

Report on Corporate Governance

The board of directors (the “**Board**” or “**Directors**”) of IEV Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to maintaining a high standard of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board confirms that, for the financial year ended 31 December 2017 (“**FY2017**”), the Company has generally adhered to the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (the “**2012 CG Code**”). Where there are deviations from the recommendations of the 2012 CG Code, appropriate explanations are provided in this Report. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

BOARD MATTERS

Principle 1 – The Board’s conduct of affairs

The Board is entrusted with the responsibility for the overall management of the Group with the primary function of protecting the interests of shareholders and to enhance long-term shareholders’ value. Besides carrying out its statutory duties and responsibilities, the Board reviews and advises on overall strategic plans and key operational initiatives, reviews the performance of the management of the Company (the “**Management**”) and assumes responsibility for overall corporate governance of the Group to ensure that the Group’s strategies are in the interests of the Group and its shareholders.

The principal functions of the Board are:

- a) reviewing the financial results of the Group, internal controls, external audit reports and resource allocation;
- b) supervising and setting strategic directions of the Group;
- c) reviewing the business practices and risk management of the Group;
- d) approving the annual budgets and major funding proposals;
- e) approving and monitoring major investments, divestments, mergers and acquisitions;
- f) convening of shareholders’ meetings;
- g) appointing of Directors and key executives;
- h) assuming responsibility for corporate governance; and
- i) considering sustainability issues as part of the strategic formulation.

The Company has in place a limitation and authorisation policy. The policy contains materiality threshold(s) and a schedule of matters specifically reserved for the Board’s approval. Below the Board’s level, there are appropriate delegations of authority at the Executive Committee (which comprises the Group’s key Management set out in page 10 and 11 of this annual report) or the Management’s level to facilitate operational efficiency.

The following matters have been reserved for the Board’s decision:

- a) the Group’s long-term objectives and commercial strategy;
- b) merger and amalgamation initiatives;
- c) ventures into new businesses and markets;
- d) acquisitions or divestments of any investment or asset by the Company or any of its subsidiaries;
- e) changes in capital structure;
- f) recommendation or declaration of dividends;
- g) remuneration packages for Executive Director and key Management; and
- h) any matter required to be considered or approved by the Board as a matter of law or regulation.

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To facilitate effective management and to support the Board in carrying out its duties, certain functions of the Board have been delegated to the Audit Committee (“**AC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”) (collectively referred to as the “**Board Committees**”). The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis to ensure continued relevance. The effectiveness of each Board Committee is also regularly reviewed by the Board. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. The principal responsibilities of the Executive Committee are as follows:

- a) review and recommend to the Board, proposed investments and acquisitions of the Group which are considered strategic for the long-term prospects of the Group;
- b) recommend to the Board, the Group’s annual operating and capital budgets; and
- c) carry out such other functions as may be delegated to it by the Board.

The names of the members and principal responsibilities of the respective Board Committees are set out in this Report.

BOARD ATTENDANCE

The Board has scheduled to meet at least four (4) times a year and to coincide such meetings with the review and approval of the Group’s results announcements. Dates of Board, Board Committee meetings and annual general meetings are scheduled in advance in consultation with all of the Directors. The Board also meets as and when necessary to address any specific significant matters that may arise. To ensure meetings are held regularly with maximum Directors’ participation, the Company’s Constitution allows for telephone and video-conferencing meetings. The Board and Board Committees also approve transactions by way of written resolutions, which are circulated to the Board and Committee members together with all relevant information regarding the proposed resolutions/transactions.

The number of meetings of the Board and the respective Board Committees held and the attendance of each Director at these meetings in FY2017 are as follows:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	5	4	1	2
Number of meetings attended				
Tan Sri Dato’ Hari N. Govindasamy	3	2	1	2
Christopher Nghia Do	5	NA	NA	NA
Joanne Bruce	5	NA	NA	NA
Ng Weng Sui, Harry	5	4	1	2
Kesavan Nair	4	4	1	2

NA: Not Applicable

TRAINING FOR DIRECTORS

During FY2017, site visits to the Group’s offices in Malaysia were held for the Directors, during which they received updates and information in relation to the Group’s businesses, the Catalist Rules, industry developments, business initiatives and accounting standards. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts on a timely basis. Where necessary, the Company arranges for presentations by external

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professionals, consultants and advisers on topics that would have an impact on the relevant regulations, accounting standards and the implications on responsibilities of the Directors. The Directors are informed and encouraged to attend relevant seminars and courses conducted by the Singapore Institute of Directors (“SID”) and the SGX-ST, which would be funded by the Company.

