

CORPORATE GOVERNANCE REPORT

Nam Cheong Limited (“Company”) is committed to continually maintaining the highest standards of corporate governance, business integrity and professionalism in all activities undertaken by the Company. Its Board of Directors (“Board”), its Management and its subsidiaries (collectively the “Group”) have established self-regulating and monitoring mechanisms to ensure that effective corporate governance is implemented at all times when executing its responsibilities to protect and enhance long-term shareholder value and financial performance of the Group.

The Group observes and adheres to the general principles and guidelines set out in the Code of Corporate Governance 2018 (“Code”). Where there have been deviations from the Code, the Company has sought to provide appropriate explanation for each deviation in this report.

The following illustrates the Group’s corporate governance processes and structures that are in place during the financial year ended 31 December 2024 (“FY 2024”), with specific reference to the principles and guidelines of the Code, which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited (“SGX-ST”)’s Listing Manual.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: *The company is headed by an effective Board which is collectively responsible and works with Management for long-term success of the company.*

The Board comprises fiduciaries who act objectively at all times in the best interests of the Company and shareholders and hold the Management accountable for long-term performances and financial stability of the Group. The Board supervises the Management by providing overall strategy, guidance and direction to the Group. To instil tenets of good corporate governance, the Board, together with the Company have established a code of conduct and ethics which sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability and responsibility within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving issues of conflict.

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring Board approval are disclosed in this report. The principal functions of the Board are as follows:

- (a) To decide on matters in relation to the Group’s operations which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- (b) To oversee the business and affairs of the Company, and together with the Management, establish the strategies and financial objectives to be implemented by Management, and monitor the performance of Management;
- (c) To oversee processes for evaluating the adequacy and effectiveness of internal controls and risk management systems;
- (d) To set and review the Company’s values and standards (including ethical standards) periodically; and
- (e) To consider sustainability issues such as environmental and social factors as part of its strategic formulation.

In addition to its statutory duties, the Board reserves the following key matters for its decision:

- (a) Major funding proposals, investments, acquisitions and divestments including the Group’s commitment in terms of capital and other resources;
- (b) The annual budgets and financial plans of the Group;
- (c) Annual and quarterly financial reports;
- (d) Internal controls and risk management strategies and execution; and
- (e) Appointment of directors and key management staff, including review of their performance and remuneration packages.

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Directors understand the Company's business as well as their directorship duties, including their roles as executive, non-executive and independent directors.

Where a new director is appointed to the Board, the Board ensures that all incoming directors will receive an extensive, comprehensive and tailored induction upon joining the Board. These include, but are not limited to, a briefing of his/her duties, obligations and responsibilities and how to effectively and objectively discharge these duties in good faith, as well as a comprehensive orientation program to ensure familiarity with the Group's businesses, financial related matters and governance practices.

Directors are provided with opportunities to develop and maintain their skills and knowledge. They are encouraged to attend relevant courses/training conducted by Singapore Institute of Directors, SGX-ST, as may be relevant to the objectives and effective discharge of their responsibilities, particularly on relevant new laws, regulations and changing commercial risks, at the expense of the Group.

The schedule of all the Board and Board Committee meetings as well as the Annual General Meeting ("AGM") for the next calendar year is planned well in advance. The Board meets every quarter and on special warranted meetings by particular circumstances. To enhance effective participation and communication, Directors who are unable to attend the meeting in person, will participate via tele-conference, electronic or other communication facilities which permits all parties to communicate with each other simultaneously.

The Board has set up and is primarily supported by four Board Committees, which are the Audit Committee ("AC"), the Remuneration Committee ("RC"), the Nominating Committee ("NC") and the Risk Management Committee ("RMC") to assist in the execution of its responsibilities and to strengthen the Board's effectiveness. To undertake the respective responsibilities more efficiently, each committee has its own defined terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of each committee members and respective activities are elaborated under principle 4 for the NC, principle 6 for the RC, principle 9 for the RMC and principle 10 for the AC respectively.

Directors' participation in the board committee meetings is consistent. The number of meetings held by the Board and Board Committees and the attendance for during the FY 2024 are as follows:

	Board Meeting	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held	4	4	1	1
No. of meetings attended				
Tan Sri Datuk Tiong Su Kouk	4	N.A.	N.A.	N.A.
Mr Leong Seng Keat*	2	N.A.	N.A.	N.A.
Mr Tiong Chiong Hiiung	4	N.A.	N.A.	1
Mr Ajaib Hari Dass*	2	2	1	1
Mr Yee Kit Hong*	2	2	1	1
Mr Kan Yut Keong, Benjamin*	1	1	1	N.A.
Datuk Lim Tong Lee^	3	2	N.A.	N.A.
Mr Tan Boon Yong Thomas^	3	2	N.A.	N.A.
Mr Yeoh Seng Huat Geoffrey^	3	2	N.A.	N.A.

^ Appointed on 1 April 2024

* Retired at the conclusion of the Company's AGM held on 30 May 2024

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Directors with multiple board representations ensure that sufficient time and attention are given to the Company's affairs.

In the Board meetings or special warranted meetings by particular circumstances, whereby Directors are updated on the Group businesses, operational activities and possible changes of business risks, the Company's policy is to ensure the Board is equipped with complete, adequate and timely information prior to meetings and on periodic basis to enable Directors to make informed decisions as part of their duties and responsibilities. The Company shall at the Directors' requests or at any time, provide further additional explanation, briefing or informal discussion on any aspect of the Group's operations or business issues. Where the Board's approval is required, matters are to be communicated transparently to the Management in writing.

The Company recognises the essentiality of keeping the Board abreast of the ongoing affairs of the Group to enable them to make informed decisions and discharge their duties and responsibilities. All scheduled Board, Board Committee and Company's strategic meetings' materials are sent to Directors not less than a week in advance of the meeting for Directors to be adequately prepared for the meeting. Such meetings' materials consist of information including, without limitation explanatory background facts, purposes and vision, financial projections and impacts, risk analysis, project and business updates, sustainability and recommendations. Senior Management and key personnel from the Company attend Board, Board Committee and strategic meetings to address any additional query from Directors. The Company discontinued the distribution of hard copies meeting papers to Directors. In line with the Group's sustainability initiatives, meeting minutes and related documents are now provided in digital format prior to each meeting.

Directors have continuous and unrestricted access to the Company Secretary, Management and when required, external advisers, all at the Company's expenses.

