job scope and responsibilities of executives) in jurisdictions where the Group operates, the NC had recommended his appointment to the Board. The Board opined that as the RC continued to have majority representation of independent directors, the independent directors collectively, would have the decisive vote in relation to executive remuneration matters. Furthermore, retaining an RC member who is in an executive position will not lead to a conflict of interest or impede the independence of the RC as no Director or member of the RC is allowed to participate in the deliberation, and has to abstain from voting on any resolution, relating to his own remuneration or that of employees related to him. Based on the foregoing, the Board had approved Mr Dan Broström's appointment as a member of the RC.

The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration packages for each Executive Director as well as for the key management personnel. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.

The RC is guided by key terms of reference as follows:

- (a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel;
- (b) Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and
- (c) In respect of such long-term incentive schemes (if any) including share schemes as may be implemented, to consider whether directors should be eligible for benefits under such long-term incentive schemes.

7.3

Remuneration Consultant

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard. The Company engaged an independent remuneration consultant, Mercer (Singapore) Pte Ltd ("**Mercer**"), to review remuneration matters for FY2016 including competitiveness and performance targets with respect to Directors and employees of the Company. For FY2017, the RC relied on the previous year's remuneration review by Mercer and the Company appointed an independent remuneration consultant, Robinson Consulting Pte Ltd ("**RCPL**"), to review remuneration matters for FY2017, to ensure that the Company's remuneration policy is in line with the prevailing market standards. Save for the aforementioned engagement, Mercer and RCPL do not have any relationship with the Company and its independence and objectivity are not affected.

Level and Mix of Remuneration

Principle 8

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) the CEO to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

8.1

Remuneration Structure

8.3

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The RC also seeks to ensure that the structure of remuneration packages for the Executive Chairman, the Executive Director and key management personnel are appropriate in linking rewards with performance and that is aligned with the interests of shareholders and promote the long-term success of the Group. The remuneration of the Independent Directors is also reviewed by the RC to ensure that the remuneration is commensurate with the contribution and responsibilities of the Independent Directors.

The Company had entered into a service agreement with the Executive Chairman, Mr Dan Broström, which became effective from 1 February 2014. The service agreements with key management personnel, namely, Mr Svein Kjellesvik and Mr Per Lind, commenced on 8 October 2015 and 27 November 2013 respectively. In connection with Mr Svein Kjellesvik becoming an employee of Lime Petroleum AS, serving as the company's Executive Chairman with effect from 1 June 2017, an addendum to Mr Svein Kjellesvik's service agreement was made with the effective date of 1 June 2017. An addendum to Mr Måns Lidgren's service agreement dated 1 August 2013 was made on 1 August 2015 while a service agreement, effective from 1 August 2015, was entered with Mr Kristofer Skantze. An addendum to Ms Mok Lai Siong's service agreement dated 1 August 2013 was made on 1 August 2016. A service agreement was entered into with Executive Director, Dr Karl Lidgren on 15 January 2015. The aforesaid service agreements shall collectively be referred to as "**Service Agreements**".

CORPORATE GOVERNANCE REPORT

Service agreements for new key management personnel are for an initial period of three (3) years with automatic renewal annually for such annual period thereafter unless otherwise agreed in writing between the Company and the executive or terminated in accordance with the terms of the service agreements. Where any of the initial period of the aforementioned Service Agreements have expired, those Service Agreements have been automatically renewed on an annual basis with no material amendments or modifications. There is no service contract with the Independent Directors and the term of their appointment is not fixed.

The Company will submit the quantum of Directors' fees of each financial year to the shareholders for approval at each AGM.

8.4

Contractual Provisions

The present Service Agreements do not include the contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company will consider to include this provision for future new service agreements and renewal of service agreements. However, the Company has included in the terms of the Rex International Performance Share Plan, to allow for the Company to cancel the share awards before the date of the vesting of the awards in the event of misconduct at its discretion. The Company has also included in the terms of the Rex International Employee Share Option Scheme, to allow for the share option committee to cancel unexercised options in the event of misconduct at its discretion.

Disclosure on Remuneration

Principle 9

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel and performance.

9.1

Directors' Remuneration

9.2

The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

The breakdown for the remuneration of the Directors and the CEO for FY2017 is as follows:

Name of Director/CEO	Salary S\$	Benefits S\$	Shares S\$	Bonus/ Commission S\$	Directors' Fee S\$	Total S\$
Måns Lidgren ⁽¹⁾	686,160	768,851	294,706	-	-	1,749,717
Dan Broström	443,000	55,007	-	-	161,045	659,052
Dr Karl Lidgren	514,359	-	-	157,811	72,730	744,900
Muhammad Sameer Yousuf Khan	-	-	-	-	129,875	129,875
Sin Boon Ann	-	-	-	-	145,460	145,460
Dr Christopher Atkinson	-	-	-	-	62,340	62,340

Note:

⁽¹⁾ Måns Lidgren is the CEO of the Company but he does not sit on the board of Directors. His remuneration is paid indirectly from various Group companies.

