

# CORPORATE GOVERNANCE REPORT

The Board of Directors of Informatics Education Ltd. (the "Company") is committed to maintaining a good standard of corporate governance and business practices and has adopted processes and systems to enhance and safeguard the interests of its shareholders.

This report describes the measures and the corporate governance policies and practices of the Company that are currently in place and used throughout the financial year ended 31 March 2018 (the "Year"), which incorporate policies and practices in line with the principles of the Code of Corporate Governance 2012 (the "Code") for listed companies in Singapore issued by the Monetary Authority of Singapore on 2 May 2012.

The Company has complied with all principles and guidelines set out in the Code of Corporate Governance except for the following where the deviations and explanations have been provided in the relevant sections:

Guideline 2.2 One Half Board Independence  
Guideline 3.3 Lead Independent Director  
Guideline 3.4 Independent Directors' Meeting  
Guideline 15.1 Investor Relations Policy  
Guideline 15.5 Dividend Policy

## **BOARD OF DIRECTORS**

### **Board's Conduct of Affairs**

**Principle 1: Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.**

The Board's role is to:

- Set the overall business direction and objectives of the Company;
- Review and decide on major transactions, business plans, annual budgets and operating results of the Company;
- Review the Group's financial performance and authorises announcements issued by the Company;
- Review Management's performance;
- Provide entrepreneurial leadership;
- Ensure the necessary financial and human resources are in place for the Company to meet its objectives;
- Review the process for evaluating risks policies, including the adequacy and effectiveness of internal controls and establishment of risk management;
- Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- Set the Company's values and standards (including ethical standards), and ensure obligations to shareholders and other stakeholders are understood and met; and
- Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Matters reserved for full Board's decision includes corporate or financial restructuring, major acquisition or disposal, issuance of shares and other equity or debt instruments, payment of dividends and other distribution to shareholders.

Four Board Committees, namely the Audit and Risk Management Committee (the "AC"), the Nominating Committee (the "NC"), the Remuneration and Strategic Human Resource Committee (the "RC") and the Banking Committee (the "BC") have been constituted with written terms of references to assist the Board in discharging its responsibilities.

The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

Board and Board Committee meetings are held quarterly. Ad-hoc meetings are convened as the circumstances require. The Company's Constitution allows the holding of Board meetings by way of telephone conferencing or video-conferencing. Should the Board have informal discussions on matters requiring urgent attention, such discussions and decisions would then be formally confirmed and approved

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by resolutions circularised in accordance with the Constitution. Minutes of the Board Committee meetings are available to all Board members. The Board and Board Committees may also make decisions through circular resolutions.

The attendance of the Directors, who held office during the Year at the Board and Board Committees meetings are as follows: -

	Board of Directors	Nominating Committee ("NC")	Remuneration & Strategic Human Resource Committee ("RC")	Audit & Risk Management Committee ("AC")
No. of Meetings held	5	4	4	4
<b>No. of meetings attended by respective Directors</b>				
Dato' Sri Robin Tan Yeong Ching	3	N.A.	N.A.	N.A.
Ms Mae Ho Seok Khen	5	4	4	4
Mr Ung Gim Sei	5	4	4	4
Professor Chew Soon Beng @ Teo Soon Beng	5	4	3	3
Ms Yau Su Peng	5	N.A.	N.A.	N.A.

Notes:

1. N.A.: Not Applicable
2. During the Year, the Banking Committee ("BC") approved five matters by circularised resolution. There was no meeting of the BC.

During the Board and Board Committee meetings, the Non-Executive Directors constructively challenged and helped develop the Group's short-term and long-term business strategies and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. Where necessary, the Non-Executive Directors meet and discuss on need-to basis on the Group's affairs without the presence of Management.

All Directors must objectively make decisions in the interests of the Company. Upon the appointment of a new Director, the Company will issue a letter of appointment setting out the duties and obligations of a Director. Appropriate training and orientation (including his or her duties as a Director and how to discharge those duties) are given upon appointment to ensure that the incoming Directors are familiar with the Company's business and governance practices. The newly appointed Director will be briefed by Management on the Group's business activities, operations, strategic direction and policies. Orientation programmes and familiarisation visits are also organised, if necessary, to facilitate a better understanding of the Group's operations. The Company is responsible for arranging and funding the training of Directors, when and where required.

