

KOON HOLDINGS LIMITED

(Company Registration No. 200303284M)
(Incorporated in the Republic of Singapore)

BOARD OF DIRECTORS

TERMS OF REFERENCE

1. INTRODUCTION

- 1.1. The purpose of these Terms of Reference is to specify how the Company is governed so as to promote the Company and protect the interests of shareholders.
- 1.2. The Board is responsible for the corporate governance of the Company. These Terms of Reference set out the roles and responsibilities of the Board, which responsibilities are delegated to committees of the Board or to management, the framework for the operation of the Board as well as the membership of the Board.

2. ROLE AND RESPONSIBILITIES OF THE BOARD

2.1. Role

- 2.1.1. The role of the Board is to provide overall strategic guidance for the Company and effective oversight of management. The Board ensures that the activities of the Company comply with its Constitution, from which the Board derives its authority to act, and with legal and regulatory requirements.
- 2.1.2. To achieve this role, the Board has reserved to itself the following specific responsibilities.

2.2. Strategy

The Board is responsible for:

- (a) overseeing the development of the Company' corporate strategy through engagement with senior executives;
- (b) reviewing and approving strategic and financial plans and performance objectives of the Company consistent with the corporate strategy, and reviewing the assumptions and rationale underlying the strategic plans and performance objectives; and
- (c) monitoring the implementation of the strategy plans.

2.3. Oversight of Management

The Board is responsible for:

- (a) the appointment and if appropriate, the removal of the Chief Executive Officer (if any), Managing Director, the Chief Financial Officer and the Company Secretary;
- (b) approving succession plans for key individuals;

- (c) monitoring senior executives' performance and implementation of strategy against measurable and qualitative indicators, encouraging enhanced effectiveness and ensuring that appropriate resources are available;
- (d) approving senior executive remuneration policies and practices;
- (e) approving the level of delegated authority to the Chief Executive Officer or the Managing Director (as the case may be);
- (f) providing advice and counsel to management; and
- (g) ensuring that the senior executives supply the Board with information that will help the Board discharge its duties.

2.4. Shareholders

The Board is responsible for:

- (a) promoting effective communication with shareholders, including convening shareholders' meetings, listening and responding to shareholders views of management and of the Company; and
- (b) reporting to shareholders and compliance with relevant regulatory requirements.

2.5. Other Stakeholders

The Board is responsible for:

- (a) establishing and monitoring policies governing the Company' relationship with other stakeholders and the broader community; and
- (b) establishing and maintaining environmental, employment and occupational, health and safety policies and other regulatory and statutory requirements.

2.6. Ethics and Responsible Decision-Making

The Board is responsible for:

- (a) actively promoting ethical and responsible decision-making;
- (b) establishing and maintaining a code of conduct to guide its Director and management in the practices necessary to maintain confidence in the Company' integrity; and
- (c) the system of accountability for unethical practices.

2.7. Oversight of Financial Management and Capital Management

The Board is responsible for:

- (a) ensuring the integrity of the Company's financial reporting;

- (b) reviewing and approving annual and half-yearly financial reports;
- (c) approving the annual financial budget of the Company;
- (d) monitoring financial results on an ongoing basis;
- (e) establishing and overseeing the Company's accounting and financial management systems;
- (f) considering removal or replacement of the external and internal auditors;
- (g) reviewing, approving and monitoring the progress of major capital expenditure, capital management, major acquisitions and divestitures and material commitments;
- (h) approving decisions affecting the capital of the Company, including capital structure or restructure and major financing arrangements; and
- (i) determining the dividend policy of the Company and determining the details for payment of dividends.

2.8. **Compliance and Risk Management**

The Board is responsible for:

- (a) overseeing the Company's control and accountability systems and reviewing reporting under those systems;
- (b) overseeing and regularly reviewing a system for identifying, assessing, monitoring and managing material risk throughout the Company, and informing investors of material changes to the Company' risk profile;
- (c) overseeing and regularly reviewing systems of internal compliance, risk management and control, and systems of legal compliance that govern the operations of the Company, and monitoring that they are operating effectively; and
- (d) overseeing and regularly reviewing written policies, codes and procedures governing compliance and risk oversight and management.

2.9. **Rights of the Company's shareholders**

The Board is responsible for:

- (a) providing information about the Group and its governance to investors via the Company's website;
- (b) designing design and implement an investor relations program to facilitate effective two-way communication with investors; and
- (c) disclosing the policies and processes the Company has in place to facilitate and encourage participation at meetings of shareholders of the Company.