Directors have remuneration packages consisting of basic retainer fees as directors and attendance fees, with additional fees for attendance and serving on Board Committees.

Remuneration to executive directors includes in part the aforementioned components of directorship, and in part compensation to reflect the additional responsibilities to execute strategic plans of the Group.

The breakdown of directors' fees for FY2017 paid to the respective Directors is as follows:

Name of Director	Board S\$	AC S\$	RC S\$	NC S\$	Others S\$	Total S\$
Dan Broström	124,680	20,780	15,585	-	-	161,045
Dr Karl Lidgren	62,340	-	-	10,390	-	72,730
Muhammad Sameer Yousuf Khan	62,340	41,560	15,585	10,390	-	129,875
Sin Boon Ann	62,340	20,780	31,170	20,780	10,390	145,460
Dr Christopher Atkinson	62,340	-	-	-	-	62,340

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the Directors and the CEO in FY2017.

CORPORATE GOVERNANCE REPORT

9.3

Key Management Personnel's Remuneration

In the interest of maintaining good morale and a strong spirit of teamwork within the Company, the breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2017 is disclosed in bands of S\$250,000 as follows:

Name of Key Management Personnel	Salary %	Benefits %	Shares %	Bonus %	Total %
S\$750,000 to S\$1,000,000					
Per Lind	53	8	35	4	100
S\$500,000 to S\$750,000					
Kristofer Skantze*	48	15	33	4	100
S\$250,000 to S\$500,000					
Svein Kjellesvik#	100	-	-	-	100
Mok Lai Siong	59	1	36	4	100

Note: The Company has a total of four key management personnel.

* Remuneration is paid indirectly from various Group companies.

Mr Svein Kjellesvik became a full-time direct employee of Lime Petroleum AS, serving as the company's Executive Chairman with effect from 1 June 2017.

The annual aggregate remuneration paid to the four key management personnel of the Company (excluding the CEO) for FY2017 was S\$2,204,926.

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the top four key management personnel in FY2017.

9.4

Parties Related to a Director or the CEO

The CEO, Mr Måns Lidgren, is the son of the Executive Director, Dr Karl Lidgren. The details of the remuneration to the CEO is disclosed in the table on Directors' and CEO's Remuneration.

Mr Hans Lidgren, an executive of Rex Technology Management Ltd, is the brother of the Executive Director, Dr Karl Lidgren and the uncle of Mr Måns Lidgren, the CEO. Mr Hans Lidgren's remuneration for FY2017 was in the band of S\$350,000 to S\$400,000.

Mrs Lina Berntsen, Chief Technology Officer, is the daughter of Mr Hans Lidgren, the niece of Dr Karl Lidgren and cousin of Mr Måns Lidgren. Mrs Lina Berntsen's remuneration for FY2017 was in the band of S\$150,000 to S\$200,000.

Mr Martin Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management, is the son of Dr Karl Lidgren and the brother of Mr Måns Lidgren. Mr Martin Lidgren's remuneration for FY2017 was in the band of S\$150,000 to S\$200,000.

Mr Magnus Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management, is the brother of Dr Karl Lidgren and the uncle of Mr Måns Lidgren. Mr Magnus Lidgren's remuneration for FY2017 was in the band of S\$150,000 to S\$200,000.

Mr Måns Lidgren, Mr Hans Lidgren, Mrs Lina Berntsen, Mr Martin Lidgren and Mr Magnus Lidgren had also been granted share awards under the Rex International Performance Share Plan during FY2017, details of which are set out in Section 9.5 below.

Save for the aforementioned, there is no other employee of the Company who is an immediate family member of a Director and/or the CEO, whose remuneration exceeded S\$50,000 during FY2017.

9.5

Employee Share Scheme

Rex International Employee Share Option Scheme ("ESOS")

The Company has an ESOS which was approved and adopted by the members of the Company at an Extraordinary General Meeting ("**EGM**") on 24 June 2013. The ESOS is designed to reward valuable and outstanding employees or Non-Executive Directors (including Independent Directors), and incentivise them to continue contributing to the long-term growth and success of the Group.

The ESOS allows for participation by employees or Non-Executive Directors (including Independent Directors) of the Group who have attained the age of 21 years and above on or before the date of grant of the option, provided that none of them is a discharged bankrupt. Controlling shareholders and their associates are not eligible to participate in the ESOS.

The ESOS is administered by the RC in consultation with the CEO. Please refer to Guideline 7.1 for the members of the RC. The total number of new shares over which options may be granted pursuant to the ESOS, when added to the number of shares issued and issuable in respect of all options granted under the ESOS and all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15 per cent of the number of all issued Shares of the Company (excluding treasury shares), on the day preceding the date of the relevant grant.