The Company worked closely with its Company Secretary and professionals to provide its Directors with regular updates on relevant legal, regulatory and technical developments. Changes to regulations and accounting standards are monitored closely by Management. The Directors are provided with updates released by regulatory authorities on Directors' duties and responsibilities, corporate governance, changes in financial reporting standards in Singapore, changes in Companies Act (Chapter 50) and Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules, so as to update and refresh them on matters that may affect or enhance their performance as Board or Board Committee members. Appropriate external trainings will be arranged where necessary for Directors to receive further training relating to relevant new/updates to laws and regulations as well as changing business risks, practices and cultures.

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## Board Composition and Guidance

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

The Board comprises five Directors of whom two are Non-Executive Directors, one Executive Director and two Independent Directors. Their profiles are in the section on Board of Directors of the 2018 Annual Report. Membership of the Board Committees are as follows:

Name of Director	Appointment	Date of Initial Appointment	Date of Last Re-election	Audit & Risk Management Committee ("AC")	Nominating Committee ("NC")	Remuneration & Strategic Human Resource Committee ("RC")	Banking Committee ("BC")
Dato' Sri Robin Tan Yeong Ching	Non-executive Chairman	22 June 2011	27 July 2017	-	-	-	-
Ms Mae Ho Seok Khen	Non-executive, Non-independent Director	27 October 2010	27 July 2017	Member	Member	Member	Member
Mr Ung Gim Sei	Non-executive, Independent Director	13 July 2004	19 July 2016	Chairman	Chairman	Member	-
Professor Chew Soon Beng @ Teo Soon Beng	Non-executive, Independent Director	1 March 2006	19 July 2016	Member	Member	Chairman	Chairman
Ms Yau Su Peng	Executive Director	23 November 2012	28 July 2015	-	-	-	Member

The Board adopted the definition of the Code of what constitutes "independent" in its review of the independence or otherwise of each Director ("Independent Director").

The independence of each Director is assessed and reviewed annually by the NC. In its deliberation as to the independence of a Director, the NC took into account examples of relationships as set out in the Code, considered whether a Director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgements. Each Independent Director is required to complete a Director's Independence Form annually to confirm his/her independence based on the guidelines as set out in the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code.

The Board is aware of the Guideline 2.2 of the Code that Independent Directors should constitute at least half of the Board where the Chairman is not an Independent Director. Currently, matters requiring the Board's approval are discussed and deliberated with participation of each Director and decisions are made collectively without any individual or small group of individuals influencing or dominating the decision-making process. Therefore, the Board is of the view that while the current composition of the Board does not meet the requirement of the guideline, it is sufficient for it to exercise objective and balanced judgement on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined. Nevertheless, the Board is reviewing the composition of Independent Directors will make up at least half of the Board by 31 March 2019.

The Board has no dissenting view on the Chairman's Statement to the shareholders for the financial year under review.

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Currently, Mr Ung Gim Sei and Professor Chew Soon Beng @ Teo Soon Beng have both served on the Board for more than nine years from the date of their first appointments. The Board has subjected their independence to a particularly rigorous review.

The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis on the length of time. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management in the best interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the Independent Directors. However, the Board and NC will exercise due and careful review, taking into consideration other factors, in assessing the independence of a Director. These factors include, inter alia, if the Directors has any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived to compromise his independence and interfere with the exercise of his independent business judgment with a view to the best interest of the Group.

After due and careful rigorous review, the Board (with Mr Ung and Professor Chew abstaining from discussion and deliberation) is of the view that Mr Ung and Professor Chew are independent in character and judgment and that there are no relationships or circumstances which affect or are likely to affect their independent judgment and ability to discharge their responsibilities as Independent Directors. The Board has therefore considered and deemed Mr Ung and Professor Chew to be independent notwithstanding that they have served more than nine years as Independent Directors.

