
**SPC achieved a joint third placing
for the 'Best Managed Board
Award for 2007'.**



The SPC Group believes in nurturing a strong corporate governance culture with the Board, management and staff, conscientiously ensuring that this underpins corporate behaviour. For SPC, corporate governance is not mere compliance, but embedding the right corporate mindset and culture. SPC believes it is people that will make corporate governance work.

To maintain high standards of corporate governance, SPC regularly reviews its organisational needs, internal structures and processes, in keeping with the latest corporate governance developments regionally and globally. Corporate governance was given greater emphasis at the Board level when the Board in January 2007 formally dedicated an agenda item to corporate governance issues. This segment preceded every scheduled Board meeting and was held without the presence of management. Decisions and guidelines arising from the sessions were subsequently conveyed to or discussed with senior management in the ensuing Board session.

As part of the Company's ongoing efforts to foster good corporate governance, regular in-house corporate governance related forums were held in 2007, led by company officers, external advisers

or consultants. There were structured learning sessions on the Company's corporate governance practices, policies, internal structures and processes. Specialists were also invited to share legal, regulatory and other market related developments to help keep the focus on corporate governance developments and compliance. SPC's internal corporate governance principles and framework were cascaded to SPC nominated directors in its subsidiaries and associated companies via specific sessions for such purposes. All directors and employees were also encouraged to attend external courses on the subject.

SPC has won the SIAS' Singapore Corporate Governance Award for five consecutive years since 2003, achieving third place in 2007. SPC was also one of five recipients of the 'Most Transparent Company Award' in the Non-Electronic Manufacturing category for 2007. At the beginning of 2008, SPC achieved a joint third placing for the 'Best Managed Board Award for 2007'. Such awards are testimony to SPC's corporate values and effort to build trust and confidence as a strong and sustainable enterprise. SPC acknowledges with gratitude, the continued support and recognition of the investment community.

The Company confirms that it has complied with the spirit and requirements of the Listing Manual (Listing Manual) of the Singapore Exchange Securities Trading Limited (SGX-ST) and the Code of Corporate Governance 2005 (the Code), unless otherwise stated. The table on page 40 provides an easy reference to the disclosure of our corporate governance arrangements.

The following describes SPC's corporate governance practices in compliance with the Code. There are other sections in this Annual Report that are relevant to corporate governance and as such, this corporate governance report (Report) should be read in conjunction with those sections.

CODE OF CORPORATE GOVERNANCE 2005**Principles and guidelines**

Principle or guideline	Page(s) reference in this Report
Guideline 1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain board matters.	41
Guideline 1.4 The number of board and board committee meetings held in the year as well as the attendance of every board member at these meetings.	42
Guideline 1.5 The type of material transactions that require board approval under internal guidelines.	41
Guideline 2.2 Where the company considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem him as non-independent, the nature of the director's relationship and the reason for considering him as independent should be disclosed.	43-44
Guideline 3.1 Relationship between the Chairman and CEO where they are related to each other.	44
Guideline 4.1 Composition of nominating committee.	45-46
Guideline 4.5 Process for the selection and appointment of new directors to the board.	42, 45
Guideline 4.6 Key information regarding directors, which directors are executive, non-executive or considered by the nominating committee to be independent.	43-45
Guideline 5.1 Process for assessing the effectiveness of the Board as a whole, and the contribution of each individual director to the effectiveness of the Board.	44-46
Guideline 9 Clear disclosure of its remuneration policy, level and mix of remuneration, procedure for setting remuneration and link between remuneration paid to directors and key executives, and performance.	48
Guideline 9.1 Composition of remuneration committee.	48
Guideline 9.2 Names and remuneration of each director. The disclosure of remuneration should be in bands of \$250,000. There will be a breakdown (in percentage terms) of each director's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, and stock options granted and other long-term incentives.	48-50
Guideline 9.2 Names and remuneration of at least the top five key executives (who are not also directors). The disclosure should be in bands of \$250,000 and include a breakdown of remuneration.	49-50
Guideline 9.3 Remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceed \$150,000 during the year. The disclosure should be made in bands of \$250,000 and include a breakdown of remuneration.	49
Guideline 9.4 Details of employee share schemes.	50-51
Guideline 11.8 Composition of audit committee and details of the committee's activities.	51-53
Guideline 12.2 Adequacy of internal controls including financial, operational and compliance controls, and risk management systems.	53-54

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

The functions and responsibilities of the Board are to:

- provide entrepreneurial leadership, set strategic goals, and ensure the Company has the necessary financial and human resources to meet its objectives;
- review management performance;
- establish prudent and effective system of internal controls, values, financial reporting, risk management, compliance and corporate governance processes;
- set standards and values to ensure that obligations to stakeholders are properly discharged at all times.

As stated above, SPC elevated onto the Board agenda, an item focused on corporate governance while another regular feature was a report on EHSS in the SPC Group, in recognition of the importance of such issues in the Group's businesses and operations. SPC's EHSS policy and practices are presented on page 58.

SPC has set its strategic vision to be an integrated oil and gas company with a premium brand. For the financial year 2007, the Group achieved a record revenue of \$8.8 billion resulting in its highest ever PATMI of \$508.3 million.

In 2007, the goal to grow SPC's upstream business was further enhanced through the acquisition of three PSCs in China; two in Bohai Bay and one in Pearl River Basin, and one exploration permit in Bass Basin, Australia. Added to the existing portfolio of producing assets, SPC has, in 2007, achieved a total production of about 10,000 boepd.

The upgrading projects in SRC, described elsewhere in this Annual Report, the formation of the Indonesian joint venture and the new service station and other downstream efforts were the result of the Board and Board Committee decisions based

on management recommendations. Such recommendations were subject to rigorous corporate governance processes at various levels within the organisation that ensured thorough assessment of financial, economic, legal, country risks and other considerations.

The Board is conscious that accountability, performance and good management practices are necessary components of the Company's processes and practices.

Board Meetings are open and constructive with the Chairman actively encouraging debates and discussions among directors and management. The CEO and senior management provide updates and information to the Board at the meetings involving business operations or projects. The Board receives financial reports on the performance of each business unit including significant developments.

Taking into account the information and knowledge of the business and financials, the Board is expected to make informed decisions and exercise objective judgment in the best interests of the Company. The results of the Nominating and Remuneration Committee (NRC) managed annual peer and self assessment carried out by the directors on themselves and each other sufficiently shows that the Board possesses objectivity and independence.