Other salient information regarding the ESOS is set out below:

Exercise price of options

The exercise price of options shall be determined at the discretion of the RC on the date which the options are granted and may be set at:

- a price equal to the average of the last dealt prices for the Company's shares on SGX-ST over the five consecutive trading days immediately preceding the date that option was granted, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices (the "**Market Price**"); or
- a discount to the Market Price not exceeding 20 per cent of the Market Price (or such other percentage or amount as may be determined by the RC) in respect of options granted at the time of grant, provided that shareholders in general meeting have authorised, in a separate resolution, the making of offers and grants of options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

CORPORATE GOVERNANCE REPORT

For the options granted with exercise price set at Market Price, they can be exercised one year from the date of the grant and will expire five years from the date of the grant.

For the options granted with exercise price set at a discount to Market Price, they can be exercised two years from the date of the grant and will expire five years from the date of the grant.

Duration of the ESOS

The ESOS shall be in force for a maximum of 10 years from the date on which the ESOS was adopted. Upon obtaining the approval of shareholders by ordinary resolution in a general meeting and of any relevant authority which may be required, the ESOS may continue beyond 10 years from the date it was adopted.

At the end of the financial year, details of the options granted under the ESOS on the unissued ordinary shares of the Company, are as follows:

Date of Grant of Options	Exercise Price of Options	Options Outstanding at 1 Jan 2017	Options Granted during FY2017	Options Exercised during FY2017	Options Forfeited /Expired during FY2017	Options Outstanding as at 31 Dec 2017	Number of Option Holders as at 31 Dec 2017	Exercise Period
29 Nov 2013	S\$ 0.65 ⁽¹⁾	2,025,000	-	-	(500,000)	1,525,000	7	29 Nov 2014 – 28 Nov 2018
29 Nov 2013	S\$ 0.52 ⁽²⁾	1,012,500	-	-	(250,000)	762,500	7	29 Nov 2015 – 28 Nov 2018
		3,037,500	-	-	(750,000)	2,287,500		

⁽¹⁾ Market Price

⁽²⁾ 20 per cent discount to the Market Price

Details of options granted to directors of the Company under the ESOS are as follows:

Name of Director	Options Granted during FY2017	Aggregate Options Granted Since Commencement of ESOS to 31 Dec 2017	Aggregate Options Exercised Since Commencement of ESOS to 31 Dec 2017	Aggregate Options Outstanding as at 31 Dec 2017
Muhammad Sameer Yousuf Khan	-	375,000 ⁽¹⁾	-	375,000
Sin Boon Ann	-	375,000 ⁽¹⁾	-	375,000
Total	-	750,000	-	750,000

⁽¹⁾ Comprising 250,000 options with exercise price set at Market Price and 125,000 options with exercise price set at a 20 per cent discount to Market Price.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

No options were granted by Company during FY2017.

There were no participants who received options comprising Shares representing five per cent or more of the aggregate of the total number of new Shares available under the ESOS. Controlling shareholders and their associates and the directors and employees of the Company's parent company and its subsidiaries are not eligible participants of the ESOS.

As at 31 December 2017, all options granted have yet to be exercised. Further details on the ESOS were set out in the Company's Offer Document dated 22 July 2013.

Rex International Performance Share Plan

The Company has a performance share plan under the Rex International Performance Share Plan (the "**Plan**") which was adopted by the Company on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 30 April 2014. The objective of the Plan is to promote higher performance goals and recognise the achievements of employees or Non-Executive Directors (including Independent Directors) ("**Participants**") by motivating and aligning their interests to the Group's pre-determined goals. The Plan is administered by the RC in consultation with the CEO. Please refer to Guideline 7.1 for members of the RC.

The Plan contemplates the award of fully-paid Shares ("**Awards**"), free of charge, to Participants after certain pre-determined benchmarks have been met. Awards granted under the Plan may be time-based or performance-related. Performance targets set are based on short to medium-term corporate objectives including market competitiveness, quality of returns, business growth and productivity growth. These performance targets include targets set based on criteria such as shareholders' return, return on equity and earnings per share.

No minimum vesting periods are prescribed under the Plan for Awards and the length of the vesting period in respect of each Award will be determined on a case-by-case basis by the RC.

Vesting of Awards Granted

On 31 January 2017 and 3 May 2017, the Company issued and allotted 10,719,024 and 5,170,264 new ordinary shares in the Company pursuant to the vesting of the Awards granted to eligible participants and to Mr Måns Lidgren, an associate of a controlling shareholder of the Company, respectively, based on the achievement of pre-determined performance goals set for the financial year ended 31 December 2016 and the satisfactory completion of time-based service conditions under the Plan.