The Company Secretary collaborate closely with the Management in setting the agenda for Board meetings. She or, an authorized designate in her absence, attends all Board meetings to ensure that Board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring effective information flow within the Board and its Board Committees, and between Management and non-executive Directors. Where required, the Company Secretary organise orientation and training for new Directors, as well as provides updates and advice on governance matters. The Company's Constitution stipulates that the appointment and removal of the Company Secretary is subject to the approval of the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2: *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

Currently, the Board comprises five members of whom three are Independent Directors:

Executive Directors

Tan Sri Datuk Tiong Su Kouk (Executive Chairman)

Mr Tiong Chiong Hiiung (Executive Vice Chairman cum Finance Director)

Independent Directors

Datuk Lim Tong Lee (Lead)

Mr Tan Boon Yong Thomas

Mr Yeoh Seng Huat Geoffrey

The Board comprises highly skilled Directors, each with extensive experience in the Company's business segment. They bring a diverse range of invaluable experiences, extensive business network and expertise, including but not limited to admiralty and shipping matters, shipbuilding and vessel chartering, strategic planning, audit management, taxation, mergers and acquisitions, corporate finance and restructuring, accounting, financing, marketing business development and legal. The size, composition and varied expertise of the current Board members ensures that discussions on policy, strategy and performance are thorough, informed and effective.

The Board is committed to ensuring effective representation of its shareholders, with a focus on fully disclosing and examining issues related to strategy, performance and resources all while considering the long-term interests of the shareholders, employees, customers, suppliers and the industries in which the Group operates.

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Directors complete an annual declaration of independence, assessing their independence in accordance with these considerations. This declaration is reviewed by the Nomination Committee (NC). While the annual confirmation of independence highlights potential situations where independent judgment could be affected, it is not conclusive. Directors are also required to disclose any relationship with the Company, its related corporations or its officers which may interfere with, the exercise of their independent business judgment in the best interests of the Company. No individual or group of individuals dominates the Board's decision-making. The roles of the Executive Chairman, the Executive Vice Chairman cum Finance Director and CEO are assumed by different individuals.

The Board has a healthy proportion of independent and non-executive directors, where independent and non-executive directors comprise the majority of the Board. The Independent Directors play a key role in the Board processes by constructively challenging, developing, monitoring and reviewing the Management's performance against pre-determined goals, strategies and objectives. Their insights offer alternative perspectives on the Group's business and operations. Independent Directors exercise independent judgment and discretion in relation to the Group's business activities, particularly in situations involving conflicts of interest and other complexities. To facilitate a more effective check on the Management, the Independent Directors meet independently of Management, when necessary, with the chairman of such meetings providing feedback to the Board and/or Management as appropriate.

NC conducts an annual review to determine whether a Director or potential Board candidate meets the criteria for independence, in accordance with the Code's definition of an "independent director" and the guidance on relationships that would disqualify a Director from being considered independent (Principle 2). An independent director, as defined by the Code, is one who demonstrates independence in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of independent business judgment in the best interests of the Company. Under the SGX-ST Listing Manual, a director will not be deemed independent if he is employed by the Company or its related corporations for the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or its related corporations for the past three financial years, and whose remuneration is determined by the RC.

The Company, adhering to the Code's definition, determines annually on the Independent Directors' independence. The NC has assessed the independence of each Independent Director and considers that Datuk Lim Tong Lee, Mr Tan Boon Yong Thomas and Mr Yeoh Seng Huat Geoffrey are, and continue to be, independent. Each member of the NC has abstained from deliberations in respect of the assessment on his own independence.

On 11 January 2023, Singapore Exchange Regulation ("SGX RegCo") had announced that it will limit to nine years the tenure of independent directors serving on the board of issuers listed on Singapore Exchange Securities Trading Limited. The new requirements impose a hard tenure limit of nine years for Independent Directors, beyond which such directors will no longer be considered independent. As at the date of this Statement, none of the Independent Directors have served the Board for more than nine years.

The Board recognizes the importance of its continuity and stability, particularly in the current volatile oil market period, which significantly impacts the Company's business direction. The independent directors bring many years of experience in business, finance, legal and shipping and chartering industry, enabling them to effectively meet the Company's needs with their extensive knowledge and comprehensive understanding of the Group's operations and the markets. The Board will continuously assess the need for progressive refreshment of its Board, ensuring the balance and diversity are maintained in accordance with the Code. By reconstituting the Board early to align with the Code, the Company can minimise the disruption while preserving institutional knowledge and continuity.

The Board noted that under Principles 2.2 and 2.3 of the Code, independent directors and non-executive directors are to make up a majority of the Board respectively, where the Chairman is not independent. The Board and the NC have ascertained that for the period under review, three out of its five Directors are independent and non-executive.

While the Company complies with the requirement under Principles 2.2 and 2.3 of the Code, the NC takes the view that the Board's size should be based on the broader needs of the Company rather than solely on the majority independence criterion. The current composition of the Board, with its diverse experience and expertise, plays a critical role in supporting the Group's decision-making process. The Directors contribute significantly in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management to the best interests of the Group as it performs its duties in good faith, which by all means are more prudent measures than merely ascertaining the majority independence of the Board size. In concurrence with the NC, the Board is of the view that the current size of the Board is appropriate for the nature of the Group's business and the scope of its operations and there is a strong independence element in the Board.

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The Board and NC will continue to conduct thorough and careful reviews when assessing the independence of the Board. In this process, they will consider various factors, including but not limited to any interest, business, relationship and/ or any other material contractual ties that Directors may have with the Group. These factors are evaluated to ensure that no circumstances could reasonably be perceived as compromising the independence of the Directors or interfering with their ability to exercise independent judgment in the best interests of the Group.

The Company puts in place a Board Diversity Policy in recognition of the need and benefits of embracing diversity at the Board level to enhance stewardship and decision-making capabilities in line with the Company's operating environment. A well-balanced Board with Directors from diverse backgrounds can provide fresh perspectives to solve business issues, foster growth, create value and enhance corporate governance. A diverse Board reduces the risks of group-thinking whereby conformity and biases may lead to tunnel vision and sub-optimal decisions for the Company. The Board is committed to greater diversity and adopting it as a strategic imperative. All Board appointments will continue to be made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The NC will review the Company's progress towards meeting the targets set for promoting and achieving adequate diversity on the Board and keep the Board updated. The Board Diversity Policy is available at the Company's website at the URL http://www.namcheong.com.my/pdf/general/NamCheong_Board_Diversity_Policy.pdf.