Corporate authority in SPC is defined through two sets of delegation of authority for the day-to-day operations of the Company. These delegations of authority are reviewed periodically and updated when required, to cater for changes in operations and organisational structure within the Group. The first, an executive delegation of authority, sets out guidelines on matters requiring Board approval and authority limits for the Executive Committee (ExCo) and management. The second is an internal delegation of authority with differing authority limits for management and staff.

Matters that are specifically reserved for the Board are those involving annual budgets, fund raising proposals, investment and divestment proposals, strategic business initiatives and significant corporate actions of the Company.

To assist the Board in its functions, the Board established and delegated specific responsibilities to three Board Committees namely the ExCo, the NRC and the Audit Committee (AC).

The Board also established the Enterprise Risk Management Committee (ERMC) comprising senior management under the leadership of the CEO, to review SPC's risk profile and mitigation strategy. This committee reports its work and recommendations to the ExCo.

The management team, headed by the CEO and comprising senior management, ensured the decisions and guidelines of the Board and Board Committees are implemented in the Group. The Board and, where appropriate, the Board Committees were consulted on urgent matters, in accordance with the delegation of authority and terms of reference of the committees. The respective roles and responsibilities of the ExCo, the NRC, the AC, ERMC, and Management Committee are presented below.

Following the 2007 Board performance review conducted by the NRC, the Board considered the risk profile of SPC and decided in early 2008 to establish a new Board Risk Committee with oversight of risk management in the Group. The terms of reference of this committee and those of the ERMC, the ExCo and the AC will also be reviewed in tandem to ensure the growing operations of the Group are administered comprehensively.

EXECUTIVE COMMITTEE

The ExCo comprises four Board members. They are Messrs Choo Chiau Beng (Chairman), Koh Ban Heng, Cheng Hong Kok and Goon Kok-Loon.

The ExCo reviews and recommends to the Board:

- (1) Strategic business directions and plans of the SPC Group.
- (2) Substantial acquisitions and disposal of assets (including securities and business undertakings of the SPC Group).
- (3) Significant joint ventures and matters requiring corporate disclosure under the Listing Manual.
- (4) Significant matters requiring Board recommendations affecting shareholders' interests in the Company.
- (5) SPC risk profiles, mitigation efforts and activities of the ERM.

In addition, the ExCo acts as an intermediate forum between the Board and management, facilitating timely review and endorsement of recommendations on the above business matters, subject to the delegation of authority and the final decision of the Board.

In 2007, the Board met five times. Four scheduled meetings coincided with the review and release of the quarterly results with one ad-hoc meeting called at short notice. Three ExCo, four NRC and five AC meetings were held in the year. The quarterly NRC and AC meetings were held on the same day as the regular Board meetings.

Board and ExCo resolutions by circulation were passed using electronic and ordinary mail. Informal meetings of the Board and Board Committees were convened when required. The Company's Articles of Association allow Board meetings to be conducted by telephone, radio, close-circuit television or other electronic means.

The Board members kept in regular communication with the management. Directors have access to management and were able to discuss and clarify business and related issues. Further elaboration is provided under the section titled "Access to Information" below.

New directors when appointed, as a practice, will be briefed in an orientation programme on the Company's vision, mission, strategy and business. They will also be briefed on the Company's corporate processes. Heads of each functional group will provide the briefings. Corporate data is also given to

new directors to familiarise them with the Group's business.

In line with the recommendation of the Code, the Company has practised the issuance of formal appointment letters to new directors setting out their duties and obligations. SPC has also compiled its own Corporate Governance Manual (SPC Manual) to assist directors and management in the exercise of their legal, fiduciary and statutory duties. This manual was issued to new directors and is updated to keep pace with the developments and amendments in the Code of Corporate Governance, best practices, the Singapore Companies Act, Singapore securities legislation, and the Listing Manual. It provides guidance on conflict of interest issues and contains requisite forms and precedents for declarations of directors.

The SPC Manual is provided to the Board members as well as executives appointed to the various boards of the SPC Group of companies. This is to ensure that sound corporate governance principles and processes prevail throughout the Group. In addition, the Company conducts briefing sessions, to educate and update its executives on the boards of SPC's subsidiaries, associated and joint venture companies on their duties and obligations and corporate governance principles.

SPC recognises director training and professional development of directors as important. As mentioned, nominee directors to SPC Group companies are encouraged to attend external courses and continuing education on the subject. Notwithstanding their wealth of experience, SPC's directors have attended company-organised courses and conferences such as the Asia Pacific Petroleum and Energy Conference (APPEC), Australian Petroleum Production & Exploration Association (APPEA), Oil & Money, Asia Oil and Gas Conference (AOGC), Cambridge Energy Research Associates (CERA), Middle-East Petroleum and Gas Conference (MPGC) and Offshore Technology Conference (OTC) to network and update themselves with the views of energy players and consultants.

The CEO's briefing to the Board includes strategic business updates in addition to the regular update on SPC operations. In addition to in-house strategy workshops, external consultants have been engaged to run workshops for the Board and management. Directors are updated on regulatory and compliance issues by attending courses like the Financial Reporting Standards training programme, Temasek learning sessions, Singapore Institute of Directors (SID) and legal workshops

offered by law firms. Relevant material on developments and updates are regularly disseminated to directors.

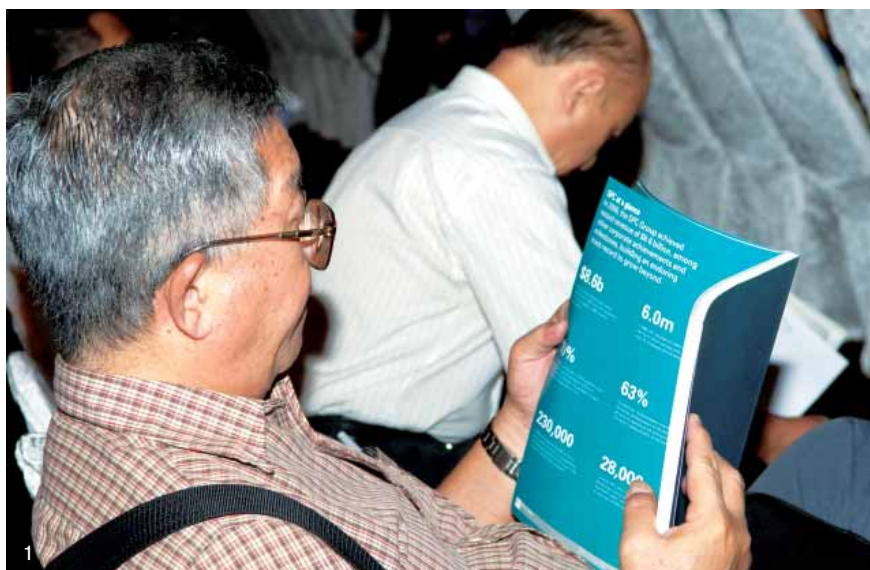
In the previous in-house strategic workshops, the Board and senior management participated in joint and separate meetings to establish and fine tune the Company's strategic business plan.