The AC and the Board had in the quarterly meeting held during FY2017 received briefings and updates on (i) developments in accounting and governance standards and information on new audit quality indicators framework by the external auditors, Deloitte & Touche LLP; (ii) major amendments to Singapore Companies Act (Chapter 50) as well as Malaysia Companies Act 2016; and (iii) strategic and business development of the Group from the Chief Executive Officer. The AC and Directors can also request for further explanations, briefings or information on any aspects of the Company’s operations and business issues from the Management.

Newly appointed Directors would receive a formal letter from the Company, setting out the Director’s duties and obligations and they are encouraged to attend relevant training organised by the SID or any other organisation which provides relevant training courses for directors. The Company would arrange orientation programs (including onsite visits, if necessary) to enable the new Directors to familiarise themselves with the Group’s business and governance practices and, where required, training on relevant regulations in relation to the business of the Group as well as on the roles and responsibilities of directors of a listed company. The Company would also arrange and fund such training and professional development programs for new Directors.

Principle 2 - Board composition and guidance

The Board currently comprises the following members:

- Tan Sri Dato’ Hari N. Govindasamy (Non-Independent, Non-Executive Chairman)
- Christopher Nghia Do (President and CEO)
- Joanne Rose Bruce (Non-Independent, Non-Executive Director)
- Ng Weng Sui, Harry (Lead Independent Director)
- Kesavan Nair (Independent Director)

The Board comprises five (5) Directors, two (2) of whom are independent directors. Mr Ng Weng Sui, Harry is the Lead Independent Director and is also the Chairman of the AC and a member of the NC and the RC. There is therefore a good balance between the Executive and Non-Executive Directors as well as a strong and independent element on the Board with independent directors making up at least one-third of the Board.

The Board is aware of the recommendation of Guideline 2.2 of the 2012 CG Code that the independent directors should make up at least half of the Board in the event the Chairman of the Board is not an independent director. Nonetheless, the Board is of the view that its current size, consisting of five (5) directors is appropriate, taking into account the nature and scope of the operations and current financial positions of the Group. Further, the Chairman of the Board and the CEO are separate persons and not related and the Chairman of all Board Committees are independent, non-executive Directors. Ms Joanne Bruce was employed by the Group until 24 June 2015, a period which falls within the past three financial years which renders a director to be considered non-independent. Assuming she remains as a director at the end of financial year ending 2018, she would be considered independent as the criteria for past employment will no longer be applicable to her. The Board will then comprise 3 independent directors and 2 non-independent directors. Hence, the NC and the Board are of the opinion that no additional independent director will be appointed during the interim period.

In accordance with Guideline 2.3 of the 2012 CG Code, Mr Ng Weng Sui, Harry and Mr Kesavan Nair have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment with a view to the best interests of the Company.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required to submit a confirmation of independence based on the guidelines provided in the 2012 CG Code. Based on the confirmation of independence received

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from the said Directors, the NC has reviewed and was of the view that they are independent. Taking into account the views of the NC, the Board determined that the said Directors are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, the said Directors' judgement. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship in Guideline 2.3 of the 2012 CG Code that would otherwise deem him/her not to be independent. None of the Independent Directors have served on the Board beyond nine (9) years from the date of his appointment as at the end of FY2017.

The NC and the Board have reviewed the size of the present Board and is satisfied that the current Board facilitates effective decision-making and that no individual or small group of individuals dominates the Board's decision-making process. The NC and the Board are of the view that the present Board has the necessary mix of gender, expertise, experience and competencies such as accounting or finance, business or management experience and industry knowledge for the effective functioning of the Board and is appropriate for the current scope and nature of the operations of the Group. The biographies of the Directors are set out in this Annual Report.

The Board and the Management are given opportunities to engage in open and constructive debate for the furtherance of achieving strategic objectives. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. Well equipped with their expertise, experience and knowledge, the Non-Executive Directors have been actively participating in discussions and decision-making at the Board and the Board Committee levels, and had open discussions with the Management. Where necessary, the Non-Executive Directors meet and discuss the Group's affairs without the presence of the Management.

Principle 3 - Chairman and Chief Executive Officer

Tan Sri Dato' Hari N. Govindasamy is the Non-Independent Non-Executive Chairman of the Company ("**Chairman**") and Mr Christopher Nghia Do is the Chief Executive Officer of the Company ("**CEO**").

The Chairman is responsible for (i) leading the Board to ensure its effectiveness in all aspects of its role; (ii) establishing the agenda for the board meetings in consultation with the CEO and ensuring adequate time is available for discussion of all agenda items, in particular strategic issues; (iii) ensuring that the Board receives complete, adequate and timely information; (iv) encouraging constructive relations among the Directors and their interactions with the Management; and (v) facilitating the effective contribution of the Non-Executive Directors. He takes a lead role in promoting high standards of corporate governance, with the full support of the Directors, the Company Secretary and the Management.