Key information regarding the Directors, including their current and past directorship and chairmanship in listed companies over the preceding five years, as well as other principal commitments, are set out in the Board of Directors' section and on pages 14 to 17 which offers further details about their backgrounds and experience.

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

The roles of the Executive Chairman and CEO are distinct and carried out by separate individuals. Tan Sri Datuk Tiong Su Kouk, serves as the Executive Chairman, while Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director and Mr Leong Seng Keat, the CEO, are the key drivers driving the Group's growth. Together, they provide strong leadership and strategic direction, overseeing the formulation and execution of Company's overall business strategies and policies and steering the overall corporate direction of the Group.

The role of the Executive Chairman includes:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promoting a culture of transparency at the Board;
- (d) ensuring that the Directors receive complete, adequate and timely information;
- (e) ensuring effective communication with shareholders;
- (f) encouraging constructive relations within the Board and between the Board and the Management;
- (g) facilitating the effective contribution of Non-Executive Directors in particular; and
- (h) promoting high standards of corporate governance.

The Executive Vice Chairman cum Finance Director is responsible predominantly in corporate strategies planning and financial management, as an assurance to the Group's commitment in business continuity and growth.

The CEO is responsible primarily in the overall management and operation of the Group in accordance with Group's pre-determined goals, strategies and objectives.

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All strategic and major decisions made by the Executive Chairman, Executive Vice Chairman cum Finance Director and CEO are reviewed and approved by the Board. The roles of the Chairman and the CEO are kept separate to maintain an appropriate balance of power, enhanced accountability and ensure of the Board's ability to make independent decision.

The Company discloses the following:

- Tan Sri Datuk Tiong Su Kouk, Executive Chairman, is the father of both Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director and Mr Tiong Chiong Soon (Joseph), Executive Director of Operations; the father-in-law of Mr Leong Seng Keat, CEO; and the grandfather of Mr Leong Juin Zer Jonathan, Executive Director of Commercial.
- Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director, is the son of Tan Sri Datuk Tiong Su Kouk, Executive Chairman; the brother of Mr Tiong Chiong Soon (Joseph), Executive Director of Operations; the brother-in-law of Mr Leong Seng Keat, CEO; and the uncle of Mr Leong Juin Zer Jonathan, Executive Director of Commercial.
- Mr Leong Seng Keat, CEO, is the son-in-law of Tan Sri Datuk Tiong Su Kouk, Executive Chairman; the brother-in-law of both Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director and Mr Tiong Chiong Soon (Joseph), Executive Director of Operations; and the father of Mr Leong Juin Zer Jonathan, Executive Director of Commercial.
- Mr Tiong Chiong Soon (Joseph), Executive Director of Operations, is the son of Tan Sri Datuk Tiong Su Kouk, Executive Chairman; the brother of Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director; the brother-in-law of Mr Leong Seng Keat, CEO; and the uncle of Mr Leong Juin Zer Jonathan, Executive Director of Commercial.
- Mr Leong Juin Zer Jonathan, Executive Director of Commercial, is the grandson of Tan Sri Datuk Tiong Su Kouk, Executive Chairman; the nephew of both Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director and Mr Tiong Chiong Soon (Joseph), Executive Director of Operations; and the son of Mr Leong Seng Keat, CEO.

Notwithstanding the family relationship, each of Executive Chairman, Executive Vice Chairman cum Finance Director and the CEO has clearly defined roles and responsibilities in the Company and no one individual has unfettered powers of decision-making.

Datuk Lim Tong Lee, the Lead Independent Director of the Company is responsible for co-ordinating and leading the Independent Directors, providing non-executive perspectives and contributing well balanced viewpoints, to enable the Board to exercise independent decision making and to further ensure that an appropriate balance of power and authority in the spirit of good corporate governance are executed.

Datuk Lim Tong Lee is also available to the shareholders should they require alternative advices apart from contacts with the Chairman or Management.

BOARD MEMBERSHIP

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

The NC is regulated by a set of written terms of reference endorsed by the Board. The NC comprises three members, a majority of whom are independent, including the Chairman of the NC who is not associated in any way with the substantial shareholders of the Company. The Independent Director, Mr Tan Boon Yong Thomas is the Chairman of the NC.

The members of the NC as at the date of this report are:

Mr Tan Boon Yong Thomas (Chairman)

Datuk Lim Tong Lee

Mr Tiong Chiong Hiiung

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The functions of the NC include the following:

- (a) To identify candidates for nomination and make recommendations to the Board on all board appointments;
- (b) To re-nominate directors, having regard to the director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director;
- (c) To determine annually whether a director is independent;
- (d) To review the balance and diversity of skills, experience, gender, knowledge and competencies of the Board, and its size and composition;
- (e) To develop and recommend to the Board a process for evaluation of the performance of the Board, Board Committees and directors;
- (f) To assess the effectiveness of the Board, the Board Committees and the contribution by each individual director to the effectiveness of the Board;
- (g) To review and recommend to the Board the succession plans for directors, in particular, the Chairman and the Chief Executive Officer;
- (h) To review and recommend the training and professional development programmes for the Board; and
- (i) To review the succession plans and the development programmes for key executive/editorial positions.

When selecting, nominating or re-nominating directors to the Board, the NC shortlists candidates who meet the required profile and recommends them to the Board for approval. The Committee actively seeks suitable candidates to ensure continuity and strength of the Board's talent pool. Some of the key selection criteria include integrity, independent-mindedness, diversity, ability to commit time and effort to Board duties, a strong track record of good decision-making, experience in high-performing companies and financial literacy. Where necessary, the Committee may seek advice from external search consultants to assist in the selection process.

The NC regards succession planning as an important part of corporate governance and has an internal process of succession planning for the Chairman, Directors, the CEO and senior Management, to ensure the progressive and orderly renewal of the Board and key executives. The Company strives to establish a robust succession plan to groom key executives to guide the Group through its next phase of development.

The NC has established guidelines addressing competing time commitments that arise when Directors serve on multiple boards and have other principal commitments. As a guide, a Director should not have more than six listed company board representations and other principal commitments.

The NC annually monitors and assesses whether Directors who have multiple board representations and other principal commitments, are able to devote sufficient time and attention to the affairs of the Company and effectively discharge 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, his actual conduct on the Board and Board Committees, and his attendance record at meetings, in making this determination.

The NC is satisfied that in FY 2024, despite their other listed company board representations and principal commitments, each of the Directors was able to give sufficient time and attention to the affairs of the Company, and was able to adequately and diligently carry out his duties as a Director of the Company.