Enterprise Risk Management Committee

The role and functions of the ERMC are more fully described on page 56.

Management Committee

The Management Committee is headed by the CEO and comprises senior management. The committee meets weekly to review strategic, business and operational issues, and determines policies of the SPC Group. The committee implements and communicates the directions and guidelines of the Board and Board Committees to relevant committees, departments and employees. These meetings ensure the smooth functioning of the Group.



Board Composition and Balance

Principle 2

The Board comprises nine directors. The non-independent and non-executive directors are Messrs Choo Chiau Beng (Chairman), Teo Soon Hoe and Cheng Hong Kok. The majority of the Board comprises non-executive independent directors, and they are Messrs Bertie Cheng, Geoffrey King, Timothy Ong, Goon Kok-Loon and Dr Audrey Chin. The chairpersons of the AC and NRC are independent directors. All four members of the NRC are non-executive directors of whom three are independent,

while the AC has four non-executive and independent directors.

Mr Koh Ban Heng is the sole Executive Director of the Company.

The NRC annually determines the independence of Board members by having each of them complete a questionnaire crafted to test independence against standards

1. Active participation by shareholders at the AGM.

Table 1 Board and Board Committees

The nature of directors' appointments on the Board and details of their membership on Board Committees in 2007 are set out below:

Director	Board Membership	Executive	Audit	Nominating & Remuneration
Choo Chiau Beng	Chairman Non-Independent & Non-Executive	Chairman	–	Member
Koh Ban Heng	Executive Director	Member	–	–
Bertie Cheng Shao Shiong	Independent & Non-Executive	–	Member	Chairman
Geoffrey John King	Independent & Non-Executive	–	Member	Member
Timothy Ong Teck Mong	Independent & Non-Executive	–	–	–
Chin Wei-Li, Audrey Marie	Independent & Non-Executive	–	Chairperson	Member
Goon Kok-Loon	Independent & Non-Executive	Member	Member	–
Teo Soon Hoe	Non-Independent & Non-Executive	–	–	–
Cheng Hong Kok	Non-Independent & Non-Executive	Member	–	–

Table 2 Attendance at Board and Board Committee Meetings

The directors' attendance at Board and Board Committee meetings held in 2007 are disclosed below:

Director	Committee			
	Board	Executive	Audit	Nominating & Remuneration
Choo Chiau Beng	5 of 5	3 of 3	–	4 of 4
Koh Ban Heng	5 of 5	3 of 3	–	–
Bertie Cheng Shao Shiong	5 of 5	–	5 of 5	4 of 4
Geoffrey John King	5 of 5	–	5 of 5	4 of 4
Timothy Ong Teck Mong	5 of 5	–	–	–
Chin Wei-Li, Audrey Marie	5 of 5	–	5 of 5	4 of 4
Goon Kok-Loon	5 of 5	3 of 3	5 of 5	–
Teo Soon Hoe	5 of 5	–	–	–
Cheng Hong Kok	5 of 5	3 of 3	–	–

established by the Code. The NRC has reviewed the independence of each director for 2007 and is satisfied that more than 50% of the Board consists of independent directors based on the Code's definition of independence and guidelines as to the existence of relationships which would deem a director to be not independent.

The NRC also examines the size and composition of the Board and along with the Board believes that the present Board size and composition is appropriate in facilitating effective decision making.

The NRC is of the view that the Board comprises directors capable of exercising objective judgment on the corporate affairs of the Company, independently of management. The NRC considers that the directors, as a group, possess core competencies of and more pertinently, the right balanced mix of background and competencies in finance, business, legal, human resource and managerial experience with industry knowledge, risk management and strategic planning experience. All directors have regional and international business exposure and dealings critical for the sustainability, growth and governance of SPC. This wealth of experience, affords the Board the ability to not only provide effective oversight

and strategic navigation but also the necessary checks and balances to facilitate effective governance.

The NRC noted that the non-executive directors had constructively challenged and assisted in developing proposals on strategy and reviewed the management's performance in achieving agreed goals and objectives.

The non-executive directors have had the opportunity to meet informally before and after Board and Board Committee meetings with and without the presence of management and also communicated through electronic means and at company-organised events to develop and discuss strategy and to monitor the reporting of performance. They helped to monitor management performance in meeting strategic goals and objectives.

The profiles and key information of the Board members are found in the Annual Report section entitled "Information on Directors".

Chairman and Chief Executive Officer

Principle 3

The roles and responsibilities of the Chairman and CEO in the Company are distinct and separate. The Chairman, Mr Choo Chiau Beng, is a non-independent

and non-executive director from the Keppel Group. He does not have any relationship with the CEO and SPC management that could interfere with his judgment and decision making.

The Chairman leads the Board in ensuring its effectiveness on all aspects of its function. To this end, he ensures that the Board receives accurate, timely and clear information. He also facilitates constructive relations between Board and management, and encourages the effective contribution of the other directors in their sessions, with or without the presence of management. The Chairman has openly engaged the shareholders of the Company at its general meetings.

The role of the CEO, Mr Koh Ban Heng, is governed by his employment contract with the Company. He leads the management team and directs the business of the Group in alignment with strategic decisions and goals.

The Chairman and the Board together approve the schedule of board meetings for the financial year with additional meetings called as and when required. The Board agenda is prepared by the Company Secretary after consultation with the Chairman, the CEO and senior management.

The CEO keeps in regular communication with the Chairman to update him of corporate issues and developments.