As the Chairman of the Board, Tan Sri Dato' Hari N. Govindasamy, is non-independent, the Company has appointed Mr Ng Weng Sui, Harry as its Lead Independent Director, in accordance with Guideline 3.3 of the 2012 CG Code. Mr Ng Weng Sui, Harry is available to shareholders where they have concerns which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer has failed to resolve or is inappropriate.

At annual general meetings of the Company, the Chairman plays a pivotal role in fostering constructive dialogue between the shareholders, the Board and the Management.

The CEO is responsible for the Group's day-to-day operations and leads the Management in setting strategies, objectives and missions, as well as executing the Board's decisions and plans and driving the Group's growth and development.

The separation of the roles of the Chairman and the CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO.

The Independent Directors of the Company discuss issues via meetings, telephone and electronic devices without the presence of the other Directors, where required. The Lead Independent Director will provide feedback to the Chairman if it is deemed necessary.

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Principle 4 - Board membership

The Board has established a NC which comprises three (3) members who are Non-Executive Directors, and a majority of whom, including the NC Chairman, are independent. The members of the NC are as follows:

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| • Kesavan Nair (Chairman) | Independent Director |
| • Ng Weng Sui, Harry (Member) | Lead Independent Director |
| • Tan Sri Dato' Hari N. Govindasamy (Member) | Non-Independent Non-Executive Chairman |

The NC meets at least once a year. The principal functions of the NC include, but are not limited to, the following:

- a) identifying, reviewing and recommending candidates to the Board for appointments to the Board (including alternate director, if applicable) and Board Committees (excluding the appointment of existing members of the Board to a Board committee) of the Company and its subsidiaries;
- b) reviewing and recommending re-nomination of the Directors for re-election in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance (including alternate directors, if applicable);
- c) establishing a process for the selection, appointment and re-appointment of Directors;
- d) determining on an annual basis whether or not a Director is independent;
- e) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- f) reviewing and approving any new employment of related persons and proposed terms of their employment;
- g) reviewing and recommending the training and professional development programmes for the Board;
- h) recommending to the Board the review of board succession plans for Directors, in particular, the Chairman and the CEO; and
- i) recommending the appointment of key management positions, reviewing succession plans for key positions within the Group and overseeing the development of key executives and talented executives within the Group.

The NC reviews and determines annually whether Directors, who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and his actual conduct on the Board, in making this determination.

All Directors declare their board memberships as and when practicable. For FY2017, the NC was satisfied that, where a Director had other listed company board representations and/or other principal commitments, the Director had devoted sufficient time and attention to the affairs of the Company and had adequately discharge his duties as a Director of the Company. The NC takes into account the Directors' actual conduct on the Board, in making this determination. As time requirements of each Director are subjective, the NC has decided not to fix a maximum limit on the number of directorship a Director can hold. The NC considers that the multiple board representations held presently by the Directors do not impede their respective performance in carrying out their duties to the Company. The NC is also of the view that its assessment of a Director's ability to devote sufficient time to the discharge of his or her duties should not entail a restriction on the number of other board commitments or their other principal commitments.

The NC recommends re-elections of Directors for approval by the Board, taking into account the Directors' overall contributions and performance and an appropriate mix of core competencies for the Board to fulfill its roles and responsibilities. At each annual general meeting of the Company ("**AGM**"), at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) are required to retire from office by rotation. All Directors are required to retire from office at least once in every three years and submit themselves for re-election by the shareholders at the AGM.

The NC has recommended to the Board that Tan Sri Dato' Hari N. Govindasamy and Mr Ng Weng Sui, Harry be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered the said Directors' overall contributions and performance. The Board recommends the shareholders to approve the re-election of the said Directors. The details of the proposed resolutions are stipulated in the Notice of AGM set out in this annual report.

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The Board recognises the contributions of its Directors who over time have developed deep insights into the Group's operations and industry and who are therefore able to provide valuable contributions to the Group. As such, the Board has not set a fixed term of office for any of its Directors.

There was no additional director appointed during the year. The NC reviews the need for appointment of additional director(s) from time to time and the composition of the Board, including the mix of expertise, skills and attributes of existing directors, so as to identify needed and/or desired competencies to supplement the Board's existing attributes. The process for the search, selection and appointment of new Directors is as follows:

- a) candidates are sourced through external search consultants or network of contacts and identified based on the needs of the relevant skills, experience, knowledge and expertise. Directors may also put forward names of potential candidates, together with their curriculum vitae, for consideration of the NC.
- b) the NC, after completing its assessment, meets with the short-listed candidates to assess their suitability taking into consideration the existing composition of the Board and strives to ensure that the Board has an appropriate balance of independent directors as well as qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives and to ensure that the candidates are aware of the expectations and the level of commitment required of them.
- c) the NC makes recommendations to the Board for approval.