The Board's policy in identifying Director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board comprises Directors who as a group, provide an appropriate balance and diversity of skills, experience and knowledge of the Group. The Board also collectively have the necessary mix of experience and core competencies such as accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning experience to contribute to the effective strategic leadership of the Group. In recognition of the importance and value of gender diversity in the composition of the Board, out of the five Directors, two are female Directors.

## Chairman and Chief Executive Officer

**Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.**

There is a clear division of responsibilities between the Chairman and Executive Director, which ensures a balance of power and authority at the top of the Company.

The Chairman, Dato' Sri Robin Tan Yeong Ching, is a Non-Executive Chairman who oversees the business of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. He approves the agendas for the Board meeting and ensures the quality, quantity and timeliness of the flow of information and encourages constructive relations between the Board and Key Management Personnel to facilitate efficient decision making.

The Executive Director, Ms Yau Su Peng, takes a leading role in developing the business of the Group and manages the operations of the Group with the assistance of the General Manager, Mr Allan Maxwell Norton. She also oversees the execution of the Group's business and corporate strategy decisions made by the Board.

The Chairman of the Board and the Executive Director are not related to each other.

Guideline 3.3 of the Code requires the appointment of a Lead Independent Director where the Chairman is not an Independent Director, and to act as an alternative channel for shareholders when normal communication with the Chairman, CEO or CFO are ineffective.

The Lead Independent Director may be appointed by the Board to serve in a lead capacity to coordinate the activities of the Non-Executive Directors in circumstances where it would be inappropriate for the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company.

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Considering the Company's current business operations and a board size of five members with two being Independent Directors, the Board is of the view that the appointment a Lead Independent Director is not necessary. The Directors are accessible to the Company's shareholders, and the Company has always responded to queries raised by the shareholders. The absence of a Lead Independent Director has not impacted and is unlikely to impact such accessibility or the Company's response to shareholders' queries. Nevertheless, the Board will annually examine the need for the appointment of a Lead Independent Director.

Although no Lead Independent Director has been appointed, the Company's Independent Directors conferred among themselves when the need arose without the presence of the other Directors, and the Independent Director will provide feedback to the Chairman if it is necessary.

## Board Membership

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

### Nominating Committee ("NC")

The Board has established a NC comprising three Non-Executive Directors, the majority of whom, including the NC Chairman, are Independent:

NC Chairman: Mr Ung Gim Sei (Independent Director)  
Members: Professor Chew Soon Beng @ Teo Soon Beng (Independent Director)  
Ms Mae Ho Seok Khen (Non-Executive, Non-Independent Director)

The NC's main task is to make recommendations to the Board on all Board appointments, the appointment of the Board Committee members and the appointment of the Chief Executive Officer and any other officer(s) by whatever name called who has responsibilities and functions similar to an Executive Director.

The duties and responsibilities of the NC include the following:

- reviewing the size and composition of the Board annually to ensure that it has an appropriate balance of expertise, skills, attributes and abilities;
- identifying and recommending suitable candidates for appointment to the Board, taking into account the Company's objectives and the requirements of the Board;
- reviewing and nominating/re-nominating, re-election/re-appointment of Board members;
- reviewing the independence of each Independent Director and ensuring that at least one-third of the Board members are Independent Directors;
- assisting the Board in setting out procedures and criteria for assessing the effective performance of the Board and Board Committees as a whole and the contribution of each Director;
- reviewing the nomination and appointment of Executive Director(s) and any other officer(s) by whatever name called who has responsibilities and functions similar to that of an Executive Director;
- reviewing the orientation, training and education programmes for members of the Board with respect to the Company's business and its management, as is necessary;
- reviewing the multiple board representations of each Director individually (if any) to ensure that sufficient time and attention is given to the affairs of the Company; and
- reviewing the succession plans for Directors.

The NC is also required to review whether there is a right mix of expertise, experience and skills in the Board and Board Committees. More importantly, the NC would pay particular attention to the efficient and effective operation of the Board in guiding Management. Issues such as whether the Board has spent appropriate amount of time deliberating on the long term strategy and performance of Management, and the assistance to Management in setting clear and well understood policies and action plans were reviewed. Brainstorming sessions were also organised for the Board members and Management to discuss the overall business directions and planning and to focus on common objectives.