Board Membership

Principle 4

The NRC has the responsibility and objective of ensuring that there is a formal and transparent process in the nomination, appointment and re-appointment of directors to the Board. The NRC is also tasked to assess the effectiveness and contributions of the Board and its members, to the strategic growth and development of the Company. Consistent with the Code, the chairman of the NRC is an independent director, not associated with a substantial shareholder. The members of the NRC are named in Table 2.

In addition, the Company's Articles of Association had, from the onset, provided that one-third of the directors are to retire from office at its Annual General Meeting (AGM) every year.

Mr Koh Ban Heng, Geoffrey King and Dr Audrey Chin having served longest

since their last election, will retire at the AGM fixed for 23 April 2008 and offer themselves for re-election. They were selected by lot in accordance with Article 110 of the Articles of Association of the Company.

Mr Bertie Cheng, who has reached 70 years of age, will also retire at the coming AGM and offer himself for re-election pursuant to Section 153(6) of the Companies Act.

The NRC has reviewed directors with multiple directorships and is of the view that sufficient time and attention has been given to the affairs of the Company through attendance at Board and Board Committee meetings and other meetings held on a less formal basis including electronic and telephone communications.

The committee has encouraged directors to make every effort to attend Board and Board Committee meetings and other meetings either physically, or through electronic media, achieving a 100% attendance for Board and Board Committee meetings in 2007.

Throughout 2007, directors maintained dialogue with other Board members and management on matters within their purview, over and above their attendance at convened meetings.

Pursuant to its 2007 annual review of the performance of the Board and its skill set, the NRC is of the view that the current Board has the necessary mix of capabilities, expertise and work experience to serve the Company and its shareholders.

The NRC is charged with the responsibility to evaluate the nomination of new candidates to the SPC Board. The NRC continues to hold the view that additional directors could be invited to join and further strengthen the Board, taking into consideration the growth of the Company's exploration and production sector. Several candidates have been considered and the matter continues to be under review. In accordance with the terms of reference of the NRC, new candidates will be assessed based on criteria such as background, academic and

NOMINATING AND REMUNERATION COMMITTEE

The NRC has four Board members, majority of whom are independent. They are Messrs Bertie Cheng Shao Shiong (Chairman), Choo Chiau Beng, Geoffrey John King and Dr Chin Wei-Li, Audrey Marie.

The NRC's principal functions are as follows:

- (A) On evaluation, appointment, nomination and re-appointment of a director, the committee:
 - (1) Reviews the background, academic and professional qualifications of nominees.
 - (2) Ensures that all directors submit themselves for re-nomination and re-election at least once in every three years.
 - (3) Determines the independence of the directors annually.
 - (4) Evaluates the performance of each member of the Board and as a whole.

- (B) On the remuneration of directors and key employees of the Company, the committee:
 - (1) Establishes a competitive remuneration framework to attract, retain and motivate directors and key employees.
 - (2) Reviews the Company's relative performance and the performance of individual directors and key executives and considers their remuneration in totality with long-term incentive schemes such as share option and share-based schemes.
 - (3) Assesses the performance of the Executive Director.
 - (4) Administers and implements the share option and share-based schemes of the Company in accordance with the rules of such schemes and determines offers of options or awards of share grants to directors and key employees.

Table 3 Date of Directors' Last Re-election

Name	Age	Position	Date of Initial Appointment	Date of Last Re-election
Choo Chiau Beng	60	Chairman	3 May 1999	26 April 2006
Koh Ban Heng*	59	Executive Director	21 August 2003	27 April 2004
Bertie Cheng Shao Shiong#	70	Director	18 July 1997	25 April 2007
Geoffrey John King*	60	Director	1 August 2000	27 April 2005
Timothy Ong Teck Mong	54	Director	1 August 2001	25 April 2007
Chin Wei-Li, Audrey Marie*	50	Director	1 August 2001	27 April 2005
Goon Kok-Loon	65	Director	30 July 2003	25 April 2007
Teo Soon Hoe	58	Director	3 May 1999	26 April 2006
Cheng Hong Kok	65	Director	3 May 1999	26 April 2006

Notes:

* Mr Koh Ban Heng, Mr Geoffrey John King and Dr Chin Wei-Li, Audrey Marie will retire at the AGM fixed for 23 April 2008 and offer themselves for re-election. They were selected by lot in accordance with Article 110 of the Articles of Association of the Company.

Mr Bertie Cheng Shao Shiong, who has reached 70 years of age, will retire at the AGM fixed for 23 April 2008 and offer himself for re-election pursuant to Section 153(6) of the Companies Act.

professional qualifications, experience, independence and track record.

Pursuant to the annual NRC review on 2007 Board performance, a decision was made to rotate the roles of Board members. In January 2008, Mr Goon Kok-Loon was appointed Chairman of the Audit Committee in place of Dr Audrey Chin who in turn was appointed Chairperson of the new Risk Committee with Messrs Geoffrey King and Cheng Hong Kok appointed as members.

Board Performance

Principle 5

At the close of financial year 2007, the NRC reviewed the performance of the Board as a whole and the performance of each director through questionnaires tailored to the Company's business and requirements. Each director was asked to return written responses on the Board's performance for the year and of the performance of each of the other directors which is made known only to the NRC chairman, Mr Bertie Cheng and Board Chairman, Mr Choo Chiau Beng. As part of its ongoing efforts to keep current with corporate governance developments, for the 2007 Board performance review, the NRC updated the evaluation questionnaire with new

questions focusing on the strength of the independence and objectivity of the Board.

A report of the findings of the 2007 Board performance review was presented to the NRC by its chairman. Upon its endorsement, the report was presented to the Board for discussion and endorsement during the corporate governance segment of the Board meeting earlier described in this Report. The individual performance ranking of each director was advised separately to the Board Chairman.

The assessment parameters included overall contribution by each Board member, attendance and performance at Board and Board Committee meetings, knowledge of the industry and the Group's business activities. The peer evaluation addressed issues such as whether a director continued to contribute effectively, the dedication and commitment demonstrated as well as whether insightful issues were raised. The evaluation parameters for the 2007 Board performance review had been updated to incorporate the guidelines and directions of the Code and the feedback received from the previous year's evaluation exercise. These factors are also taken into consideration for re-appointments.

In its review, the NRC used a variety of financial indicators to measure the Company's performance and took into account the business environment for the year 2007. These included return on assets (ROA), return on capital employed (ROCE), total shareholder's return (TSR), return on equity (ROE), return on investment (ROI), economic value added (EVA) and earnings per share (EPS).