All Directors are required to submit themselves for re-nomination and re-election at regular intervals, and at least once every three years. These Directors may offer themselves for re-election, if eligible. The NC has reviewed and recommended the re-election of Tan Sri Datuk Tiong Su Kouk, who is retiring under the Company's Bye-Law 86(1) at the forthcoming AGM.

The Board has accepted the recommendation and the retiring Director, Tan Sri Datuk Tiong Su Kouk will be offering himself for re-election. The additional information of Tan Sri Datuk Tiong Su Kouk, a Director seeking for re-election are set out on pages 162 to 166 of this Annual Report.

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BOARD PERFORMANCE

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The NC reviews the performance of the Board on an annual basis, based on performance criteria as agreed by the Board, and decides how this may be evaluated. The Board has a process for assessing the effectiveness of the Board as a whole.

The Board evaluation process has the Directors completing a questionnaire to gather their views on various aspects of the Board and Board Committees' performance, including composition, information, process and accountability. The Company Secretary compiles the Directors' responses into a consolidated report which is discussed at the NC meeting and shares with the Board. The NC evaluates the Board's overall performance based on established performance criteria, which are determined by the NC and approved by the Board. These include the Board's composition and size, access to information, processes, accountability, standard of conduct, the performance of the Board's principal functions and fiduciary duties as well as its guidance to and communication with Management and stakeholders. These criteria remain consistent year to year, unless the NC deems it necessary to revise them for example, to align with any changes to the Code.

During FY 2024, the NC had conducted a performance evaluation of the Board on areas including board composition, board information, board process, internal control and risk management, board accountability, CEO and top management's performances and standard of conduct. The NC confirms that all Directors have effectively contributed to the performance evaluation of the Board. No external facilitator had been engaged by the Board for this purpose.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

The RC is regulated by a set of written terms of reference endorsed by the Board. The RC comprises three members and all three members are independent and non-executive, including the Chairman.

The members of the RC as at the date of this report are:

Mr Yeoh Seng Huat Geoffrey (Chairman)

Datuk Lim Tong Lee

Mr Tan Boon Yong Thomas

The functions of the RC include the following:

- (a) To review and recommend to the Board of Directors a framework of remuneration for the Board, Chief Executive Officer ("CEO") and key executives;
- (b) To review and recommend to the Board the specific remuneration packages for each director, the CEO and key executives;
- (c) To review all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share-based incentives and awards, benefits in kind and termination payments;
- (d) To review and administer the share and other incentive scheme(s) adopted by the Group and to decide on the allocations to eligible participants under the said scheme(s); and
- (e) To review the Company's obligations arising in the event of termination of the executive directors' and key executives' contracts of service, so as to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

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The recommendations of the RC are submitted for review and approval by the Board in its entirety. To ensure that RC exercises unbiased judgment and acts in the best interests of the Group and its shareholders, each RC member shall abstain from voting on any resolutions relating to their own or their associates' remuneration. No individual Director is involved in determining their own remuneration.

The RC also reviews the Company's obligations in the event of the termination of contracts for Directors and key management personnel ensuring that such contracts contain fair and reasonable termination clauses that are not excessively generous.

The RC may seek expert advice, both internal and external on the remuneration of Directors and staff. During FY 2024, the RC did not engage an external remuneration consultant.

LEVEL AND MIX OF REMUNERATION

Principle 7: *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

In determining the level and structure of remuneration of the Board and key management personnel, the RC and the Board ensure that these are appropriate and proportionate to the Group's sustained performance and value creation. This includes consideration of the Group's strategic objectives, long-term interests and risk policies. In designing remuneration packages, the RC ensures that the level and mix of remuneration are competitive, relevant and balanced, appropriate to strike a balance in remunerating the Board, the Company and the key management personnel. The RC takes into consideration the salary payments and employment experiences within the same industry, in comparable companies, the performance of the Group and the performance of the relevant individual. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes, and the time horizon of risks.

The remuneration framework for Directors, CEO and key management personnel is aligned with the interest of shareholders and relevant stakeholders and appropriate to attract, retain and motivate them for the long-term success of the Group.

Tan Sri Datuk Tiong Su Kouk, the Executive Chairman, Mr Tiong Chiong Hiiung, the Executive Vice Chairman cum Finance Director and Mr Leong Seng Keat, the CEO are paid based on their respective service agreements with the Group. The service agreements are for an initial period of three years each, with an automatic renewal for a further three years on the same terms and conditions, unless terminated prior to the renewal by either party giving six months' written notice.

The remuneration package of the Executive Directors includes a variable or performance related bonus which is based on the performance of both the Company and the individual. This package is designed to align their interests with those of shareholders and to promote the long-term success of the Group. Directors' fees are tabled annually for shareholders' approval at the AGM.

The non-executive and Independent Directors do not have service agreements with the Company. They are compensated through Directors' fees, which are determined by the Board, based on their skills, experiences and contributions. Factors such as responsibilities, effort and time spent on Board and Committee duties are also taken into consideration. The fees for Non-Executive Directors' fees comprise a basic fee, fees for service on Board Committees and attendance fees, all of which are subject to shareholders approval at the AGM. Apart from Directors' fees, the Non-Executive Directors and Independent Directors do not receive any other remuneration from the Company.

The Group's remuneration policy for the CEO, Directors and key management personnel includes both a fixed component and a variable component. The fixed component consists of a base salary, while the variable component includes allowances, bonuses and benefits-in-kind, all linked to the Group's performance and individual contributions.

Having reviewed the variable component of the Executive Directors and key management personnel, the RC is of the view that there is no need to institute contractual provisions to allow the Group to reclaim incentive components of remuneration paid in prior years except in cases of misstatement of financial results, or misconduct resulting in financial loss. Additionally, the Executive Directors owe a fiduciary duty to the Company and the Group should be able to pursue remedies in the event of breach of such fiduciary duties.

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DISCLOSURE OF REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Aligned with Principle 8 of the Code, the Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

For the period under review, the executive Directors' and the CEO's remuneration package includes the salary and a variable bonus element and performance share grant, which are based on the Company's and individual performance and have been designed to align their interests with those of shareholders.