Any newly appointed Director during the year will hold office only until the next AGM following his appointment and will be eligible for re-election but shall not be taken into account in determining the number of Directors who are retiring by rotation at each financial year. In evaluating each Director's contribution and performance for the purpose of re-nomination, factors such as attendance, preparedness, participation and candour are taken into consideration.

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

No alternate director has been appointed.

Key information regarding the Directors such as academic, professional qualifications, shareholdings in the Company and its related corporations, Board Committees served on (as a member or Chairman), date of first appointment as a Director, date of last re-appointment as a Director, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments is disclosed in the "Directors' Profiles", "Further Information on Board of Directors" and "Directors' Statement" sections of this annual report.

Principle 5 - Board performance

The NC will periodically review the Board's performance based on objective performance criteria proposed by the NC and approved by the Board. The performance criteria do not change from year to year and where circumstances deem it necessary to change the criteria, the onus is on the Board to justify this decision. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of each individual Director to the effective functioning of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Annually, a Board evaluation exercise is carried out by way of a board assessment checklist, which is circulated to the Board members for completion. The assessment covers areas such as Board Composition, Information to the Board, Board Procedures, Board Accountability, CEO/Top Management, Standards of Conduct, Risk Management and Internal Controls, Communication with Shareholders and Director self-evaluation. Assessment parameters for each Director include their knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The performance criteria do not change from year to year. Directors can also provide input on issues which do not fall under these

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categories, for instance, addressing specific areas where improvements can be made. Feedback and comments received from the Directors are reviewed by the NC, in consultation with the Chairman of the Board, to determine the actions required to improve the corporate governance of the Company and effectiveness of the Board as a whole.

The NC, having reviewed the overall performance of the Board and Board Committees in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, is of the view that the performance of the Board as a whole has been satisfactory. The NC, in assessing the contribution of an individual Director, has considered each Director's level of participation and attendance at Board and Board Committee meetings, his or her qualifications, experience, expertise and the time and effort dedicated to the Group's business and affairs. The NC is satisfied that sufficient time and attention has been given to the Group by the Directors. The NC is also satisfied that the current size and composition of the Board provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Group. From time to time, the NC will review the appropriateness of the Board size, taking into consideration changes in the nature of the Group's businesses, the scope of operations, as well as changing regulatory requirements.

The Board has not engaged any external consultant to conduct an assessment of the performance of the Board, the Board Committees and each individual Director. Where relevant, the NC will consider such an engagement.

Principle 6 - Access to information

The Board has separate and independent access to the Management and the Group's records at all times to enable them in carrying out their duties. The Management provides the Board with periodic updates on a timely basis, covering operational performance and financial results, market and business development updates and other important and relevant information.

Prior to each Board meeting, board papers and files are circulated for each meeting and the Board is provided with relevant background or explanatory information relating to the business of the meeting and information on major operational, financial and corporate issues. This is to give the Directors sufficient time to review and consider the matters being tabled and/or discussed. Any other matters may also be tabled at the Board meeting and discussed without papers being distributed. The business/projects updates with information on financial, operating and corporate issues, the explanations on the financial information, and the rationale for the key decisions taken by the Management may also be made in the form of presentations by the Management in attendance at the meetings. The Management is invited to attend Board meetings to provide additional insights into matters being discussed, and to respond to any queries that the Directors may have.

The Board is provided with the contact details of the Management and the Company Secretaries; and has separate and have independent access to such persons.

The Company Secretary or his or her representative is always present at such meetings to record the proceedings, to ensure that all Board procedures are followed as well as to ensure that good information flows within the Board and its Board Committees and between the Management and the Non-Executive Directors. The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole.

Together with the Management of the Company, the Company Secretary ensures that the Company complies with the requirements of the Catalist Rules, the Companies Act as well as other rules and regulations that are applicable to the Company and the Group.

The Board, either individually or as a group, is entitled to seek appropriate independent and professional advice, as and when necessary, at the expense of the Company, in furtherance of their duties.

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REMUNERATION MATTERS

Principle 7 - Procedures for developing remuneration policies

The Board has established a RC which comprises three (3) members who are Non-Executive Directors, and a majority of whom, including the RC Chairman are independent. The members of the RC are as follows:

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| • Kesavan Nair (Chairman) | Independent Director |
| • Ng Weng Sui, Harry (Member) | Lead Independent Director |
| • Tan Sri Dato' Hari N. Govindasamy (Member) | Non-Independent Non-Executive Chairman |

The RC meets at least once a year. The principal functions of the RC include, but are not limited to, the following:

- a) review and approve the general remuneration framework of the Directors and key Management of the Company and its subsidiaries;
- b) structure a significant and appropriate proportion of Executive Directors and key Management's remuneration so as to link rewards to corporate and individual performance to be aligned with the interests of shareholders and promote the long-term success of the Company;
- c) review the on-going appropriateness, attractiveness and relevance of the executive remuneration policy and other benefit programs;
- d) determine, review and approve the design of all option plans, stock plans and/or other equity based plans that the Group proposes to implement;
- e) review the remuneration of employees who are related to the Directors, the CEO and the Company's 10% substantial shareholders; and
- f) review and recommend to the Board the eligibility of the Executive Directors and key Management under long-term incentive schemes and to evaluate the costs and benefits of such long-term incentive schemes.