In the 2007 Board performance review, it was found that the directors have made strong contributions to the Board. Directors scored well on areas such as commitment, industry awareness, providing valuable inputs, knowledge and understanding of finance and accounts, risk management, meeting preparation and raising insightful issues. The NRC also took note of the continued in-depth and open discussions at Board and Board Committee meetings. In addition to the above, the NRC assessed the performance of the CEO, Mr Koh Ban Heng, for the financial year 2007 according to the performance criteria approved by the NRC earlier in the year. The NRC feedback on Mr Koh's performance was considered against the backdrop of the business environment of 2007 before deciding on the variable component in his remuneration.

More information on the remuneration of Mr Koh and other key executives is on page 49.

Access to Information

Principle 6

SPC's management updated the Board regularly on the Group's business and performance through financial and other reports. Such updates and reports covered background and explanatory notes and included disclosure statements, documents, budgets and forecasts.

The Board was kept abreast of strategic business developments concerning the SPC Group at its quarterly meetings by the CEO and senior management. The information provided contained important business developments, significant investments/divestments and projects including reports on financial performance and other performance indicators. Directors had affirmed in the 2007 Board performance evaluation that timely, clear, concise and pertinent information concerning the Board agenda items had consistently been provided to directors.

The reports were also intended to keep directors advised of key concerns and issues affecting the oil and gas industry including the challenges faced by and opportunities open to the SPC Group. Such information aided the Board in making informed, sound and appropriate decisions.

Board and Board Committee papers were sent to directors approximately seven days prior to the meetings for their review. SPC's management was invited to attend and present their papers/updates at Board meetings and to discuss issues which the directors raised. Directors have access to management and briefings or informal discussions on the Group's operations and business.

In addition, the Board has separate and independent access to senior management including the Company Secretary, who attended all the scheduled Board meetings in the year 2007. The Company Secretary is also secretary to the ExCo and the NRC.

The Company Secretary has the responsibility to ensure that Board procedures are followed, that applicable rules and regulations established by the Board and Board Committees are complied with. The Board and Board Committees acknowledged in the 2007 Board performance review that there were good information flows within the Board, Board Committees and management. Directors were also invited from time to time to attend seminars pertaining to corporate governance and strategic business affairs.

On company matters, consistent with the delegation of authority of the Board, directors have the discretion, whether as a group or individually, to obtain or require independent professional advice. The NRC has sought professional advice from independent legal, financial and audit consultants on various issues.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7

Level and Mix of Remuneration

Principle 8

Disclosure on Remuneration

Principle 9

SPC's Remuneration Policy

SPC's remuneration policy is focused on driving the Company's workforce towards performance excellence for ongoing creation and enhancement of stakeholder value. It is anchored by key guiding principles of attracting, motivating and retaining high potential and high performing individuals as well as aligning employees' interests with those of the Company's stakeholders.

The policy is supported by the Company's performance review and assessment programme. This programme provides a platform for the Company and its employees to set performance goals and targets at corporate, Group and individual levels; identify strengths and weaknesses of processes and capabilities as well as establish initiatives to address competency gaps. Goals and targets are set using the balanced scorecard (BSC) matrix comprising financial imperatives, customer service values, internal processes and human resource capabilities. Managers and their respective group leaders meet regularly to discuss progress status and action plans towards achieving their performance goals and targets as well as setting directions for enhancements and modifications of business and corporate processes, models, and practices to keep pace with challenges in the market place. This will conclude in a formal year-end performance assessment for each employee across all levels. The performance ratings are built into the performance incentive matrix for consideration by the Company's senior management for performance rewards purposes.

Role of NRC in SPC's Remuneration Policy

The NRC is responsible for determining SPC's remuneration policy on executive remuneration and for setting the remuneration packages for individual directors and senior management. The committee undertakes a critical role in ensuring that the remuneration and pay compositions for individual directors and senior management are competitive and reflect the varying degree of roles and contributions.

In the spirit of good corporate governance, the NRC engaged an independent consultant in 2007 to undertake a review on the competitiveness of the remuneration package for the Company's directors relative to related industry and companies with comparable market capitalisation. The NRC reviewed the consultant's report and decided to retain the Company's current remuneration structure for directors.

The NRC leverages the Group's performance and assessment review to determine the performance reward for the CEO and senior management. The committee periodically engages external

consultants to advise and recommend the latest trends and best practices in executive remuneration philosophy. SPC's management, in consultation with the NRC, plans and introduces new measures to the Company's remuneration practices to enhance its competitiveness in attracting, motivating and retaining talent, and aligning employees' interest to that of the Company's stakeholders.

The NRC, in addition to its principal functions, also reviews appointments, promotions and succession plans of senior management. The NRC also reviews and endorses SPC management's development plans of the Company's high potential individuals. This is to ensure that the Company has a readily available pool of talents for future leadership renewal to ensure continued success of the Group.

Remuneration of Non-Executive Directors

Non-executive directors do not have any service contracts with the Company. Their terms of appointment are governed by the Company's Articles of Association and the requirements of the Listing Manual.

Table 4 Directors/Board Committees' Fees*

Name	2007*	2006
Choo Chiau Beng	58,000	58,000
Koh Ban Heng ^{II}	–	–
Bertie Cheng Shao Shiong	38,000	38,000
Geoffrey John King	32,000	32,000
Timothy Ong Teck Mong	20,000	20,000
Chin Wei-Li, Audrey Marie	38,000	38,000
Goon Kok-Loon	32,000	32,000
Teo Soon Hoe	20,000	20,000
Cheng Hong Kok	26,000	26,000
Total	264,000	264,000

* Excludes share options and awards under the Restricted Share Plan which are disclosed in the Directors' Report.

* The total fee (rounded to the nearest thousand) is subject to shareholders' approval at the AGM for the financial year 2007.

^{II} The Executive Director is compensated in his executive compensation package.

Note: The proposed basic director's fee is \$20,000 per annum same as in 2006.