Non-executive and Independent Directors received Directors' fees, which are subject to the shareholders' approval at the AGM. Directors' fees include a basic retainer fee, fees for service on Board Committees, attendance fees, and, where applicable, fees for participation in special projects, ad hoc committees and subsidiary boards. These fees are designed to reflect the level of contribution, considering factors such as the time and taking into account factors such as effort involved as well as the responsibilities of the Directors. The structure of the Director's fees ensures that the independence of the non-executive Directors is not compromised by their compensation.

The remuneration for each individual Director and the CEO for FY 2024 is set out as follows:

Remuneration	Salary SGD (%)	Director's Fees & Meeting Allowances SGD (%)	Variable or Performance Related Income/ Bonus and Benefits-In-Kind SGD (%)	Total Compensation SGD (%)
Tan Sri Datuk Tiong Su Kouk	40.96%	0.36%	58.69%	1,684,705 (100%)
Mr Tiong Chiong Hiiung	74.70%	0.95%	24.36%	739,000 (100%)
Mr Leong Seng Keat	42.87%	0.21%	56.92%	1,877,974 (100%)
Mr Ajaib Hari Dass	-	100%	-	44,892 (100%)
Mr Yee Kit Hong	-	100%	-	44,575 (100%)
Mr Kan Yut Keong, Benjamin	-	100%	-	35,192 (100%)
Datuk Lim Tong Lee	-	100%	-	54,000 (100%)
Mr Tan Boon Yong Thomas	-	100%	-	54,000 (100%)
Mr Yeoh Seng Huat Geoffrey	-	100%	-	51,667 (100%)

The RC has recommended to the Board an amount of S\$301,326 as Directors' Fees for FY 2024. These recommendations have been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval. The Board concurred with the RC that the proposed Director's Fees for FY 2024 are appropriate and not excessive, considering the Directors skills, expertise, contributions, as well as the responsibilities, effort and time spent dedicated to for serving on the Board and its Committees. No Director was involved in deciding his own remuneration.

The remuneration package for key management personnels (who are not Directors or the CEO of the Company) includes a salary and a variable bonus element, both linked to the Company's performance and individual performance.

CORPORATE GOVERNANCE REPORT

For FY 2024, the remuneration of the top 5 key management personnel (who are not also directors or the CEO of the Company) in bands no wider than S\$250,000 is disclosed as follows:

Key Management Personnel		Salary %	Variable or Performance Related Income/ Bonus and Benefits-In-Kind %	Total Compensation %
S\$250,001 and above				
Tiong Chiong Soon (Joseph)	Executive Director (Operations)	70.00	30.00	100
Leong Juin Zer Jonathan	Executive Director (Commercial)	40.59	59.41	100
Loo Hin Loy	General Manager (Marine Operations)	37.74	62.26	100
Kwan Seng Fatt	General Manager (Shipbuilding and Engineering)	78.90	21.10	100
S\$250,000 and below				
Chong Chung Fen	Chief Financial Officer	58.43	41.57	100

The Company has not disclosed the upper limits for the higher remuneration bands, given the confidentiality and commercial sensitivity attached to remuneration matters, and the competition for talent in the job market in relation to the skillsets of these personnel in the industry.

For FY 2024, the aggregate total remuneration for the key management personnel (who are not also Directors or the CEO of the Company) amounted to S\$1,838,213.

The RC ensures the remuneration paid to the CEO, Directors, and key management personnel are clearly linked to the achievement of their individual performance targets. These targets, as determined by the RC, are designed to drive a high degree of business performance, while keeping the remuneration within a practical and competitive range. The individual performance targets are aligned with the Group's broader strategic, financial, and operational objectives, fostering shared growth and success. The performance targets, which differ individually, are based on the consistent criteria. Performance is evaluated against pre-agreed targets that encompasses both financial and non-financial along with other actions and performance metrics that contribute to the Group's long-term financial stability, robust risk management practices, strong internal controls and the safeguarding of the shareholders' interests and the Group's assets.

Save for Mr Tiong Chiong Soon (Joseph) and Mr Leong Juin Zer Jonathan, there are no other employees who are substantial shareholders of the Company, or immediate family members of a Director, the CEO or a substantial shareholder of the Company, whose remuneration exceeds S\$100,000 during the financial year, in bands no wider than S\$100,000. The relationship of Mr Tiong Chiong Soon (Joseph) and Mr Leong Juin Zer Jonathan with the Director or the CEO or substantial shareholder of the Company are set out in page 30 of this Corporate Governance Report.

The above remuneration bands will include performance shares granted to staff under the Nam Cheong Management Incentive Plan 2024 (the "Plan"). The Plan is administered by the RC.

Staff who participate in the Plan are a selected group of employees of such rank and service period as the RC may determine or as selected by the RC. Further details on the Plan and the incentives issued, can be found in the Directors' Statement and Notes to the Financial Statements.

Shareholders approved the Plan during the special general meeting held on 29 February 2024. The objectives of the Plan are to attract, retain, incentivise and motivate the Company's employees' performance and contribution, to attract skilled employees to contribute to the Group and create value for shareholders.

In line with this approval, the Shareholders also approved the termination of Nam Cheong Management Incentive Plan 2018, ensuring that the Company's incentive framework remains aligned with its evolving goals.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

The Risk Management Committee (“RMC”) is tasked with overseeing the Groups’ risk governance framework, ensuring that the Management implements and maintains a robust system of risk management and internal controls to protect the interests of shareholders and safeguard the Group’s assets.

The RMC advises the Board on the nature and extent of the principal risks the Company is prepared to accept in pursuit of its strategic objectives and long-term value creation. It provides comprehensive risk management reports to the Board at least twice a year, ensuring ongoing oversight and alignment with the Group’s strategic direction.

The RMC is chaired by the CEO, Mr Leong Seng Keat, and comprises senior management members, including Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director, Mr Tiong Chiong Soon (Joseph), Executive Director of Operations and Mr Chong Chung Fen (Chief Financial Officer (“CFO”)). The RMC regularly reviews the Group’s policies and procedures and business and operational activities to identify areas of significant risks. It also evaluates and determines the appropriate strategies to manage and mitigate these risks, subsequently reporting its findings and recommendations to the AC and Board.

The risk management and internal audit exercises are conducted by an independent advisory firm, Axcelasia Sdn Bhd (“Axcelasia”) (formerly known as Tricor Axcelasia Sdn Bhd) to monitor and manage the risks across the Group via an Enterprise Risk Management (“ERM”) framework.