The Company's compensation framework comprises fixed, variable pay and other benefits-in-kind. The Company subscribes to linking remuneration of the Executive Directors and key Management to corporate and individual performance. This is based on an annual appraisal of employees using the Company's internal Key Performance Indicator ("KPI") system. The RC and the Board will review the KPI and reward systems of the Group on an annual basis to ensure that the remuneration packages and systems are put in place to motivate and reward employees and align their interests to maximise long-term shareholders' value.

The RC will review and recommend to the Board a framework of remuneration for the Directors and key Management, and determine specific remuneration packages for each Director. The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind shall be overseen by the RC. The RC will also review the remuneration received by key Management. As and when the need arises, the RC will review the Company's obligations arising in the event of termination of the Executive Directors and key Management's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Each member of the RC shall abstain from voting on any resolutions or making any recommendations and/or participating in the deliberations of the RC in respect of the remuneration package granted to him or someone related to him.

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 the Directors and the Management, so that the Group remains competitive in this regard. No external remuneration consultant has been engaged for FY2017.

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Principle 8 - Level and mix of remuneration

In setting the remuneration packages of the Executive Directors, the Company takes into consideration the existing remuneration and employment conditions and makes a comparative study of the packages of Executive Directors in comparable companies/ industries as well as the Group's relative performance. The RC ensures that the level and structure of remuneration of the Executive Directors and key Management are aligned with the long-term interest and risk policies of the Company, as well as the ability of such remuneration structures to attract, retain and motivate Executive Directors and key Management to provide good stewardship and management of the Company.

The Non-Executive Directors are paid a fixed base fee and an additional fixed fee for serving on any of the Board Committees.

The Chairman of each Board Committee is compensated for his additional responsibilities. The RC recommends the payment of such fees in accordance with the contributions and responsibilities of the Non-Executive Directors, which will then be endorsed by the Board and subject to approval by the shareholders of the Company at the AGM. Such fees are payable quarterly in arrears. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised.

The Company had renewed the service agreement with Mr Christopher Nghia Do, the President and CEO of the Company on 6 October 2017 for a further period of three years. The service agreement is renewable in accordance with the specific terms as set out in the service agreement.

Having reviewed and considered the variable components of the Executive Directors and the key Management, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Principle 9 - Disclosure on remuneration

Directors' remuneration

The breakdown of the level and mix of remuneration of the Directors for FY2017 are as follows:

Name	Directors'				Total (%)
	Salary (%)	Benefits (%)	Bonus (%)	Fee (%)	
SGD250,000 to below SGD500,000					
Christopher Nghia Do	80	20	-	-	100
Below SGD250,000					
Joanne Bruce	-	-	-	100	100
Tan Sri Dato' Hari N. Govindasamy	-	-	-	100	100
Ng Weng Sui, Harry	-	-	-	100	100
Kesavan Nair	-	-	-	100	100

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The actual remuneration of each individual Director and key Management of the Group in dollar terms is, however, not disclosed as the Company believes that such disclosure may be prejudicial to the Group's business interests given the highly competitive environment it is operating in. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

Key Management's remuneration

The Company adopts a remuneration policy for staff that is responsive to market elements and performance of the Company and business segments respectively.

A breakdown of the level and mix of the Group's key Management's (who are not Directors or the CEO) remuneration for FY2017 are as follows:

Name	Salary (%)	Benefits (%)	Bonus (%)	Total (%)
Below SGD250,000				
Justin Yong	89	11	-	100
Juzer Nomanbhoy	89	11	-	100
Edward Chen Boon Pok	85	15	-	100
Ng Siew Han	89	11	-	100
Loh Koon Yau	89	11	-	100

The annual aggregate remuneration paid to the top five (5) key Management (excluding the CEO) of the Group for FY2017 is SGD478,283.

The Executive Director of the Group is entitled to a monthly salary for a period of six (6) months following the date the Executive Director ceases to be an employee of the Company. Save for the aforesaid, there are no other termination, retirement and post-employment benefits granted to the Directors, the CEO or any key Management.

For FY2017, none of the Directors' immediate family members are employees of the Company or any of its principal subsidiaries.