Table 5 Remuneration of Key Executives for the year ended 31 December 2007

Remuneration Band & Name of Key Executive	Base/Fixed Salary (%)	Variable or Performance Related Income/ Bonuses (%)	Share Options in 2007 [§]	Restricted/ Performance Share Plan* (%)
\$2,500,000 to \$2,749,999				
Koh Ban Heng	22	30	0	48
\$1,250,000 to \$1,499,999				
Jee-Theng Tony Tan	31	29	0	40
\$1,000,000 to \$1,249,999				
Lee Chiang Huat	28	26	0	46
Chris Keong Poh Guan	28	25	0	46
Woo Siew Cheng	28	25	0	47
Helen Chong (nee Chia Foong Lan)	27	23	0	50
\$500,000 to \$749,999				
Foo Jang See	22	30	0	48

[§] In 2007, no share options were issued and vested pursuant to the Scheme.

- * 2004 RSP awards – 1st tranche released in 2005, 2nd tranche in 2006 and 3rd tranche in 2007. Share valued at \$4.20 on contingent award date.
- 2005 RSP awards – 1st tranche released in 2006, 2nd tranche in 2007 and 3rd tranche vests in 2008. Share valued at \$5.75 on contingent award date.
- 2006 RSP awards – 1st tranche released in 2007, 2nd tranche vests in 2008 and 3rd tranche is scheduled to be vested in 2009. Share valued at \$5.00 on contingent award date.
- 2007 RSP awards – 1st tranche released and vests in 2008, 2nd tranche is scheduled to be vested in 2009 and 3rd tranche in 2010. Share valued at \$5.75.
- 2004 PSP contingent award – Vesting of the performance shares subject to achievement of pre-determined performance targets for the 3-year cycle (2004 – 2006). Vested in 2007. Share valued at \$3.70 on contingent award date.
- 2005 PSP contingent award – Vesting of the performance shares subject to achievement of pre-determined performance targets for the 3-year cycle (2005 – 2007). Shares vest in 2008. Share valued at \$4.98 on contingent award date.
- 2006 PSP contingent award – Vesting of the performance shares subject to achievement of pre-determined performance targets for the 3-year cycle (2006 – 2008). Shares are scheduled to be vested in 2009. Share valued at \$5.00 on contingent award date.
- 2007 PSP contingent award – Vesting of the performance shares subject to achievement of pre-determined performance targets for the 3-year cycle (2007 – 2009). Shares are scheduled to be vested in 2010. Share valued at \$5.75 on contingent award date.

Non-executive directors are paid an annual basic retainer fee with additional fees for serving on Board Committees. They are participants in the Restricted Share Plan (RSP) of the Company. Non-executive directors are required to hold the awarded shares for three years or the duration of their term as Board members, whichever is shorter.

A breakdown, showing each director's fee proposed for the year 2007 is in Table 4. The table also reflects the fees paid to directors for the year 2006.

The CEO, Mr Koh Ban Heng, also an Executive Director, is remunerated as a member of management and does not receive director's fees.

There is no employee in the SPC Group who is an immediate family member of a director on the SPC Board, or CEO, and whose remuneration exceeded \$150,000 during the year.

Details of awards of share options and shares under the SPC Share Option Scheme 2000 (the Scheme) and the RSP and Performance Share Plan (PSP) (collectively, the Share Plans) to the CEO/Executive Director and non-executive directors are described in the Directors' Report to the Financial Statements. The Scheme was suspended in 2004 with the launch of the RSP and PSP schemes.

Remuneration of Key Executives

The NRC applies a stringent performance focused remuneration philosophy to the remuneration for key executives. The remuneration package for each financial year varies and is largely governed by the extent to which performance targets of the Group are achieved. In essence, it comprises the fixed and variable performance based components. This same principle is also applied across all levels of employees.

The fixed component is made up of the base salary and the annual wage supplement of one month salary. The variable performance based component is made up of an annual performance bonus and share grants. The awards of

these variable incentives are based on the extent of the corporate and individual performance achievements relative to pre-determined goals.

The level and mix of remuneration of key executives is disclosed in Table 5.

SPC Annual Performance Bonus, RSP and PSP

SPC's success in motivating employees and inculcating a mindset of engagement and ownership is largely attributed to the short-term, annual performance bonus and long-term share ownership incentive schemes adopted by the Company.

The annual performance bonus is intended to motivate employees to consistently deliver high levels of performance. Bonus payouts to employees are based on corporate and individual performance relative to the achievement of performance targets set at the start and during the course of the year. The performance incentive awards are managed and moderated at the corporate level by the CEO and members of senior management.

The RSP serves to encourage a culture of ownership and engagement amongst SPC employees. They are

awarded contingent restricted shares linked to corporate targets for PATMI and ROCE approved by NRC. The release of an award is determined by the extent to which the targets for these measures have been achieved and the contributions and performance of the individual in achieving these targets. The award is vested annually over a period of three years beginning in the year in which it is released.

The PSP is a long-term incentive to motivate and drive the CEO and key executives to grow the Company to the next performance level. As members of the Company's management team, they are challenged to apply their leadership and business capabilities to grow and strengthen the Company's financial performance. The PSP awards are based on pre-determined performance targets, covering a three-year period, set on several financial performance measures. For the 2007 PSP awards, the measures were weighted on the EVA spread, average EPS and absolute TSR as a multiple of Cost of Equity for the performance period of 2007 to 2009. The PSP awards would be determined by the extent to which the targets for the measures are achieved. The performance share awards would be confirmed by

the NRC and would vest in the year immediately following the end of the performance period.

In line with the ownership philosophy, the CEO and key executives are required to hold a significant percentage, ranging from 30% to 50% of the total PSP and RSP awards vested during their tenure with the Company, based on seniority.

The number of new shares to be issued under the Share Plans and the Scheme is subject to the existing maximum limit of 15% of the Company's total issued share capital, as approved by shareholders.

The Share Plans were approved by shareholders on 27 April 2004 and will be in force for a period of up to 10 years unless extended for further periods with the approval of shareholders at a general meeting and subject to any other relevant approvals that may be required.