The NC evaluates the Board, Board Committees and each Director using criteria such as each Director's attendance record, skills, preparedness, participation, candour and contribution to the effectiveness of the Board and Board Committees. It also considers whether the Board Committees have fulfilled their roles and discharged tasks delegated by the Board.

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The NC had reviewed the multiple board representations held by the Directors and their confirmations that they are able to devote sufficient time and attention to the matters of the Group and noted the Directors attendance in relation to the Board and Board Committee meetings held during the year. The NC is satisfied that the Directors have been able to devote sufficient time and resources to the affairs of the Group. As such, the Board does not think that it is necessary to set a maximum number of listed board representations that any Director may hold.

Individual Director's feedbacks on the Board and Board Committees are also considered.

The NC is charged with the responsibility of recommending to the Board the re-election of Director(s) having regard to their past contribution and performance. The NC reviews annually the Directors due for retirement under the Constitution of the Company.

Under Article 71 of the Company's Constitution, all Directors are subject to retirement by rotation once at least every three years and they are eligible for re-election at the Annual General Meeting (the "AGM"). The Directors who have been longest in office since their last re-election shall retire first. The NC has nominated Ms Yau Su Peng retiring under Article 71 of the Constitution, and who has given her consent, for re-election at the forthcoming AGM.

The profiles of the Directors are published in the "Board of Directors" section of the 2018 Annual Report. The shareholdings of the individual Directors of the Company are disclosed in the "Directors' Statement" of the "Financial Statements" section of the 2018 Annual Report. None of the Directors hold shares in the related corporations of the Company.

The initial appointment date and the date of last re-election of the Directors in office at the date of this report are shown under Principle 2 "**Board Composition and Guidance**".

As at 31 March 2018, there is no alternate Director on the Board.

## **Board Performance**

**Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.**

When the need to appoint a new Director arises, the NC reviews the range of expertise, skills and attributes of the Board members, and identifies the Board's need and shortlists candidates with the appropriate profile. Where necessary, the NC may seek advice from external consultants. New Directors are appointed by way of a Board resolution after the NC has reviewed and recommended the appointment of these new Directors. Article 75 of the Company's Constitution requires that new Directors appointed by the Board shall hold office until the next AGM and shall be eligible for re-election at that AGM.

The NC undertakes annual evaluation process of the performance and effectiveness of the Board as a whole and the Board Committees as well as the contribution of individual Directors to the effectiveness of the entire Board. The criteria taken into consideration by the NC include contribution and performance factors such as attendance, preparedness and participation. These criteria will be changed when it is deemed necessary and approved by the Board. The NC is satisfied that the Board as a whole and Board Committees had met the performance objectives in FY2018 and each Director has contributed effective functioning of the Board and sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations and other principal commitments.

No external facilitator was engaged in the Year in the evaluation of the Board as a whole, its Board Committees and the individual Directors.

## **Access to Information**

**Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

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Directors are provided with complete, adequate and timely information prior to board meetings and on on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. As a general rule, detailed Board and Board Committees papers prepared for each meeting are normally circulated in advance of each meeting. These includes copies of disclosure documents, budgets, forecasts and internal financial statements. In respect of budgets, any material variance between the projections and actual results are also disclosed and explained.

The Company Secretary, to whom the Directors have independent access, keeps the Board informed of relevant laws, regulations and changes thereto. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Directors, either individually or as a group, have the authority to seek independent professional advice, if necessary, at the Company's expense.

Directors are given access to quarterly financial reports. The Board is also given separate and independent access to Management. Prior to each Board and Board Committee meeting, the Board and Board Committee members are provided with complete, adequate and timely information required for them to fulfill their responsibilities.