The performance share plan of the Company, "IEV Holdings Performance Share Plan" (the "**Plan**"), was approved by the shareholders in an extraordinary general meeting held on 6 October 2011 as part of the Group's compensation plan to reward, retain and motivate Directors and employees of the Group to greater dedication, loyalty and higher standards of performance. The RC is responsible for the administration of the Plan. Further details of the Plan were set out in the Company's offer document dated 12 October 2011.

No share award has been granted under the Plan by the Company during the financial year reported on and since the date of commencement of the Plan. Further information on the Plan is set out in the "Directors' Statement" section of this annual report. The RC and the Board will constantly evaluate and assess the implementation of long-term incentive schemes through the Plan, or any other appropriate incentive plans, with the aim of enhancing the link between rewards and corporate and individual performance.

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ACCOUNTABILITY AND AUDIT

Principle 10 - Accountability

In presenting the annual financial statements and quarterly results announcements to the shareholders of the Company, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's financial performance, financial position and business prospects. In respect of the annual budgets, any material variances between the projections and actual results are disclosed and explained to the Board by the Management during the Board meetings.

The Board is primarily responsible to present a fair and balanced report of the financial affairs of the Group, which is prepared in accordance with the Catalist Rules, the Companies Act (Chapter 50) of Singapore and the Financial Reporting Standards in Singapore prescribed by the Accounting and Standards Council.

The financial performance and annual reports are announced or issued within the mandatory period under the Catalist Rules and are available on the Company's website. The Board also provides negative assurance confirmation to shareholders for the half-year and quarterly financial results announcements pursuant to Rule 705(5) of the Catalist Rules.

The Management also provides the Board with periodic updates covering operational performance, financial results, marketing and business development efforts as well as other important and relevant information as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Principle 11 - Risk management and internal controls

Since FY2014, the Group has had in place an Enterprise Risk Management framework, which governs the risk management processes of the Group. Risk management capacities and competencies are continuously enhanced through this framework. All significant matters identified during the risk management procedure will be highlighted to the Risk Committee, the AC and the Board. The Group will continue to review and improve its risk management procedures to identify and mitigate areas of significant risks in its business operations.

The Risk Committee comprises the following members:

- Ng Weng Sui, Harry (Chairman)
- Kesavan Nair
- Tan Sri Dato' Hari N. Govindasamy
- Christopher Nghia Do
- Joanne Bruce
- Edward Chen Boon Pok

The Risk Committee assumes the responsibility of the risk management function and oversees the overall adequacy and effectiveness of the Group's risk management systems and procedures. The Management reviews the Group's business and operational activities regularly to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management will also be responsible for ensuring that the risk management framework is effectively implemented within all areas of the respective business units. All significant matters will be highlighted to the Risk Committee and the Board.

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The Board had received assurance from the CEO and the Chief Financial Officer that the Group's financial records as at 31 December 2017 have been properly maintained and the financial statements for FY2017 give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems are effective. In providing such assurance, the CEO and the Chief Financial Officer had evaluated the effectiveness of the Company's internal controls and had discussed with the Company's external and internal auditors of their reporting points and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise or report financial data.

Based on the assurance from the CEO and Chief Financial Officer, framework of risk management and internal controls established and maintained by the Group, work performed by the external and internal auditors, the report on the enterprise risk management of the Group, as well as regular reviews performed by the Management and various Board Committees, the Board, with the concurrence of the AC, is of the view that the Group's internal controls addressing financial, operational, compliance and information technology risks, as well as the risk management policies adopted, were adequate to provide reasonable assurance of the integrity and effectiveness of the Company in safeguarding its assets and shareholders' value as at 31 December 2017.

The Board recognises that no internal control system will preclude all errors and irregularities. The Board ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets and determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Principle 12 - Audit committee

The AC comprises three (3) members who are Non-Executive Directors, and a majority of whom, including the AC Chairman are independent. The members of the AC are as follows:

- | | |
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| • Ng Weng Sui, Harry (Chairman) | Lead Independent Director |
| • Kesavan Nair (Member) | Independent Director |
| • Tan Sri Dato' Hari N. Govindasamy (Member) | Non-Independent Non-Executive Chairman |

None of the AC members were previous partners or directors of the Company's existing auditing firm or hold any financial interest in the auditing firm. The Board is of the view that the members of the AC have sufficient accounting and/or financial management expertise and experience to discharge the AC's functions given their experience as directors and/or senior management in accounting and financial fields.

The AC meets periodically to perform the following functions:

- a) review with the external auditors, the audit plans, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;
- b) review the internal controls and procedures and ensure coordination between the external auditors, internal auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);
- c) review the annual and quarterly financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, going concern basis of the Company, compliance with accounting standards as well as compliance with the Catalist Rules and other relevant statutory/regulatory requirements;
- d) review and discuss with the external auditors and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- e) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

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- f) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;
- g) review potential conflict of interest and to set out a framework to resolve or mitigate any potential conflict of interests;
- h) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);
- i) review the key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;
- j) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- k) review the performance of the Financial Controller/Chief Financial Officer on an annual basis to ensure satisfactory performance;
- l) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- m) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- n) review the adequacy and effectiveness of the internal audit function at least annually; and
- o) review with the internal Auditors the internal audit plans and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in annual report (where necessary).