In February 2007, 1,047,600 shares were vested in tranches pursuant to the Company's RSP awards in consideration of performance for 2004, 2005 and 2006. There were also 560,400 shares vested pursuant to the Company's PSP awards in consideration for the

Table 6 RSP and PSP awards for employees vested in the year ended 31 December 2007

Type of RSP/PSP awards for employees	For performance in year	Tranche of shares vested	Remaining No. of shares vested*	Remaining tranche of shares to be vested	No. of shares to be vested	To vest
2004 RSP	2004	3 rd (Final)	363,600	—	—	—
2005 RSP	2005	2 nd	429,000	3 rd (Final)	408,600	2008
2006 RSP	2006	1 st	255,000	2 nd and 3 rd (Final)	479,200	2008 & 2009
			<u>1,047,600</u>		<u>887,800</u>	
2004 PSP	2004 – 2006	—	560,400	—	—	—

* Approximate representation of the Company's issued share capital as at 31 December 2007: (based on 514,708,357 shares after deducting 1,598,000 treasury shares, i.e. 516,306,357 – 1,598,000 = 514,708,357)

2004 RSP = 0.0706%
2005 RSP = 0.0833%
2006 RSP = 0.0495%

2004 PSP = 0.1089%

performance period of 2004 to 2006. The Company applied treasury shares from its 2006 share buyback exercise to satisfy the RSP and PSP share awards vested in February 2007. Details of the share awards vested are disclosed in Table 6.

In 2007, the Company acquired 1,412,000 SPC shares from the market under its share buyback mandate for purposes of Share Plan awards in 2008.

A total of 51,300 share awards lapsed in 2007 due to attrition.

Details of awards under the Share Plans for the financial year ended 31 December 2007 are described in Note 30(c) of the Notes to the Financial Statements.

Share Options Scheme

The grants of share options under the Scheme to employees have also been based on the individual's BSC and competency ratings. No share options were granted to employees in 2007, as grants were suspended in 2004, in favour of RSP and PSP Share awards.

The Scheme was approved by shareholders of the Company on 16 May 2000 and will be in force for a period up to 10 years unless extended for further periods with the approval of shareholders at a general meeting and subject to any other relevant approvals that may be required. An option granted under the Scheme may, except in certain special circumstances, be exercised at any time after a vesting period of two years but no later than the expiry date. Options granted under the Scheme were made to all eligible employees of the SPC Group.

At the end of 2007, there were 351,000 options outstanding, details of which are shown in Note 30(b) of the Financial Statements. None of the employees and non-executive directors received 5% or more of the total number of share options available under the Scheme.

SPC Online Share Option and Share Plan System

The SPC Online Share Option and Share Plan System (System) has been effective in helping the Company to administer its share awards. In year 2007, the Company together with the System's external developers, reviewed and enhanced the System's capabilities to facilitate participants' access and execution as well as tracking and reporting of Share Plans data.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

The Board is committed to present a balanced and understandable assessment of the Company's performance, position and prospects in order to inform and engage its stakeholders. The Board's review of the Company's quarterly, half-yearly and full year financial results and its presentation is an integral part of its Board meetings and undergoes full review and discussion before final approval and release.

The Company issues timely and balanced financial information and announcements of important transactions to its shareholders via SGX-ST's SGXNet to facilitate transparency and the building of greater trust and confidence in the Company.

The Company continued to report quarterly financial results in the year 2007. These results are available on the Company's corporate website. Information on new initiatives of the SPC Group is disseminated via SGXNet and news releases.

Audit Committee

Principle 11

The AC assists the Board through reviewing and recommending the release of the quarterly SPC financial statements. It is vested with the authority to investigate matters with or without management's knowledge including matters of impropriety in financial reporting or other company related issues.

The AC reviews and ensures compliance with the requirements of the Listing Manual which pertains to the AC's functions and follows the guidelines set out in the Code when performing its duties and responsibilities.

The AC meets four times annually and holds additional meetings when required, in order to assist the Board to fulfill its fiduciary and statutory responsibilities relating to financial management and corporate accountability to the shareholders of SPC. The AC communicates through electronic methods in addition to their meetings. The Board has found the AC to possess the appropriate skills and qualifications to discharge its responsibilities. The members of the AC have financial, accounting, business and legal backgrounds to fulfill their function and responsibilities. The AC met five times in 2007.

The Company had in 2005, established a Whistleblower Policy for the SPC Group which provides whistleblowers with clearly defined channels and processes

to report suspected reportable conduct including a direct channel to the General Manager, Internal Audit and/or the AC chairperson. This policy is intended to facilitate the reporting in good faith by employees and relevant external parties of suspected reportable conduct while maintaining confidentiality of the information and the identities of the persons involved in resultant reviews. It also aims to protect, to the extent reasonably practicable, the whistleblower and persons involved in reviews initiated under this policy, against reprisals. This policy forms part of the SPC Code of Conduct.

The AC maintains open lines of communication among the Board members, management, the Company's internal and external auditors, to exchange views and information as well as to affirm their respective roles and responsibilities.

The AC is supported in its functions by the internal and external auditors. During the year, the AC reviewed the SPC Group's Interested Person Transactions

(IPT) and quarterly, half-yearly and full year financial statements.

SPC believes a periodic rotation of external auditors will serve to further enhance its corporate transparency while providing a fresh perspective in the review of the Company financial statements and systems of internal control.

In selecting the external auditors for 2007, the AC evaluated four international accounting firms on the basis of pre-determined criteria and selected Deloitte & Touche.

Pursuant to the requirements of the Code, the AC reviewed the non-audit services provided by the external auditors, Messrs Deloitte & Touche during 2007, and had received confirmation of their independence. The AC was satisfied with the independence and the objectivity of the external auditors and had recommended to the Board their re-appointment as external auditors for the year 2008, at a fee to be determined at a later date.

AUDIT COMMITTEE

The AC comprises four independent directors, Dr Chin Wei-Li, Audrey Marie (chairperson), Messrs Bertie Cheng Shao Shiong, Geoffrey John King and Goon Kok-Loon. Effective 30 January 2008, as part of a rotational change, the Board appointed Goon Kok-Loon as the new chairman. The AC's principal functions are summarised as follows:

- (1) Reviews and ensures compliance with the requirements of the Listing Manual pertaining to the AC's functions.
- (2) Follows the guidelines set out in the Code when performing its duties and responsibilities, wherever possible.
- (3) Reviews Interested Person Transactions.
- (4) Reviews reports received pursuant to the provisions of the SPC Whistleblower Policy and undertakes the proceedings as prescribed.
- (5) Reviews with the internal and external auditors their respective audit plans, scope, reports, findings and actions taken by management.
- (6) Serves as an independent party to review the financial statements presented by management to shareholders, regulators and the general public.
- (7) Reviews the independence of the external auditors annually and recommends the appointment and remuneration of the external auditors.
- (8) Maintains, by holding regular meetings, open lines of communication with the Board, the internal and external auditors to exchange views and information as well as to affirm their respective roles and responsibilities.
- (9) Investigates any matter within its terms of reference, with full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC reviewed the external auditor's 2007 statutory audit plan, scope, findings and management's responses to the findings. It also reviewed the internal audit plans and the quarterly internal audit summary reports and ensured the adequacy of the internal audit function.