CORPORATE GOVERNANCE REPORT

Grant of Awards in FY2017

On 28 April 2017, the Company granted Awards of up to 161,459,064 shares in the capital of the Company pursuant to the Plan to eligible participants. Depending on the achievement of pre-determined targets over a two-year performance period, the actual number of shares to be delivered pursuant to the Awards granted could range from 0% to 100% of the number of shares which are the subject of the Awards granted. Out of the 161,459,064 shares which are the subject of the Awards granted on 28 April 2017, 96,011,464 were granted to Directors and controlling shareholders or their associates, which was approved by the shareholders at the Company's annual general meeting held on 28 April 2017.

Details of the Awards granted in FY2017 are as follows:

Date of Grant	Number of Shares which are the Subject of Awards Granted as at 1 Jan 2017	Number of Shares which are the Subject of Awards Granted during FY2017	Number of Shares which are the Subject of Awards which had Lapsed/were Cancelled during FY2017	Number of Shares which are the Subject of Awards Granted which were Vested during FY2017	Number of Shares which are the Subject of Awards Granted as at 31 Dec 2017	Number of Holders
3 Mar 2016	10,719,024	-	-	(10,719,024) ⁽¹⁾	-	-
29 Apr 2016	11,407,100	-	-	-	11,407,100	4
28 Apr 2017	-	5,170,264 ⁽²⁾	-	(5,170,264) ⁽²⁾	-	-
28 Apr 2017	-	156,288,800 ⁽³⁾	-	-	156,288,800	18

⁽¹⁾ The Company had on 31 January 2017 issued and allotted 10,719,024 new Shares pursuant to the partial vesting of the Awards which were granted to eligible participants on 3 March 2016 based on the achievement of pre-determined performance goals set for the financial year ended 31 December 2016 and the satisfactory completion of time-based service conditions under the Plan. The RC which administers the Plan had determined that the Awards shall be partially vested, taking into consideration the Company's performance in FY2016, a difficult year.

⁽²⁾ On 3 May 2017, the Company issued and allotted 5,170,264 new ordinary shares in the Company, pursuant to the share award granted on 28 April 2017 to Mr Måns Lidgren, the CEO of the Company and an associate of a controlling shareholder of the Company, in respect of his performance in the financial year ended 31 December 2016. Please refer to the Company's announcement dated 3 May 2017.

⁽³⁾ The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of five (5) market days in which transactions in the shares were recorded, at any time within a two-year period from the date of grant of the Awards ("**Average Performance Market Price**"). If the Average Performance Market Price is S\$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S\$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the Plan. Please refer to the Company's announcement dated 28 April 2017.

Details of the Awards granted to participants who are directors, controlling shareholders or associates of the controlling shareholders and participants who received more than five per cent of the total grants available in FY2017 are as follows:

Name of Participant	Awards Granted for Financial Year Ended 31 Dec 2017 ⁽¹¹⁾	Aggregate Awards Granted since Commencement of the Plan to 31 Dec 2017	Aggregate Awards Released since Commencement of the Plan to 31 Dec 2017	Aggregate Awards Outstanding as at 31 Dec 2017
Directors				
Dan Broström ⁽¹⁾	16,248,200	16,248,200	–	16,248,200
Dr Karl Lidgren ⁽²⁾	16,358,400	16,358,400	–	16,358,400
Muhammad Sameer Yousuf Khan ⁽³⁾	2,600,000	2,600,000	–	2,600,000
Sin Boon Ann ⁽⁴⁾	3,000,000	3,000,000	–	3,000,000
Dr Christopher Atkinson ⁽⁵⁾	1,400,000	1,400,000	–	1,400,000
Controlling Shareholders or Associates of the Controlling Shareholders				
Måns Lidgren ⁽⁶⁾	36,113,600	45,185,064	(6,331,864)	38,853,200
Lina Bernsten ⁽⁷⁾	3,373,400	5,124,100	–	5,124,100
Martin Lidgren ⁽⁸⁾	3,373,400	4,249,800	–	4,249,800
Magnus Lidgren ⁽⁹⁾	3,373,400	4,249,800	–	4,249,800
Hans Lidgren ⁽¹⁰⁾	10,164,800	10,164,800	–	10,164,800
Participants who received more than 5% of the total grants available				
Svein Kjellesvik	15,552,000	15,552,000	–	15,552,000
Per Lind	17,086,200	21,696,566	(4,610,366)	17,086,200
Kristofer Skantze	13,995,600	17,713,604	(3,718,004)	13,995,600
Mok Lai Siong	11,639,000	14,615,032	(2,976,032)	11,639,000

⁽¹⁾ Mr Dan Broström is the Chairman and Executive Director of the Company.

⁽²⁾ Dr Karl Lidgren is the Executive Director and a controlling shareholder of the Company.

⁽³⁾ Mr Muhammad Sameer Yousuf Khan is an Independent Non-Executive Director of the Company.

⁽⁴⁾ Mr Sin Boon Ann is an Independent Non-Executive Director of the Company.

⁽⁵⁾ Dr Christopher Atkinson is an Independent Non-Executive Director of the Company.