## **REMUNERATION MATTERS**

### **Procedures for Developing Remuneration Policies**

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

### **Level and Mix of Remuneration**

**Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) Key Management Personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.**

### **Disclosure on Remuneration**

**Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and Key Management Personnel and performance.**

### **Remuneration and Strategic Human Resource Committee ("RC")**

The Board has established the RC to deal with remuneration matters. The RC comprises three Non-Executive Directors, the majority of whom, including the RC Chairman, are independent:

RC Chairman : Professor Chew Soon Beng @ Teo Soon Beng (Independent Director)  
Members : Mr Ung Gim Sei (Independent Director)  
Ms Mae Ho Seok Khen (Non-Executive, Non-Independent Director)

The RC reviews and makes recommendations and assists in attracting, retaining and rewarding well-qualified people to serve the Company as Key Management Personnel by pegging remuneration and benefits at competitive market rates. The duties and responsibilities of the RC include the following:

- reviewing and advising the Board on the terms of appointment and remuneration of its members and Key Management Personnel;
- reviewing with Management the terms of the employment so as to develop consistent group-wide employment practices subject to regional differences;
- reviewing the working environment and succession planning for Management; and
- disclosing performance measures and targets for Key Management Personnel's performance bonuses.

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It is the Company's policy to ensure that the level of remuneration should be appropriate to attract, retain and motivate the personnel needed to run the Group successfully. The remuneration of Key Management Personnel is structured so as to link rewards to corporate and individual performance. The Company's risk policies are also taken into account. From time to time, remuneration packages of employees are reviewed to ensure that they are sufficiently competitive. A compensation system is in place to reward employees based on merit and performance through annual merit service increments and bonuses. In view of the challenging market and business conditions, the Company was not profitable in FY2018. Hence, Executive Director and Key Management Personnel were not entitled to performance bonuses.

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.

In line with the Code, the RC will submit its recommendation on the remuneration packages (including Directors' fee, salaries, allowance, bonuses, options and/or benefits in kind) for each Director for endorsement by the Board. No Directors are involved in deciding his or her own remuneration. If a member of the RC has an interest in a matter being reviewed or considered by the RC, he or she will abstain from voting on that matter. The RC is also involved in the review of the remuneration scheme for Management. Directors' fees are recommended by the Board for approval by the shareholders at the Company's AGM. The RC reviews the fairness and reasonableness of the remuneration package of the Executive Directors and Key Management Personnel to ensure that there is no overly onerous or generous termination clause.

Service agreement for the Executive Director was entered with the Company on 20 October 2014 with no fixed appointment period and do not contain onerous termination provisions. The Non-Executive Directors and Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors.

The Company had in place an employee share option scheme which, however, had expired on 15 February 2016. The Company does not have any other incentive scheme for its Directors and Key Management Personnel. The Company does not have any scheme which encourages its Executive Director and Key Management Personnel to hold shares in the Company.

The RC has access to expert advice on human resource matters whenever there is a need to consult externally. The RC determined that there was no need to seek such expert advice for the financial year ended 31 March 2018.

There are no contractual provisions for the Company to reclaim incentive components of remuneration from Executive Director and Key Management Personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company. The RC is of the view such claw back provision are not necessary as the variable components of their remuneration package are moderate.

Details of remuneration of the Directors of the Company for FY2018 is as follows:

<b>Name of Director</b>	<b>Total Remuneration S\$'000</b>	<b>Salary %</b>	<b>Performance Bonuses %</b>	<b>Director's Fees* %</b>
<b><u>Non-Executive Directors</u></b>				
Dato' Sri Robin Tan Yeong Ching	-	-	-	-
Ms Mae Ho Seok Khen	-	-	-	-
Mr Ung Gim Sei	25	-	-	100%
Professor Chew Soon Beng @ Teo Soon Beng	22.5	-	-	100%
<b><u>Executive Director</u></b>				
Ms Yau Su Peng	60	100%	-	-
<b>Total</b>	<b>107.5</b>	<b>55.8%</b>	<b>-</b>	<b>44.2%</b>

\* These fees are subject to shareholders' approval as a lump sum at the Annual General Meeting for FY2018



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Details of remuneration for the top five Key Management Personnel (who are not Directors of the Company and in office during the year) for the financial year ended 31 March 2018 are set out below:

<b>Top 5 Key Management Personnel (Non-Directors of the Company)</b>	<b>Salary %</b>	<b>Performance Bonuses %</b>	<b>Allowance and Other Benefits %</b>
<b><u>Below S\$250,000</u></b>			
Dr Ling Poon Teck <sup>(1)</sup> Chief Operating Officer	90%	-	10%
Mr Tan Cheng Kang Kendrick <sup>(2)</sup> Group General Manager	100%	-	-
Ms Melina Yong Mei Lin Vice President, Corporate Services	100%	-	-
Ms Emma Sarah Dawkins <sup>(3)</sup> Director of Qualifications and Academic Delivery	100%	-	-
Mr Allan Maxwell Norton <sup>(4)</sup> General Manager	100%	-	-

<sup>(1)</sup> Relinquished appointment on 21 November 2017

<sup>(2)</sup> Relinquished appointment on 18 August 2017

<sup>(3)</sup> Relinquished appointment on 23 February 2018

<sup>(4)</sup> Appointed on 17 August 2017

The aggregate amount of the total remuneration paid to the top five Key Management Personnel (who are not Directors or CEO) is S\$690,000. The remuneration of individual Key Management Personnel is not fully disclosed but in bands of S\$250,000 as the Company believes that disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in.

There is no employee who is related to a Director or the Executive Director whose remuneration exceeds S\$50,000 in the Group's employment for the financial year ended 31 March 2018.

## **ACCOUNTABILITY AND AUDIT**

### **Accountability**

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

The Board is accountable to shareholders and always aim to provide shareholders with a balanced and understandable analysis, explanation and assessment of the Group's financial position and prospects on a timely basis.

The Board with the assistance of Management and professional advisors, ensures compliance with the disclosure requirements under the Listing Rules. In this regard, the Group releases its financial results on a quarterly basis and other information via SGXNET so as to provide shareholders with balanced and accurate assessment of the Group's performance, financial positions and prospects.

Quarterly and full year financial statements are presented by Management to the AC for its review before it is recommended for adoption by the Board. Upon the Board's approval, the financial results announcements will be released via SGXNET to the public.

Management provides the Board with detailed management accounts and such explanation and information relating to the Group's performance on a regular basis and as the Board may require from time to time to assist the Board in understanding and in making a balanced and informed assessment of the Group's performance, financial position and prospects.

The Board review legislative and regulatory compliance reports with Management to ensure that the Group complies with the relevant regulatory requirements.

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In line with the Listing Rules, the Board provides a negative assurance statement to shareholders in its quarterly financial statement announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

All Directors and Executive Officers of the Group also signed a letter of undertaking pursuant to the amended Rule 720(1) of the Listing Rules.

## Risk Management and Internal Controls

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

The Board ensures that Management maintains a sound system of internal controls and risk management to safeguard the shareholders' interests and the Company's assets.

All business units have a primary responsibility for managing their specific risk exposures based on the Group's guidelines. The Company has established an Enterprise Risk Management Framework ("ERM framework") for the purpose of addressing the operational, compliance, financial and information technology risks of the holding Company and its Singapore subsidiaries and will continue improving on the framework.

The AC is tasked to oversee the implementation of an effective system of internal controls as well as putting in place an ERM framework to continually identify, evaluate and manage significant business risks of the Group. Having considered the Group's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being due to the current size of the Group's operations.

The Board will continue to review and ensure that there are adequate controls in the Group. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the Board with the concurrence of the AC, are of the opinion that the Group's internal controls, and risk management systems maintained to address financial, operational, compliance and information technology risks were adequate and effective during the Year to address the risks which the Group considers relevant and material. The Internal Auditors will continue to monitor the enforcement of controls in these areas.

The Board has received assurance from the General Manager and the Financial Controller that (a) 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) regarding the effectiveness of the Company's risk management and internal control systems.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, 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.

To achieve a good standard of corporate governance for the operations of the Group, employees must maintain a high level of integrity and professionalism in their conduct and ensure compliance with all laws and regulations in their dealings with all stakeholders. Accordingly, the Board has put in place the Employee Code of Ethics and Policy for Reporting Improper Action and Protecting Employees Against Retaliation ("Whistle Blower") in year 2004. The Whistle Blower policy is liberally construed in favour of protecting the Group's interest through full disclosure of any conflict of interest and promoting ethical standards of conduct for all employees. The Whistle Blower policy is administered by the Internal Audit function and is included in the staff orientation programme.