The internal auditors provide an annual audit plan, which focuses on material internal control systems including financial, operational, IT and compliance controls, and the risk management processes. They also provide advices on security and control in new systems development, recommends improvements to effectiveness and economy of operations, and contributes to risk management and corporate governance processes. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC. Additionally, the internal auditors conduct a review of the Sustainability Reporting process to provide an independent and objective assessment of the robustness of internal controls over environmental, social, and corporate governance information disclosed by the Company.

The internal auditors recommend a risk reporting structure, together with reporting frequency and roles and responsibilities for implementation by the Group. Key risks were assessed and risk action plans were developed for the top risks of the Group. This ERM framework and risk management activities are reviewed, updated and improved regularly to enhance the Group’s capability in risks identification, assessment and management in the light of challenging business environment.

The Board acknowledged the recommendations and is committed to continuously implementing a suitable ERM framework for the Group. During the financial year in review, follow-up was performed internally on the risk action plans implementation status. Results of the follow-up were reported to the AC. Risk ratings were also re-assessed during the financial year to communicate and reflect the Management’s views on the challenges expected ahead based on available information.

The Company has appointed Foo Kon Tan LLP as external auditors for the Group. In performing the audit of the financial statements of the Group, the external auditors perform tests over the operating effectiveness of certain controls relevant to the preparation of its financial statements. They will also highlight any material internal control weaknesses during the audit which is primarily aimed at forming an opinion on the financial statements. Any such material weaknesses and associated recommendations, from the external auditors are reported to the AC. The AC subsequently reviews the adequacy and effectiveness of the action taken by Management in response to the auditor’s opinions and recommendations.

CORPORATE GOVERNANCE REPORT

The Board requires, discloses and confirms that it has received assurance from:

- (a) the CEO and the CFO 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; and
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal controls systems.

Based on the internal controls established and maintained by the Group, the work performed by both internal and external auditors, and the regular reviews performed by Management, the AC, the RMC and the Board, it is concluded that the Group's internal controls encompassing financial, operational, compliance and information technology controls along with its risk management systems were adequate and effective throughout the financial year. These controls and systems effectively addressed the financial, operational, compliance and information technology risks deemed relevant and material to the Group's operations.

The Board is committed to continuously enhance and improve the Group's internal controls systems and risk management policies. Notwithstanding the foregoing, the Board acknowledges that while the internal control system provides reasonable assurance, the Group will not be immune from events that could be reasonably foreseen and mitigated in pursuit of its business objectives. The Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

The Board is accountable to all shareholders for the management of the Group and is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects. This includes not only annual and quarterly financial results but also interim and other price sensitive public reports. The Board ensures the shareholders are kept informed of the Group's operations and financial status through timely announcements of quarterly and full year results, as well as other relevant matters in accordance with the applicable rules and regulations.

The Board has also undertaken adequate steps to ensure compliance with regulatory requirements, including requirements under the SGX-ST Listing Manual, by establishing written policies where appropriate.

To support the Board in fulfilling its responsibilities, the Company ensures it provides timely and relevant updates regarding the Group's performance. The Board emphasizes transparency in the conduct of the Company's affairs, whilst preserving the Company's commercial interests.

The Management team regularly provides the Board with information including management accounts, to allow the Board to make balance and informed assessments of the Company's performance, position and prospects.

AUDIT COMMITTEE

Principle 10: *The Board has an Audit Committee ("AC") which discharges its duties objectively.*

The AC is regulated by a set of written terms of reference, which sets out their authority, duties and responsibilities. The AC comprises three Non-Executive Directors, all of whom are Independent Directors.

The members of the AC as at the date of this Annual Report are:

Datuk Lim Tong Lee (Chairman)
Mr Tan Boon Yong Thomas
Mr Yeoh Seng Huat Geoffrey

The members of the AC bring with them a wealth of experience and professional expertise across the financial, legal, consultancy and administrative fields. The Board is of the view that the Chairman and members of the AC are suitably qualified to discharge their responsibilities. At least two members, including Datuk Lim Tong Lee, AC Chairman and Mr Yeoh Seng Huat Geoffrey, possess solid accounting and financial management expertise, as assessed by the Board in its business judgment.

None of the AC members is a former partner or director of the Group's existing auditing firm or auditing corporation within two years of ceasing such roles. None of the AC members holds any financial interest in the Group's existing auditing firm.

CORPORATE GOVERNANCE REPORT

The AC performs the functions as set out in the Code including the following:

- (a) To review the annual audit plans and audit reports of external and internal auditors;
- (b) To review the balance sheet and profit and loss accounts of the Company and the consolidated balance sheet and profit and loss accounts of the Group before they are submitted to the Board for approval;
- (c) To review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (d) To review the assurances from the CEO and the CFO on the correctness, accuracy, integrity of the financial records and financial statements;
- (e) To review the auditors' evaluation of the system of internal accounting controls;
- (f) To review annually on the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (g) To review the scope, adequacy, independence, effectiveness and results of the Company's external audit and internal audit function;
- (h) To review the scope, results and effectiveness of the external audit, and the independence and objectivity of the external auditors annually, and the nature and extent of non-audit services supplied by the external auditors so as to maintain objectivity;
- (i) To make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (j) To review the Company's policies, including the whistle-blowing policy, and to ensure that for such policies, arrangements are in place for concerns about possible improprieties in matters of financial reporting or other matters to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (k) To oversee any internal investigation into cases of fraud and irregularities;
- (l) To review any interested person transaction;
- (m) To approve the hiring, removal, evaluation and compensation of the head of the internal audit function; and
- (n) To ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

Beyond its core responsibilities, the AC is tasked with commissioning and reviewing the findings of internal assessments, as well as discussing matters with the internal and external auditors in cases of suspected fraud, irregularities, internal control failures or infringement of Singapore laws, rules or regulation, that could materially impact the Company's operating results or financial position. The AC will also ensure appropriate follow-up actions are taken. In instances where an AC member has a conflict of interest regarding any matter under consideration, he will abstain from reviewing or voting on that particular resolution.

The AC has explicit authority to investigate any matter within its terms of reference, with full access to Management and the ability to invite any Director or executive officer to attend its meetings. The AC is also provided with reasonable resources to effectively discharge its responsibilities. Additionally, the RC has implemented procedures to ensure independent investigation of matters such as improprieties in financial reporting.

Where necessary, the AC meets with the internal auditors and the external auditors without the presence of the Management, at least once a year. In line with the SGX-ST Listing Manual requirements, the audit partner of the external auditors is rotated every five years.

Quarterly financial statements and the accompanying announcements are reviewed by the AC before presentation to the Board for approval, to ensure the integrity of information to be released.