⁽⁶⁾ Mr Måns Lidgren (the CEO of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

⁽⁷⁾ Ms Lina Bernsten (the Group's Chief Technology Officer) is an associate of Mr Hans Lidgren, a controlling shareholder of the Company.

⁽⁸⁾ Mr Martin Lidgren (key employee of Equus Consulting AB, a wholly-owned subsidiary of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

⁽⁹⁾ Mr Magnus Lidgren (key employee of Equus Consulting AB, a wholly-owned subsidiary of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

⁽¹⁰⁾ Mr Hans Lidgren (Executive Director of Rex Technology Management Ltd) is a controlling shareholder of the Company.

CORPORATE GOVERNANCE REPORT

⁽¹¹⁾ The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of five (5) market days in which transactions in the shares were recorded, at any time within a two-year period from the date of grant of the Awards ("**Average Performance Market Price**"). If the Average Performance Market Price is S\$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S\$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the Plan.

Directors and employees of the Company's parent company and its subsidiaries are not eligible participants of the Plan.

The number of shares which are the subject of Awards granted to each holder ranges from 1,035,200 to 30,943,600. The closing market prices of the Company's shares on 28 April 2017 was S\$0.057 per share.

The vesting and release of the Awards granted to eligible participants under the Plan are based on pre-determined performance goals and conditional on the satisfactory completion of time-based service conditions.

Further details on the Plan were set out in the Company's Circular dated 30 March 2017.

9.6

Performance Criteria for Remuneration

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2017. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The Company's Executive Directors and key management personnel have been assessed against performance targets set based on the average of the Company's closing market prices of shares over a consecutive period of five market days in which transaction of the shares were recorded over a set time period.

The remuneration of the Executive Chairman includes a per hour rate with a cap and a variable performance related bonus, which is designed to align the interests of the Executive Chairman with those of shareholders.

The Independent Non-Executive Directors receive Directors' fees based on their responsibilities, effort and time spent. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the Annual General Meeting.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10 *The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

10.1 ***Assessment of Company's Performance, Position and Prospects***

10.2 The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Catalist Rules.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within regulatory prescribed periods.

Management provides the Board with updates covering operational performance, financial results, marketing and business development and other relevant information on a regular basis as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

The Board also acknowledges its responsibility in relation to the preparation of the financial statements of the Group. The Board ensures that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

All material information are released in a timely manner through various media, including announcements and press releases posted on the Company's website and disclosure via SGXNet.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in "**The Independent Auditor's Report**" section on pages 87 to 91 of this Annual Report.

10.3 ***Monthly Reporting to Board***

Management does not provide all members of the Board with management accounts and such explanation and information on a monthly basis. Instead, quarterly financial statements are presented to the Directors and the Board is always informed of all investments on a regular basis. The Board is of the opinion that sufficient information is provided to the Board with the current level of Group activities and will review when there are any changes to the level of the Group's activities.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

Principle 11 *The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objective.*

11.1 *Risk Management and Internal Controls*

11.2 The Board, with the assistance from the AC and the Risk Management Committee ("**RMC**"), is responsible for risk governance and ensuring that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets. The Board appreciates that risk management is an on-going process in which Management continuously participates to evaluate, monitor and report to the Board and the AC on significant risks. The RMC was formed in October 2013. The current RMC consists of the following members: Mr Per Lind (CFO), Mr Svein Kjellesvik (COO) and Ms Lixian Wu (Financial Controller).

Since FY2013, the Company engaged an independent third party, KPMG Services Pte. Ltd. ("**KPMG**") to develop and establish a Board Assurance Framework ("**BAF**"). The BAF, which includes an enterprise risk management framework, was utilised by the Company to identify and manage the significant and material risks it faces, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans being taken to mitigate those risks. The risks identified include strategic, financial, operational, compliance and information technology risks. The Company has also defined and documented clear roles and responsibilities for the Board and Management in risk mitigation, monitoring and reporting.

The Company has established risk appetite statements with tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels. These appetite statements have been reviewed and approved by the Board and will be monitored on a quarterly basis.

The Company has appointed an independent third party, Ernst and Young Advisory Pte Ltd ("**EY**") as the Internal Auditors ("**IA**") to perform internal audit reviews and highlight all significant matters to Management and the AC.

11.3 *Adequacy and Effectiveness of Internal Controls*

The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2017.

The bases for the Board's view are as follows:

1. Assurance has been received from the CEO and the CFO;
2. An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;
3. Management regularly evaluates, monitors and reports to the AC and the RMC on material risks;

4. Discussions were held between the AC and auditors in the absence of the Management to review and address any potential concerns;
5. An enterprise risk management framework was in place to identify, manage and mitigate significant risks; and
6. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a quarterly basis.

The AC is responsible for making the necessary recommendations to the Board regarding the adequacy and effectiveness of the risk management and internal control systems of the Company. In this regard, the AC is assisted by the enterprise risk reports from the RMC.