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 and full year financial results of the Group, and announcements prior to submission to the Board for approval and release of the results via SGXNET;
- the internal (including the enterprise risk management framework) and external audit plans in terms of their scope prior to their commencement;
- the external auditors' report in relation to audit and accounting issues arising from the audit and meeting with the external auditors without presence of the executive board members and the Management;
- cooperation given by the Management to the external and internal auditors;
- the internal audit findings report including internal control processes and procedures;
- the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and reporting the findings to the Board;
- the adequacy and effectiveness of the Group's internal audit function;
- the audited financial statements of the Group and of the Company prior to submission to the Board for consideration and approval;
- the external audit and internal audit fees for FY2017 and recommended to the Board for approval;
- the quality of the external auditors across a number of evaluation criteria, including measures of relevance and quality of its work as well as its level of independence; and re-appointment of the external auditors and recommended to the Board for approval;
- interested person transactions falling within scope of Chapters 9 of the Catalist Rules and any potential conflict of interests;
- the performance of the Chief Financial Officer; and
- the whistle-blowing policy of the Group and procedures by which employees of the Group and any other persons could report the possible improprieties to the AC Chairman.

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 voting in respect of matters in which he is interested.

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The AC has full access to, and co-operation from, the Management and full discretion to invite any Director and/ or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The AC also meets with the internal and external auditors without the presence of the Management at least once a year to obtain feedback on the competency and adequacy of the finance function, to review the assistance given by the Management to internal and external auditors and to ascertain if there are any material weaknesses or control deficiencies in the Group's financial and operational systems. The external auditors were also invited to be present at AC meetings held during FY2017 to, inter alia, answer or clarify any matter on accounting and auditing matters.

In the review of the financial statements for FY2017, the AC has discussed with the Management and the external auditors on significant issues as well as the reasonableness of the key assumptions including significant judgements and key estimates used that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the Members under "Key Audit Matters". Taking into account all instances the views of the external auditors, the AC is assured and concurred with the Management's conclusions and is satisfied that the Key Audit Matters have been properly dealt with; and concluded that the Group's accounting treatment and the disclosures in the financial statements were appropriate. The AC has recommended the Board to approve the financial statements.

The aggregate amount of audit fees paid and/or payable to the external auditors for FY2017 amounted to approximately SGD198,700. In addition, approximately SGD21,900 non-audit fees were paid to the external auditors for FY2017 in relation to tax and other advisory services rendered. The AC has undertaken a review of the volume and nature of the non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Accordingly, the AC and the Board have recommended the re-appointment of Deloitte & Touche LLP as external auditors of the Company for financial year ending 31 December 2018 at the forthcoming AGM.

The external auditors have unrestricted access to the AC.

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

The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on the Group's financial statements, with training conducted by professionals or external consultants. In FY2017, the AC was briefed and updated by the external auditors on the changes or amendments to the accounting standards and its corresponding impact on the financial statements, if any.

Whistle-blowing policy

The Company has in place a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees and any other persons may raise concerns, in confidence, on improper conduct or other matters to the Management and/or the AC, where applicable. The details of the policy have been disseminated and made available to all parties concerned.

The AC oversees the administration of the policy and ensures that all concerns to be raised are independently investigated and appropriate follow-up actions are carried out.

Principle 13 - Internal audit

The Company has outsourced the internal audit function to Crowe Horwath. The internal auditors are expected to meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC approves the hiring, removal, evaluation and compensation of the internal auditors and the internal auditors have unrestricted access to all the Company's documents, records, properties and personnel, and reports directly to the AC on audit matters. The AC will also meet with the internal auditors at least once a year without the presence of the Management. To ensure the adequacy and effectiveness of the internal audit function, the AC will review and approve the internal audit plan on an annual basis.

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During the financial year reported on, the internal auditors conducted its audit reviews based on the approved internal audit plan. The internal audit report detailing audit findings and recommendations are provided to the Management who would respond on the actions to be taken. The internal auditors would then submit a report on the status of audit plan, audit findings and actions taken by the Management on such findings to the AC. Any material non-compliance or lapses in the internal controls together with the corrective measures taken up by the Management are highlighted to the AC. The AC would monitor the timely and proper implementation of such corrective measures and will follow up on the required corrective, preventive or improvement measures undertaken or to be undertaken by the Management.