Any person may file with the Head of Internal Audit who reports to the AC Chairman, a complaint alleging violation of the policy, together with all available supporting documents or other evidence to demonstrate a reason for believing that a violation had occurred. The Head of Internal Audit or his designate shall conduct a preliminary investigation. Thereafter, the Head of Internal Audit shall refer the complaint to the AC Chairman for appropriate follow-up action to be taken. For FY2018 there have been no incidents pertaining to whistle-blowing reported.

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**Principle 12: The Board should establish an Audit Committee (“AC”) with written terms of reference which clearly set out its authority and duties.**

## **Audit and Risk Management Committee (“AC”)**

The AC carries out the functions set out in the Code and the Companies Act. The AC comprises three Directors, the majority of whom, including the AC Chairman, are independent:

AC Chairman: Mr Ung Gim Sei (Independent Director)  
Members: Professor Chew Soon Beng @ Teo Soon Beng (Independent Director)  
Ms Mae Ho Seok Khen (Non-Executive, Non-Independent Director)

The duties and responsibilities of the AC include the review of the following:

- financial statements, internal and external audit scope and results;
- significant financial reporting issues and judgments and any announcements relating to the Company's financial performance;
- adequacy and effectiveness of the Company's internal controls;
- consistency of and significant changes to accounting policies and practices;
- adequacy of internal audit resources;
- effectiveness of the Company's internal audit function;
- proposal of appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- risk management structure and oversight of risk management process;
- independence and objectivity of external auditor; and
- interested person transactions.

During the financial year 2018, AC has performed its duties as guided by the terms of reference which stipulate its principal functions. The principal responsibility of the AC is to assist the Board in maintaining a good standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting process and internal control systems of the Company, the review of the significant financial reporting issues and the integrity of the financial statements of the Company for any formal announcements. The AC governs and approves key financial policies and has the power to conduct or authorise investigations into any matters within its scope of responsibility.

In addition, the AC reviewed the audit plans, evaluated the risk management framework and discussed regulatory compliance matters and accounting implications of any major transactions including significant financial reporting issues. It also assessed the internal audit functions to ensure that an effective system of control is maintained in the Group.

The AC is empowered to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors. For the Year, the AC have discussed with the external auditors and reviewed the volume and nature of all non-audit services provided by them to the Group. The AC is satisfied that the financial, professional and business relationships between the Group and the external auditors will not affect their independence and objectivity. The fee payable to auditors is set out in note 7 “Other operating expenses” of the “Financial Statements” section of the 2018 Annual Report. The AC has recommended to the Board the nomination of Ernst & Young LLP for re-appointment by shareholders as external auditors of the Company at the forthcoming Annual General Meeting (“AGM”).

To keep abreast of the changes in financial reporting standards and related issues which have a direct impact on financial statements, discussions are held with the external auditors where applicable when they attend the AC meetings.

No former partner or Director of the Company's existing auditing firm or audit corporation is a member of the AC.

# CORPORATE GOVERNANCE REPORT

## Internal Audit

**Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**

The AC ensures that the Internal Audit function is staffed with persons with relevant qualifications and experience and reviews the adequacy and effectiveness of the function at least annually.

The Head of Internal Audit reports to the AC and assists the Board in monitoring and managing business risks and system of internal controls. The Internal Audit function has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The scope of work of the Internal Auditors covers the audit of all units and operations including the Company's overseas offices, subsidiaries, associates and franchisees. To further enhance the internal controls of the Group, the AC may engage an external audit firm to perform internal audit tasks from time to time.

The AC has a duty to review and approve the Company's internal audit plan. The results of the audit findings by Internal Auditors will also be submitted to the AC for review on the internal controls of the Group. It believes that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems maintained by the Company were adequate and effective during the Year to address the risks which the Group considers relevant and material. The internal auditors carry out their function in accordance to the standards set by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

## Banking Committee ("BC")

The BC comprises the members of which are as follows:

BC Chairman: Professor Chew Soon Beng @ Teo Soon Beng (Independent Director)  
Members: Ms Yau Su Peng (Executive Director)  
Ms Mae Ho Seok Khen (Non-Executive, Non-Independent Director)

The duties and responsibilities of the BC are as follows:

- Reviewing and approving any change in authorised signatories and signing conditions for operating the banking accounts; and
- Ensuring that proper approval procedures are in place for the operation of the Company's bank accounts.