The Board has obtained the following assurance from the CEO and the CFO in respect of FY2017:

- i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- ii) the Company's risk management and internal control systems are effective.

The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

The Board has additionally relied on the IA's reports in respect of the BAF issued to the Company since FY2013 as assurances that the Company's risk management and internal control systems are effective. The IA's scope of work includes conducting risk assessments to identify the risk categories and major risk areas of the Company's subsidiaries; developing a risk-based internal audit plan based on the risk assessment results; and conducting a detailed process for audit programmes for the internal audit. The IA also performs analytics and fieldwork for areas in the scope of work for the audit period and discusses the findings with Management, which are then incorporated into the final report that is presented to the AC in a timely manner.

In relation to sustainability, the Group, as a young company, aspires to do good in the communities it operates in, be it to have minimal impact on the environment in its operations, or in helping the underprivileged. Please refer to the Sustainability section on pages 33 to 40 of this Annual Report for more details.

Audit Committee

Principle 12 *The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.*

12.1 **Audit Committee**

12.4 The Company has established the AC comprising the following three members, the majority of whom, including the Chairman, are Independent Non-Executive Directors:

Muhammad Sameer Yousuf Khan	Chairman	Independent Non-Executive Director
Dan Broström	Member	Executive Chairman
Sin Boon Ann	Member	Lead Independent Non-Executive Director

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However, not all of the members of the AC are non-executive directors. Dan Broström, the Executive Chairman, is a member of the AC. Taking into account that he would be able to provide relevant input and guidance to the AC, given his familiarity with the Group's activities as well as industry and market practices in jurisdictions where the Group operates, the NC had recommended his appointment to the Board. The Board had then approved his appointment as a member of the AC. Further, the Board is of the opinion that the AC continues to have majority representation of independent directors, and the independent directors collectively, would have the decisive vote in relation to proposals made by the Management. The AC (excluding Mr Dan Broström) meets with the external and internal auditors without the presence of Management at least once a year, to, *inter alia*, ascertain if there are any material weaknesses or control deficiency in the Group's financial reporting and operational systems. Mr Dan Broström, being an executive director, has been excluded from the aforesaid meetings to ensure that the AC remains a platform for external and internal auditors to provide their independent opinions without the influence of Management. This arrangement is essential to ensure that the presence of an executive director on the AC will not lead to any conflict of interest or impede the independence of the AC.

The remaining members of the AC are independent and non-executive directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company.

None of the AC members were previous partners or directors of the existing external auditing firm within the previous 12 months and none of the AC members hold any financial interest in the external auditing firm.

The AC is guided by the following key terms of reference:

- (a) Assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;
- (b) Reviewing, with the Company's IA and External Auditors ("EA"), the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management's response, and results of the audits compiled by the IA and EA;
- (c) Reviewing the quarterly financial statements and results announcements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- (d) Reviewing the effectiveness and adequacy of the Group's internal control and procedures, including accounting and financial controls and procedures and ensure co-ordination between the IA, the EA and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);
- (e) Reviewing the scope and results of the external audit, and the independence and objectivity of the EA;
- (f) Reviewing and discussing with the EA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;
- (g) Making recommendations to the Board of Directors on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;

- (h) Reviewing significant financial reporting issues and judgments with the CFO and the EA so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors;
- (i) Reviewing and reporting to the Board of Directors at least annually the adequacy and effectiveness of the Group's material internal controls including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
- (j) Reviewing and approving transactions falling within the scope of Chapters 9 and 10 of the Catalyst Rules (if any);
- (k) Reviewing any potential conflicts of interest;
- (l) Reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
- (m) Undertaking such other reviews and projects as may be requested by the Board of Directors and reporting to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC;
- (n) Reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group, including the oversight of whistleblowing; and
- (o) Generally undertaking such other functions and duties as may be required by statute or the Catalyst Rules, and by such amendments made thereto from time to time.

12.2

Qualifications of Audit Committee

The Board is of the view that the AC chairman and members are appropriately qualified, with the necessary accounting, financial advisory, business management, corporate and finance, investment and corporate legal expertise and experience to discharge the AC's functions. The AC chairman, having more than 40 years of experience in the fields of accounting, business and financial advisory, is well qualified to chair the AC.

12.3

Authority of Audit Committee

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC will abstain from participating in the deliberations of and voting in respect of matters in which he is interested.

The AC has the power to conduct or authorise investigations into any matters within the AC's terms of reference. The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC is authorised to obtain independent professional advice as it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

CORPORATE GOVERNANCE REPORT

12.5 *Meeting between Audit Committee and Auditors*

The AC has met with the IA and the EA once in the absence of Management in FY2017.

12.6 *Independence of External Auditor*

The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.