3. **ROLE AND RESPONSIBILITIES OF CHAIRMAN AND COMPANY SECRETARY**

3.1. **The Chairman**

The Chairman is a non-executive director appointed by the Board. The Chairman is responsible for:

- (a) leading the Board in reviewing and discussing Board matters;
- (b) chairing Board meetings and shareholder meetings;
- (c) ensuring the efficient organisation and conduct of the Board's function;
- (d) briefing all Directors in relation to issues arising at Board meetings;
- (e) facilitating effective contribution by all Directors and monitoring Board performance;
- (f) overseeing that membership of the Board is skilled and appropriate for the Company' needs;
- (g) promoting constructive relations between Board members and between the Board and management;
- (h) reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and
- (i) establishing and overseeing the implementation of policies and systems for Board performance review and renewal.

3.2. **Company Secretary**

The Company Secretary acts as secretary of the Board. The Company Secretary or his/her representative will attend all meetings of the Board as required. The Company Secretary is accountable to the Board through the Chairman on all corporate governance matters.

The Company Secretary is responsible for:

- (a) assisting the Chairman in organising Board meetings;
- (b) monitoring compliance with Board policy and procedures;
- (c) co-ordinating the completion and dispatch of the Board agenda and briefing materials;
- (d) preparing minutes of meetings and resolutions of the Board and taking these to the Chairman for approval and circulation;
- (e) circulating minutes from committee meetings to the Board; and
- (f) ensuring that the Company complies with its requirements under the Companies Act (Cap. 50) of Singapore (the "**Companies Act**") regarding registered office, annual returns and notices to be lodged with the Accounting and Corporate Regulatory Authority.

4. DELEGATIONS OF AUTHORITY

4.1. Delegations to Committees

- 4.1.1. The ultimate responsibility for the oversight of the operations of the Company rests with the Board. However, the Board may delegate its responsibility to committees to consider certain issues in further details and then report back to and advise the Board.
- 4.1.2. Standing committees established by the Board will adopt charters/terms of reference setting out the authority, responsibilities, membership and operation of the committee.
- 4.1.3. Currently there are three standing committees:
- (a) the Audit and Risk Committee;
 - (b) the Remuneration Committee; and
 - (c) the Nominating Committee,
- (collectively, the “**Committees**”).
- 4.1.4. The Board will review the composition and effectiveness of the Committees on an annual basis. The Board may also establish other committees from time to time to consider other matters of special importance.
- 4.1.5. Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions.

4.2. Delegation to Managing Director and Management

- 4.2.1. The Board has delegated to the Managing Director the authority to manage the day to day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those responsibilities reserved to itself in these Terms of Reference.
- 4.2.2. The Board may impose further specific limits on Managing Director delegations. These delegations of authority will be maintained by the Company Secretary and will be reviewed by the Board as appropriate from time to time.
- 4.2.3. The Managing Director has authority to sub-delegate to the senior management team.

5. MEMBERSHIP

5.1. Composition and Size

- 5.1.1. The Constitution of the Company provides that there will be a minimum of two Directors and not more than twelve Directors. The number of Directors and the composition of the Board must at all times be appropriate to the Company to

achieve efficient decision making and adequately discharge its responsibilities and duties.

5.1.2. The Company will seek to have Directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business.

5.1.3. It is intended that an annual review of the performance of the Board, its Committee's and Directors will be undertaken on an annual basis.

5.2. **Appointment and Re-Election of Directors**

5.2.1. The process of selection and appointment of new Directors to the Board is that the Nominating Committee identifies candidates with appropriate skills, experience and expertise that best complement the Board's effectiveness. These candidates will be recommended to the Board. When the Board considers that a suitable candidate has been found, that person may be appointed by the Board to fill a casual vacancy in accordance with the Company's Constitution, but must stand for election by shareholders at the next annual general meeting.

5.2.2. Non-executive Directors are appointed pursuant to formal letters of appointment setting out the terms and conditions of the appointment to ensure that Directors understand their key responsibilities and the Board's expectations. Directors will be expected to participate in an orientation program on appointment. Directors must retire from office in accordance with the Constitution. Retiring Directors may be eligible for re-election. Before each annual general meeting, the Chairman together with the Company Secretary will determine those Directors who are to be re-elected by shareholders. The Board will then determine if their re-election will be recommended to shareholders.