CORPORATE GOVERNANCE REPORT

During the financial year, the AC reviewed amongst others, the quarterly financial statements prior to approving or recommending their release to the Board, as applicable; the auditors' evaluation of the system of internal accounting controls; the adequacy and effectiveness of the Company's internal controls; the annual audit plan of the internal and external auditors and the results of the audits performed by them; and potential interested person transactions. The AC also reviewed the scope, results and effectiveness of both the internal audit and external audit functions; the independence and objectivity of the external auditors, and the re-appointment of the external auditors and their remuneration.

The AC takes measures to keep abreast of the changes to accounting standards and issues that directly impact financial statements, with training sessions conducted by professionals or external consultants.

In accordance with Rule 712, a company must appoint an appropriate auditing firm to meet its audit obligations, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the listed group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit.

The AC has conducted an annual review of the external auditors' performance, using the Audit Quality Indicators Disclosure Framework recommended by ACRA as reference. The external auditors conduct audit of the Company's accounts, its Singapore-incorporated subsidiaries, while the affiliated firm audits its significant foreign-incorporated subsidiaries and associated companies. The Board, concurs with the AC's assessment that the appointment of the affiliated firm does not compromise the quality or the effectiveness of the Company's audit. Details of the aggregate amount of fees paid to the external auditors for FY 2024, and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found on page 134.

The Company confirms that the appointment of the external auditors is in accordance with Rules 712, 715 and 716 of the SGX-ST Listing Manual.

The internal auditors conduct a comprehensive review of the Group's internal controls and risk management system. The audit work performed by the internal auditors adheres to the International Standards for the Professional Practice of Internal Auditors, as outlined in the International Professional Practices Framework issued by the Institute of Internal Auditors.

The internal auditors are from integrated professional services group with extensive experiences in tax advisory, business consulting, enterprise management system applications and outsourced business process services to public listed companies, private companies, multinational corporations and government-linked entities. The internal auditors of the Group are led by professionals with diverse professional experience in internal audits, risk management and corporate governance advisory. None of the internal auditors have any relationships or conflict of interest with the Group, which could impair their objectivity and independence.

The internal audit function is primarily under the purview of the AC, which is responsible for determining the appointment, termination and remuneration of the head of internal audit, as recommended by the Company and ultimately approved by the AC.

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Group's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditors is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high-risk areas.

The internal auditors provide an annual audit plan, which focuses on material internal control systems including financial, operational, IT and compliance controls, sustainability reporting, and the risk management processes. They also provide advices on security and control in new systems development, recommend improvements to effectiveness and economy of operations, and contribute to risk management and corporate governance processes. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.

During the period of audit, the internal auditors have full and unfettered access to all of the Group's documents, records, properties and personnel, including access to the AC and carry out their function in accordance with the standards set by international recognised professional bodies.

CORPORATE GOVERNANCE REPORT

The internal auditors carry out their functions under the direction of the AC and report their findings and make recommendations to the AC and administratively to the Management and the Board. The internal audit reports are submitted to the AC for deliberation and their findings and recommendations are discussed at the AC meetings. To ensure timely and adequate closure of audit findings, the status of the implementation of the actions agreed by management of the Company is tracked and discussed with the AC. Annually, the AC will review the adequacy and effectiveness of the internal auditors to ensure that they are sufficiently resourced and able to perform their functions effectively and objectively.

Based on the audit reports and management controls in place, the AC is satisfied that the Group's internal audit function is adequately resourced to perform its function effectively, and in addition, is staffed by suitably qualified and experienced professionals with the relevant experience and has appropriate standing within the Group. The Board, with the AC's concurrence is satisfied that the internal control systems (including financial, operational, compliance and information technology controls) provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained and financial statements are reliable.

Based on the above, the AC is satisfied with the independence of the internal audit function.

The Company has implemented a Code of Conduct and Ethics which should be interpreted in conjunction with other policies, including the Whistleblowing Policy. This policy is clearly cascaded to the employees upon joining the Group and is an integral part of the Employees' Handbook. The Whistleblowing Policy, endorsed by the AC, outlines procedures for employees and other stakeholders to raise concerns regarding potential corporate improprieties related to financial reporting or other issues. It ensures that arrangements are in place for independent investigations of such matters and for appropriate follow up actions. The Company is committed to maintaining confidentiality of whistleblower identities and protecting them from retaliation. Employees and other individuals can report concerns of improprieties directly to the members of the Audit Committee. The whistle-blowing policy included several key features: (i) providing employees with a safe channel to raise concerns without fear of unfair treatment and defining procedures for addressing these concerns; (ii) offering protection to whistleblowers who report in good faith from potential retaliation; and (iii) enabling Management to be informed of misconduct early. The Company pledges to fully investigate all disclosures or reports received and to treat all such reports, including whistleblower identities, with strict confidentiality. Where required, a separate independent committee will be formed to investigate the whistleblowing reports, which will then be reported to the AC for oversight and monitoring.

For the financial year under review, neither the AC nor the Company has received any whistleblowing reports. For more information on the Company's code of conduct and ethics, please refer to the Company's website at: http://namcheong.com.my/pdf/general/NamCheong_Code_of_Conduct_F.pdf.

The Company has adopted an internal policy, in accordance with Rule 1207(19) of the SGX-ST Listing Manual, concerning dealings in securities of the Company.

The Company and its officers are prohibited from dealing in the securities of the Company during the following blackout periods; at least two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial results, and ending on the date of the announcement of the relevant results or when they are in possession of any unpublished price sensitive information of the Group. To ensure compliance with Rule 1207(19) of the SGX-ST Listing Manual, quarterly reminders of these trading restrictions are issued to all Directors and officers of the Company.

Additionally, Directors and officers are reminded not to engage in short-term trading of the Company's securities and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

The Directors and the officers are required to notify the Company of any dealings in its securities within two business days of the transaction.

The Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

The Company actively encourages shareholders' participation, and ensures that shareholders have the opportunities to engage and vote effectively at general meetings. Shareholders are informed of the rules governing these meetings in advance.

At the AGMs and Special General meetings (if applicable), all Directors, including the chairmen of the AC, NC, RC and RMC, along with the senior Management, are in attendance. This allows shareholders to voice their views and ask questions regarding the Company's operations. The CFO and the external auditors are also present to address the shareholders' queries related to financial matters, the audit process and the preparation of the auditors' report.