During the Year, the BC approved five matters by circularised resolution. There was no meeting of the BC.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Shareholder Rights

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

### Communication with Shareholders

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

### Conduct of Shareholder Meetings

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

Although the Company has not adopted a formal Investor Relations Policy to regularly convey pertinent information to the shareholders, the Board recognises the need to furnish timely information to shareholders and ensure full disclosure of material information to comply with statutory requirements and the Listing Manual of the SGX-ST is made.

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The Company does not practice selective disclosure. Any price sensitive information is first publicly released through SGXNET, before the Company announced to any group of investors or analysts. Announcements of results and information on new initiatives are published through the SGXNET. Financial results and Annual Reports are announced or issued within the mandatory period. Shareholders can also access information on the Group via the website [www.informaticseducation.com](http://www.informaticseducation.com). To keep all stakeholders of the Company updated on the latest announcements, press releases of the Company, the Company has made available other channels such as the Company's website (<http://www.informaticseducation.com/investor-media-centre/investor-relations-contact/>) and hotline at +65 6580 4555 for shareholders to submit their feedback and queries.

In addition, the Company will ensure that shareholders have equal opportunity to participate effectively in and vote at general meeting and brief shareholders on the rules, including voting procedures that govern general meeting. All shareholders of the Company receive the Annual Report and Notice of AGM. The Notice is advertised in a daily newspaper. The Board regards the AGM as the principal communication channel with shareholders, where shareholders are given the opportunity to communicate their views and are encouraged to raise pertinent questions to the Board members and to vote at shareholders' meetings. Directors, including the chairpersons of the Board and Board Committees are present at the annual general meetings to address relevant questions raised by the shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

The Company's Constitution allows a member of the Company to appoint one or two proxies to attend and vote on behalf of the member. To better reflect shareholders' shareholding interest and ensure greater transparency, since 2013, all resolutions tabled at the AGM are voted by poll. From 2015, the Company has conducted the voting of all its resolutions by employing electronic poll voting for all its resolutions passed at its AGM. There are separate resolutions tabled on each substantially separate issue. The detailed results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET. The Company's Constitution allow any shareholder to appoint proxies during his absence, to attend and vote on his behalf at the general meetings. The Company does not permit voting in absentia by mail, facsimile or email due to the difficulty in verifying and ensuring authenticity of the vote.

Minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management are prepared and made available to shareholders upon their request.

The Company does not have a fixed dividend policy. The frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow and general business condition, development plans and other factors as the Directors may deem appropriate.

The Board does not recommend any payment of dividends for FY2018 as the business conditions is expected to remain challenging with increased global competition, with the Group continuing to pursue new and profitable revenue streams and generate cash flow growth, and streamline its processes and leveraging technology to achieve a learner cost structure.

## **Interested Person Transactions**

There was no interested person transaction during the Year which falls under Rule 907 of the SGX-ST Listing Manual.

The Company does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual.

## **Material Contracts** **Rule 1207(8) of the Listing Manual**

Save for the service agreement between the Company and the Executive Director, there were no material contracts of the Company and its subsidiaries involving the interests of the Directors, Chief Executive Officer or the controlling shareholders and his/her associates that have subsisted during the Year or have been entered into since the end of the Year.

"Associate" in relation to a Director, Chief Executive Officer or controlling shareholder means:

- his/her immediate family;
- the trustees of any trust of which he/her or his/her immediate family member is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

# CORPORATE GOVERNANCE REPORT

- any company in which he/her and his/her immediate family together (directly or indirectly) have an interest of 30% or more.

## **Dealings in Securities**

### **Rule 1207(19) of the Listing Manual**

In compliance with Listing Rule 1207(19) of the SGX-ST Listing Manual, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Company during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full year results, and ending on the date of such announcements. Directors, officers and employees are also reminded not to trade in listed securities of the Company at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Company's securities on short-term considerations.

In addition, the Directors and officers of the Company and Group are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.