For FY2017, the AC has reviewed the effectiveness of the internal audit function and is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Group to fulfil its mandate. The AC will review annually, the adequacy and effectiveness of the internal audit function.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 - Shareholder rights

All shareholders of the Company are treated fairly and equitably to facilitate their ownership rights. In this regard, care is taken to ensure that no market sensitive information such as corporate proposals, financial results and other material information is disseminated to any party without first making an official announcement through SGXNET.

Any notice of general meeting consisting of only ordinary resolution is issued at least 14 calendar days before the scheduled date of such meeting. All shareholders can vote in person or to appoint up to two (2) proxies during his absence to attend, vote and speak in general meeting in compliance with Companies Act (Chapter 50). The Company allows corporations which provide nominee or custodial services to appoint more than two (2) proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

The Directors ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings and shareholders will be well informed of the meeting and voting procedures.

Principle 15 - Communication with shareholders

The Company's dedicated internal Investor Relations ("IR") team is tasked with and focuses on facilitating effective and fair communication between the Company and its shareholders by regularly conveying pertinent information to shareholders, attend to their queries as well as to keep shareholders apprised of the Group's corporate developments and financial performance.

The Company does not practice selective disclosure, and price sensitive information is publicly released on an immediate basis pursuant to the Catalist Rules. Shareholders, investors and analysts are kept informed of the major developments of the Company on a timely basis through various means of communication as follows:

- announcements and press releases (with contact details for investors to channel their comments or queries) via SGXNET;
- annual reports and notice of AGM issued to all shareholders;
- price sensitive information, significant transactions or matters are communicated to shareholders via SGXNET; and
- the Company's website at www.iev-group.com.

The IR team, together with the Management, will conduct roadshows, participate in investor seminars and conferences, analyst meetings to keep the market, shareholders and investors apprised of relevant information, to enable them to have a better understanding of the business, latest developments and financial performance of the Group. The Company makes available its briefing materials to analysts and the media through press releases which are released on SGXNET and its corporate website, with contact details for investors to channel their comments and queries.

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The Company does not have a fixed dividend policy. The form, frequency and amount of declaration and payment of future dividends on shares of the Company that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Directors:

- the level of cash and retained earnings;
- actual and projected financial performance;
- projected levels of capital expenditure and expansion plans;
- working capital requirements and general financing needs and conditions; and
- restrictions on payment of dividend imposed to the Company (if any).

The Board has not declared or recommended a dividend for FY2017 as the Group has sustained losses in FY2017 and to conserve cash for future operations in view of a challenging outlook of the Group's business.

Principle 16 - Conduct of shareholder meetings

The Board supports and encourages shareholders' participation at general meetings of the Company.

The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of the shareholders through the web is not compromised.

At the Company's general meetings, all Directors are usually present and shareholders are given the opportunity to voice their views and ask Directors, in particular the chairman of the Board Committees or the Management questions regarding the Company's business or performance. In addition to the Board, the external auditors are also invited to attend the AGMs to assist the Directors in addressing shareholders' queries about the conduct of audit and the preparation and contents of the auditors' report.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and the Management, and makes these minutes, subsequently approved by the Board, available to shareholders during office hours upon their request.

At the AGMs, separate resolutions are set out on distinct issues for approval by shareholders. The Company will conduct its voting by poll at the forthcoming AGM in the presence of independent scrutineers. Explanation on polling procedures will be provided to shareholders before the poll voting is conducted. The total numbers and percentage of valid votes cast for or against each resolution will be announced at the AGM and also on SGXNET after the AGM.

INTERESTED PERSON TRANSACTION ("IPTs")

The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. All IPTs are subject to review by the AC to ensure compliance with the established procedures. In the event that a member of the AC is involved in any IPT, he will abstain from reviewing that particular transaction.

In compliance with Chapter 9 of the Catalist Rules, the Group confirms that there were no IPTs entered into during the financial year reported on, which exceeded SGD100,000 in value. The Group does not have a general mandate from shareholders for recurring IPTs pursuant to Rule 920(1)(a)(i) of the Catalist Rules.

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DEALINGS IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules on dealings in securities, the Company has in place a policy prohibiting share dealings by Directors, officers and employees of the Group during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one (1) month before the full financial year, as the case may be, and ending on the date of the announcement of the relevant results. This has been made known to Directors, officers and employees of the Group. They are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period. Directors, officers and employees of the Group are also prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information.

Directors are required to notify the Company of their securities dealings within two (2) business days of such dealings and the Company shall disseminate the notifications received to the market via SGXNET within one (1) business day of receiving such notifications.

MATERIAL CONTRACTS

Save for the service agreement entered into between Executive Director and the Company and the contracts which have been published via SGXNET, there are no other material contracts or loans entered into by or taken up by the Company or its subsidiaries involving the interest of any Director or controlling shareholder which are either still subsisting as at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fee were paid to the Sponsor, SAC Capital Private Limited, in FY2017.