5.3. **Independence**

5.3.1. All Director, whether independent or not, should bring an independent judgement to bear on all Board decisions.

5.3.2. A director is considered independent by the Company if the Director is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement or could reasonable be perceived to do so.

5.3.3. A director who:

- (a) is an executive Director of the Company or any of its related companies and has not been employed by the Company or any of its related companies in the immediate past three financial years;
- (b) has an immediate family member (spouse/parent/brother/sister/son/adopted son/daughter/adopted daughter) who is, or has been in the immediate past three financial years, employed by the Company, any of its related companies as a senior executive officer whose remuneration is determined by the Company's Remuneration Committee, or any of the persons who fall within any of the categories of persons as stipulated under this paragraph 5.3.3;

- (c) has accepted any compensation from the Company or any of its related companies other than fees for acting as a Director of the Company for the current or immediate past three financial years;
- (d) has been in any material business relationship (for example, as a supplier or a customer) with the Company or any of its subsidiaries, or an officer of, or otherwise in association with, someone with such a relationship;
- (e) has any contractual relationship with the Company or its subsidiaries other than as Director of the Company;
- (f) is a substantial shareholder of or a partner in (with 10% or more stake) or an executive officer of, any for-profit business organization to which the Company made, or from which the Company received, significant payments (aggregated over any financial year in excess of S\$200,000) in the current or immediate past financial year;
- (g) has a relationship with the Company, its related companies or its officers that could interfere or be reasonably perceived to interfere, with my exercise of independent business judgment with a view to the best interests of the Company and in carrying out his/her functions as an independent director and as a member of any Board committee(s);
- (h) has served on the Board for any such period that his/her independence may have been compromised; or
- (i) such other criteria as may be prescribed under the Code from time to time,

will not be considered independent, unless the Board is satisfied on reasonable grounds that the director is independent despite the existence of one or more of these circumstances.

5.3.4. The Board will regularly assess the independence of each director in light of the interests disclosed by them. Each independent Director must provide the Board with any relevant information for this. The outcome of this assessment will be reflected in the corporate governance statement.

5.3.5. Any change to a Director's independent status will be disclosed to the market in a timely fashion.

5.4. **Conduct of Individual Directors**

5.4.1. Directors must at all times act in accordance with legal and statutory requirements and discharge all their duties as Director.

5.4.2. Directors must:

- (a) discharge their duties in good faith and in the best interests of the Company and for a proper purpose;
- (b) act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of a major company, including applying an independent and

- enquiring mind to their responsibilities;
- (c) avoid conflicts of interest;
 - (d) not make improper use of information gained through their position as a Director;
 - (e) not take improper advantage of their position as a Director;
 - (f) notify other Director of a material personal interest when a conflict arises;
 - (g) make reasonable enquiries if relying on information or advice provided by others;
 - (h) undertake any necessary inquiries in respect of delegates;
 - (i) give the Company, the Australian Securities Exchange Limited, and/or the Singapore Exchange Securities Trading Limited all the information required by the Companies Act; and
 - (j) not permit the Company to engage in insolvent trading.

6. BOARD PROCESS

6.1. Meetings

- 6.1.1. All Board meetings will be conducted in accordance with the Company's Constitution.
- 6.1.2. Board meetings are held when determined by the Chairman but no less than two meetings must be held each year.
- 6.1.3. All Directors are generally expected to prepare adequately, attend and participate at each Board meeting. Directors are committed to collective decision-making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the Directors. Individual Director must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.
- 6.1.4. Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

6.2. Independent Professional Advice

Following consultation with the Chairman, Directors may seek independent professional advice at the Company's expense. Generally, such advice will be available to all Directors.

6.3. Access to management

The Directors have complete and open access to management following consultation with the Chairman and the Managing Director.

6.4. Notice, Agenda and Papers

Unless otherwise agreed or considered necessary by the Chairman, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers, will be circulated by the Company Secretary to each Board member and any other individual invited to attend, not less than two business days before the meeting.

7. REVIEW AND PUBLICATION OF CHARTER

7.1. The Board is responsible for reviewing these Terms of Reference and to determine its appropriateness to the needs of the Company on an annual basis. The Terms of Reference may be amended by resolution of the Board.

7.2. These Terms of Reference are available on the Company's website.