<i>Fees Paid / Payable to the EA for FY2017</i>		
	S\$	% of total
Audit fees	232,020	87
Non-audit fees		
- Tax advice advisory	9,300	4
- Enterprise risk management	24,000	9
Total	265,320	100

Notwithstanding the volume of non-audit services rendered to the Company, the AC is satisfied that the EA remains independent after considering the following:

- that all relationships and/or arrangements between the audit firm and the Company that may reasonably be thought to affect the EA's objectivity and as disclosed by the audit engagement partner did not impair the independence and objectivity of the EA; and
- the audit engagement partner has confirmed that, in his professional judgment, the audit firm is independent.

The AC also periodically receives updates on changes in accounting standards and treatment prepared by the EA.

There is no disagreement between the Board and the AC regarding the selection, appointment, resignation or dismissal of the EA.

12.7 *Whistle-blowing Policy*

The Company has in place a whistle-blowing policy. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting to the AC a whistle-blowing report to whistleblowing@rexih.com, as stated on the Company's webpage <http://www.rexih.com/investor-relations.html>.

The AC has ensured that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The details of the policy have been disseminated and made available to all parties concerned in the Company's code of conduct.

12.8

Audit Committee Activities

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2017 in the discharge of its functions and duties including the deliberation and review of:

- the unaudited quarterly financial results of the Group and announcements prior to submission to the Board for approval and release on the SGXNet;
- the internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit;
- the EA's report in relation to audit and accounting issues arising from the audit;
- the system of risk management and internal controls;
- the full year financial results of the Group and related announcements prior to submission to the Board of Directors for consideration and approval;
- the external audit and internal audit fees for FY2017 and recommendation to the Board for approval;
- the independence and re-appointment of the EA and recommendation to the Board for approval; and
- interested person transactions falling within scope of Chapters 9 and 10 of the Catalist Rules and any potential conflicts of interests.

Internal Audit

Principle 13

The Company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

13.1-5

Internal Audit

The Company's IA function is outsourced to Ernst & Young Advisory Pte Ltd ("**EY**") that reports directly to the AC and administratively to the CEO. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the external auditors and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.

The AC is satisfied that EY is able to discharge its duties effectively as it:

- is adequately qualified, given that the partner/head of the internal audit and staff assigned to the internal audit of the Company are members of the Institute of Internal Auditors and it adheres to standards set by internationally recognised professional bodies;
- is adequately resourced with the Company's internal audit, led by Mr Philip Ng, who has more than 20 years of relevant, diverse audit experience; and
- has the appropriate standing in the Company, given, *inter alia*, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

CORPORATE GOVERNANCE REPORT

The primary functions of the IA are to:

- (a) assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;
- (b) conduct regular in-depth audits of high-risk areas; and
- (c) identify and recommend improvement to internal control procedures, where required.

The AC has reviewed the report submitted by EY on internal procedures, the EA's report and the internal controls in place, and is satisfied that there are adequate internal controls in the Company.

The AC meets with the IA without the presence of the Management at least once a year, and this has been done in FY2017.

The AC will review on an annual basis the adequacy and effectiveness of the IA function.

The AC has reviewed and is of the view that the IA function is adequate and effective in FY2017.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14 *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangement.*

14.1 **Shareholder Rights**

14.3 The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangement.

The Company is committed to making timely, full and accurate disclosure to the shareholders and the public. All information on the Company's new initiatives which would be likely to materially affect the price or value of the Company's shares will be promptly disseminated via SGXNet to ensure fair communication with shareholders.

With effect from 3 January 2016, the Companies Act provides that a relevant intermediary (as defined in Section 181 of the Companies Act) (such as a corporation, person or the Central Provident Fund Board that provide nominee or custodial services) may appoint more than two proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting. The Constitution of the Company allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint not more than two proxies to attend and vote at its general meetings.

Communication with Shareholders

Principle 15 *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

15.2-4

Communication with Shareholders

The Company solicits feedback from and addresses the concerns of shareholders via the following:

- One-on-one and group meetings;
- Investor/analyst briefings;
- Conferences and roadshows;
- Annual General Meetings and Extraordinary General Meetings; and
- Email correspondence.

In 2017, the Company issued more than 30 announcements and press releases and conducted one-on-one and group meetings, as well as conference calls, with local and foreign investors or analysts, as well as with the media.

Apart from the SGXNet announcements and its Annual Report, the Company updates shareholders on its corporate developments through its corporate website at <http://www.rexih.com> and its investor relations webpage at <http://www.rexih.com/investor-relations.html>.

The Company has in place an Investor Relations policy which is executed by a dedicated investor relations team to facilitate communications with shareholders.

15.5

Dividend Policy

The Company does not have a fixed dividend policy. Nonetheless, Management will review, *inter alia*, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.

The Board has not declared or recommended dividends for FY2017, as the Company was not profitable in FY2017.

