

LEI SHING HONG LIMITED
Corporate Governance Policy Statement

(Adopted at the Board meeting on 27 April 2012 and last reviewed on 1 January 2016)

The Company believes that sound corporate governance is fundamental to the enhancement of the value of the Company and its long term growth. Based on the core principles of fairness, transparency and accountability, the Company strives to maintain a high standard of corporate governance through the establishment of a comprehensive and efficient framework of policies, procedures and systems and the promotion of a responsible corporate culture throughout the Group. This Statement sets out the key corporate governance principles observed by the Company and illustrates the practices and systems established by the Board in line with those principles.

Effective Corporate Management

It is vital for the success of the Company to maintain an effective system of corporate management.

Appointment and remuneration of directors

The Company has adopted a systematic and transparent procedure for the appointment of new directors to the Board to enable orderly succession, and for devising policy on the remuneration of directors and the senior management. A Nomination Committee and a Remuneration Committee have been set up for these purposes, each with its own specific terms of reference.

Board composition

The Company pays high regard to the value of diversity of expertise and knowledge among the members of the Board, which is reflected in the varied professional background and experience of the executive and non-executive members of the Board. The Company also supports the principle of Board independence, and seeks to achieve a balanced composition of executive and non-executive directors on the Board. The Board currently comprises of four non-executive directors and four independent non-executive directors. Mr. Gan Khian Seng, the Managing Director, is responsible for providing leadership to and to ensure the effective running of the Board, implementation of policies and strategies approved by the Board and the overall day to day management of the business of the Group.

Balance of responsibility

The Company seeks to maintain an appropriate balance of responsibility between the Board and the executive management of the Company. While the managers are charged with the responsibilities of administering the day-to-day business and operation of the Company, the Board is responsible for overall leadership and direction and exercises appropriate levels of control in the Group's affairs. To

help to achieve this, the Company also maintains a prescribed list of matters reserved for Board decision to ensure a clear delineation of Board and executive management functions.

Separation of key Board functions

The Board has established three separate committees, each comprising a majority of independent non-executive directors, charged with individual functions which are essential to contributing to a sound corporate governance system. The Audit Committee is responsible for reviewing the Group's financial reporting and policies and overseeing internal controls and compliance within the Group. The Nomination Committee will recommend to the Board on the appointments of directors whilst the Remuneration Committee makes recommendations to the Board on the Company's policy and structure for remuneration of directors and senior management. All of the Board's corporate governance committees are required to report back to the Board on their decisions or recommendations.

Support to directors

The Company is strongly committed to providing the necessary resources to assist its directors in their decision making and in forming their valued opinions. All directors, including each of the Board's established Committees, may seek independent professional advice in appropriate circumstances at the Company's expense. Directors are regularly consulted on key management matters and all have access to the advice and services of the Company Secretary with a view to ensuring that the Board procedures are followed and the applicable laws and regulations are complied with. Directors and senior management have access to external and internal training and continuous professional development if and when necessary on corporate legal and governance issues to enhance their knowledge and skills in corporate governance issues. In addition, all newly appointed directors are provided with detailed and tailored induction in respect of the Group's activities, including its corporate governance systems, as well as their responsibilities and duties and relevant regulatory requirements. Furthermore, the Company also maintains directors' and officers' liability insurance to encourage active contribution to the affairs of the Company.

Corporate Transparency

The Board is dedicated to promoting transparency and openness at all levels and in all areas of the Company's operations.

Directors' access to information

All directors are provided in a timely manner with timely and detailed management information relating to the Company's business and operations, facilitating the making of informed and critical decisions on the Company's affairs.

Communication with shareholders

The Company strives to treat all of its shareholders openly and fairly and is strongly committed to promoting effective communication with shareholders, and it has put great effort in maintaining an open and constructive dialogue with shareholders. The Board actively communicates with the Company's shareholders at annual general meetings and other general meetings and encourages participation by shareholders to facilitate their understanding of the Group's operations. Separate resolutions are proposed at shareholders' meetings on each substantive and separate issue. The Managing Director and the Chairman of the Board committees attend annual general meetings of the Company to answer any questions raised by the shareholders and to ensure that all queries are fully and adequately addressed.

Accountability

The Company endeavours to maintain sound and effective internal controls and reporting systems to enhance accountability and corporate value to shareholders.

Risk management and financial review

The Company aims to present a clear, balanced and comprehensive assessment of its financial position and prospects. To that end, the Board constantly monitors the Company's performance and reviews the effectiveness of its risk management and system of internal controls and compliance with recognised best practices. Formal and transparent arrangements, including the establishment of an Internal Audit Department, have been put in place to ensure that the Company's financial reporting and internal control principles can be effectively applied. All directors are regularly provided with comprehensive reports on the strategic plans, updates on lines of business, financial objectives, plans and actions.

The Audit Committee

The internal control of the Company is further bolstered by the presence of the Audit Committee charged with specific terms of reference. The Committee reviews the Company's internal control systems on a regular basis and communicates any material issues to the full Board. The Finance director also reports to the Audit Committee periodically on key findings regarding internal controls. To ensure effective discharge of its duties, the Board provides all necessary resources to the Audit Committee to seek independent professional advice at the Company's expense.

Continuing Review of Policy

The Board adopts a proactive approach in reviewing the Company's corporate governance policy on a regular basis and endeavours to maintain adequate and credible corporate governance arrangements in the best interests of the Company and its shareholders.