The general meeting procedures ensures that shareholders can raise questions on each resolution being proposed and actively participate in discussion related to the Group. The Company tables separate resolutions for each significant issue, unless the issues are interdependent and form one proposal. In cases where resolutions are bundled, the Company provides an explanation of the reasons and material implications in the notice of the meeting. There are no bundled resolutions tabled or planned for the upcoming AGM.

All resolutions put forward at the general meetings are distinct and separate in line with the Code's recommendation to avoid "bundling" resolutions unless they are interdependent and form a single significant proposal.

Currently, the Company's Bye-Laws do not permit shareholders to vote in absentia at general meetings, except through a proxy, attorney or in the case of a corporation, a corporate representative, who may cast the vote in their stead.

All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. All material information which would materially affect the price or value of the Company's shares is disseminated accurately and promptly via SGXNET, enabling shareholders to make informed decisions.

At general meetings, each distinct issue is proposed as a separate resolution. All resolutions are voted on electronically via poll voting. Independent scrutineers are appointed to oversee the voting process and verify the results for each resolution. The results of the electronic poll voting are announced immediately during the meeting.

The Company prepares minutes of general meetings which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from Board and Management. The aforesaid, together with the results of the electronic polling generated from the general meeting are promptly announced on SGXNET after the general meeting.

As of FY 2024, the Company does not have a formal dividend policy. The Company is working through its restructuring arrangement for the financial year to enhance the Group's financial strength. No interim and final dividends have been declared for FY 2024.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

The Company is fully committed in maintaining and improving its level of corporate transparency and disclosure. The Company has an investor relations policy which adheres to fair disclosure principles and engagement with shareholders and stakeholders. The Investor Relations Policy is available at the Company's website at the URL http://www.namcheong.com.my/pdf/general/NamCheong_Investor_Relations_Policy.pdf.

CORPORATE GOVERNANCE REPORT

Other than the routine announcements made via SGXNET in accordance with the requirements of the SGX-ST Listing Manual, the Group has issued additional announcements and press releases to update shareholders and investing stakeholders on the activities of the Company so as to ensure that all shareholders and investing stakeholders have access to material information at the same time. In addition, shareholders and the investing stakeholders can access the Company's website at www.namcheong.com.my for more information of the Group, including the corporate profile and financial information of the Company, corporate governance related matters and other salient information about the Company. The Group provides descriptive and detailed disclosure whenever possible and avoids boilerplate disclosure.

The Group does not practise selective disclosure. Price-sensitive information is first publicly released before the Group meets with any group of investors or analysts. Results and annual reports are announced or issued within the mandatory period (and where this is not possible, relevant extensions of time are sought in accordance with applicable laws, regulations and rules). Subsequent to the release of the results, investor relations personnel are available by e-mail or telephone to answer questions from shareholders and the media as long as the information requested does not conflict with SGX-ST's rules of fair disclosure. In the event where there is inadvertent disclosure made to a select group, the Company endeavours to make the same disclosure publicly to all others as promptly as possible.

The Group is committed to delivering consistent value growth and views its sustainability as a long-term journey towards building an enduring and high performing business. The Company will issue a standalone Sustainability Report no later than four months after the end of its financial year in accordance with SGX's Sustainability Reporting guidelines and where applicable, provide the necessary disclosure on Corporate Social Responsibility (CSR) policies and practices. The Company's Sustainability Report will primarily focus on the Group's stakeholder engagement; material environmental, social and governance (ESG) factors, safety management system, environmental protection; climate risk reporting; compliance; human resources community giving and business resilience. A copy of the Sustainability Report will be made available on the Company's website.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT with SHAREHOLDERS

Principle 13: *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Company adopts a balanced approach towards the needs and interests of key stakeholders groups, taking into account the best interests of the Company and manage its relationships with such groups. The Company communicates with the key stakeholders through multiple platforms and communication channels to ensure perseverance of long-term value with the key stakeholders.

To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET. The Company maintains a current corporate website to communicate and engage with stakeholders.

OTHER CORPORATE GOVERNANCE MATTERS

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of any interested person transactions.

All interested person transactions are subject to review by the AC to ensure that such transactions are carried out on normal commercial terms or entered into on an arm's length basis and are not prejudicial to the interests of the Group and its minority shareholders.

CORPORATE GOVERNANCE REPORT

For FY 2024, the Group has carried out interested person transactions with the following company/persons:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920
S.K. Tiong Properties Sdn Bhd ⁽¹⁾	S\$263,289	Not applicable
Top Line Works (2008) Sdn Bhd ⁽²⁾	S\$107,382	Not applicable

Notes on nature of relationship:

- (1) Tan Sri Datuk Tiong Su Kouk, Executive Chairman of the Company, the father of Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director and Tiong Chiong Soon (Joseph), Executive Director of Operations, the father-in-law of Mr Leong Seng Keat, CEO, and the grandfather of Leong Juin Zer Jonathan, Executive Director of Commercial, holds shares representing more than 30% of the issued capital in S.K. Tiong Properties Sdn Bhd ("SKTP"). During the period under review, Nam Cheong Dockyard Sdn Bhd, a wholly-owned subsidiary of the Company, and SKOM Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had rented office space from SKTP.
- (2) Mr. Tiong Chiong Soon (Joseph), a key executive officer of the Company and the son of Tan Sri Datuk Tiong Su Kouk, the Executive Chairman of the Company, has a direct interest of more than 30% in Top Line Works (2008) Sdn Bhd ("TOP"). During the period under review, Nam Cheong Dockyard Sdn Bhd, a subsidiary of the Company, purchased shipbuilding materials from TOP.

The Group does not have a general mandate for recurrent interested person transactions.

MATERIAL CONTRACTS

Save as disclosed in the Report of the Directors and Financial Statements, and the service agreements between the Executive Directors and the Company, there were no other material contracts (including loans) of involving the interest of the CEO, any directors, or controlling shareholders that are either still in effect as of FY 2024 or if no longer in effect, were entered into since the end of the previous financial year.

USE OF PROCEEDS¹

The Company has fully utilised RM30.0 million raised pursuant to the Proposed Private Placement (the "Net Proceeds") which was applied towards the payment of the Conversion Cash to the Scheme Creditors under the Proposed Scheme.

The utilisation of the Net Proceeds is in accordance with the use of proceeds as disclosed in Section 9.11 of the circular to Shareholders dated 7 February 2024.

¹ Unless otherwise defined, all capitalised terms used shall bear the same meanings as ascribed to them in the Circular to Shareholders dated 7 February 2024.