CORPORATE GOVERNANCE REPORT

Conduct of Shareholder Meetings

Principle 16 *Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.*

16.1-5

Conduct of Shareholder Meetings

Shareholders are encouraged to attend the AGM/EGM to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the General Meetings will be advertised in newspapers and announced on SGXNet

The Company's Constitution allows for abstentia voting (including but not limited to the voting by mail, electronic mail or facsimile). A shareholder is entitled to attend and vote or to appoint not more than two proxies who need not be a shareholder of the Company, to attend and vote at the meetings on his behalf.

An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meeting of shareholders. The Company ensures that shareholders are given the opportunity to participate effectively in and vote at general meetings.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless in cases of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

All minutes of general meetings including the questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to shareholders upon their request within one month after the general meeting.

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNet after the conclusion of the general meeting. Electronic poll voting has been adopted since 2017 so as to better reflect shareholders' interest and ensure greater transparency. Votes cast for and against each resolution will be tallied and displayed live-on-screen to shareholders immediately at the meeting.

COMPLIANCE WITH APPLICABLE CATALIST RULES

Appointment of Auditors

The Company confirms its compliance to the Catalist Rules 712 and 715. Significant foreign subsidiaries are audited by KPMG LLP, Singapore for consolidation purpose, and other member firms of KPMG International. Other foreign subsidiaries are registered BVI companies that have no operational activities in FY2017.

1204(8)

Material Contracts

There were no material contracts entered into by the Group involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2016.

1204(10)

Confirmation of Adequacy of Internal Controls

The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment based on the following:

- Assurance has been received from the CEO and CFO;
- An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;
- Management regularly evaluates, monitors and reports to the AC and the RMC on material risks;
- Discussions were held between the AC and the auditors in the absence of the Management to review and address any potential concerns;
- An enterprise risk management framework is in place to identify, manage and mitigate significant risks; and
- Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a quarterly basis.

1204(17)

Interested Persons Transaction ("IPT")

There were no IPTs with value of more than S\$100,000 transacted during FY2017. The Company does not have an IPT Mandate.

The Company has adopted an internal policy in respect of any transactions with an interested person (as defined in the Catalist Rules) and has established procedures for the review and approval of all IPTs entered into by the Group. The AC reviews the rationale and terms of the Group's IPTs, with the view that the IPTs should be on normal commercial terms, at arm's length basis and are not prejudicial to the interests of the Company's minority shareholders.

As part of the Company's policy, Directors are required to disclose to the Board all actual and potential conflicts of interest. A Director shall recuse himself or herself from discussions and abstain from voting on resolutions regarding any contract, arrangement or any other transaction in which he or she has any personal material interest, directly or indirectly.

CORPORATE GOVERNANCE REPORT

1204(19) *Dealing in Securities*

The Company and its subsidiaries have adopted an internal policy which prohibits the Directors and officers (including employees) from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers (including employees) of the Company and its subsidiaries are also discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the relevant results.

1204(21) *Non-sponsor Fees*

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2017.

1204(22) *Use of Proceeds Raised from Placement Exercise*

The Company had on 6 November 2013, completed a placement of 70 million new ordinary shares at an issue price of S\$0.755 per share (the "**2013 Placement**"), raising net proceeds of S\$50.87 million (after deducting placement expenses of S\$1.98 million).

The utilisation of proceeds from the Company's 2013 Placement exercise as at the date of this announcement is as follows:

Use of Proceeds	Amount Allocated S\$'000	Amount Redeployed S\$'000	Amount Utilised S\$'000	Balance S\$'000
Exploration and drilling activities in new opportunities in the Asia-Pacific region	17,856	(17,856) ⁽¹⁾⁽²⁾	-	-
Exploration and drilling activities in new opportunities in geographical regions including the Middle East, Norway and Western Europe	16,787	(6,268) ⁽⁵⁾	(10,519)	-
Invest in and expand the business in the oil services sector using well stimulation technology	16,228	(100) ⁽⁴⁾	(16,128)	-
Share buyback mandate	-	5,960 ⁽¹⁾	-	5,960
General working capital	-	13,264 ⁽²⁾⁽³⁾⁽⁴⁾	(13,264) ⁽⁵⁾	-
Total	50,871	(5,000)	(39,911)	5,960

Footnotes:

- ⁽¹⁾ The provisional amount of S\$5.96 million which was redeployed was equivalent to 50% of the illustrated maximum amount of funds required for market purchases as disclosed in Section 2.9(c) of the circular to shareholders in relation to the proposed adoption of the share buyback mandate dated 1 October 2015.
- ⁽²⁾ S\$6.90 million and S\$5.00 million were redeployed to general working capital and further field development in Oman respectively due to fewer opportunities in the Asia Pacific region.
- ⁽³⁾ S\$6.27 million was redeployed to general working capital due to fewer opportunities in the Western Europe region.
- ⁽⁴⁾ S\$0.10 million was redeployed to general working capital as no further funds will be used for the investment in the oil services sector.
- ⁽⁵⁾ S\$13.26 million was used for Singapore's office staff cost and operational expenses, consultancy and professional fees.