At year end, the AC met with the external and internal auditors without the presence of management, to discuss amongst other issues, the SPC Group's internal controls. Internal controls include the Company's system of financial, operational and compliance controls established by the management. The external and internal auditors reported that the Group's overall system of internal controls and procedures were functioning effectively.

Save as disclosed in the Notes to the Financial Statements on IPT, there were no material contracts involving the interests of the CEO, each director or the controlling shareholders and their subsidiaries.

Management reported that the methods and procedures for determining IPT had not changed since the date of the last AGM, at which time the shareholders' mandate for IPT was last renewed. Management accordingly recommended that the Company not appoint an independent financial advisor to review the IPT methods and procedures. Pursuant to the provisions under SGX-ST Listing Rule 920(1), the AC concurred with management's recommendations.

Internal Controls

Principle 12

The Company believes that the SPC Group's framework of internal financial controls, operational compliance controls and risk management policies are reasonable and well placed within a steadfast control environment to meet the needs of its operational requirements.

The SPC Group has a clearly delineated operating structure based

upon its delegations of authority and reporting structures, codes of conduct and other documented procedures in place that cover management accounting, financial reporting, information technology systems security, project appraisal and business risk management.

The control systems in place are intended to provide reasonable assurance with regard to the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with applicable legislation, regulations and sound management of business risks.

The Company's internal and external auditors conducted their 2007 review in accordance with their respective audit plans on the effectiveness of the Company's system of internal controls including financial, operational and compliance controls. Audit findings, recommendations and actions taken by management on the recommendations were reported to the AC.

Based on the reviews performed by the internal and external auditors during the financial year, the AC is of the opinion that there are adequate internal controls in the SPC Group.

Internal Audit

Principle 13

The Company has an Internal Audit Department (IAD) headed by the General Manager, Internal Audit. The General Manager, Internal Audit, reports directly to the chairperson of the AC on audit matters and to the CEO on administrative matters.

During the year, the IAD conducted its audit reviews based on the approved internal audit plans. Upon completion of each audit assignment, the IAD reported its findings and recommendations to management who would respond on the actions to be taken. The IAD submitted quarterly internal audit summary reports to the AC on the status of the audit plan

and on audit findings and actions taken by management on the findings. The IAD reported that the Group's overall system of internal controls and procedures functioned effectively during the year under review.

The IAD is a member of the Singapore branch of the Institute of Internal Auditors Inc (IIA), which has its headquarters in the United States. The IAD is guided by the Standards for Professional Practice of Internal Auditing developed by the IIA.

The AC annually reviews the adequacy of the internal audit function and is of the view that it is adequately resourced. The AC is also of the view that the internal audit function is of appropriate standing within the Company and continue to maintain its independence during the year under review.

COMMUNICATION WITH SHAREHOLDERS

Regular, Effective and Fair Communication with Shareholders

Principle 14

The SPC Group is committed to providing regular, effective and fair communication with its shareholders and the investing public. To this end, the SPC investor relations and communications unit actively plans, manages and handles communications with all stakeholders.

Disclosure of information by the SPC Group is made through communication channels such as corporate announcements via the SGX-ST's SGXNet broadcast network, the publication of the Annual Report and circulars to shareholders and the holding of shareholders' meetings including the AGM. In addition, SPC publishes the Group's corporate announcements and publications on its corporate website to ensure that the latest corporate information is available to all interested persons.

All results, corporate announcements and shareholder reports are issued

promptly and within the prescribed periods. In addition to the issue of the Notice of AGM together with the Annual Report, the Notice is also advertised in a major local newspaper and posted on the Company's website.

In the spirit of corporate transparency, SPC voluntarily issues SGXNet announcements of significant transactions, notwithstanding that some of these transactions may not require disclosure. These voluntary efforts are in line with the Company's commitment to engage in open and fair communication with its stakeholders.

Apart from open and fair communication, SPC provides investors, both institutional and retail, with clear, balanced and useful information to aid them in their investment decisions. Specific to corporate development updates and direction, the Company furnishes project details, essential background information including future activities and plans. SPC's financial statements are accompanied by analyses of business performances, discussions of prevailing operating conditions as well as outlook for the year.

SPC has a proactive investor relations programme to foster rapport with analysts, fund managers and the investing community. The CEO, Chief Financial Officer (CFO) and the investor relations team conduct regular meetings and conference calls with analysts and investors, local and overseas, and participates in conferences organised by brokerage firms.

Actively engaging its retail investors as well, 2007 saw SPC partnering with SIAS in its Shareholder Communication Services Programme. This Programme is aimed at equipping retail investors with essential investment insights and skills to better manage their investment

portfolio, through corporate updates and information dissemination forums including SIAS Corporate Profile Seminar. The SIAS' programme successfully enabled SPC to elevate its corporate profile among retail investors during the year.

Apart from the issuance of corporate updates and meetings held as part of its proactive communications platform with shareholders, SPC's investor relations team is contactable by electronic mail or telephone to provide clarifications on corporate information in the public domain with due consideration to SGX-ST's rules on fair disclosure and ensuring a level playing field for investors.

In 2007, SPC re-designed its corporate website and created a dedicated "Investor Centre" section to cater to the information needs of the investing public. Designed to ensure that investors and the interested public have good and regular access to information, the Investor Centre serves as a one-stop web-based communication centre complete with corporate press releases, annual reports, financial calendar, corporate directory and corporate governance guidelines. SPC's share price information is also provided here, with share price information and related security information displayed via a live data-feed from SGX-ST.

SPC recognises the importance of sound corporate governance in creating long-term stakeholder value. Emphasis on high corporate governance standards has been a key pillar in enhancing the status and position of the SPC Group in Singapore and internationally.

Greater Shareholder Participation *Principle 15*

The Company is guided by the provisions of the Code with regard to communication with shareholders.

Shareholders are given timely notice of the Company's AGM and accordingly, the opportunity to attend or be represented at the Meeting. The Company's Articles of Association allows a member of the Company to vote in absentia by appointing a proxy to attend and vote on his behalf while the Singapore Companies Act provides a corporate shareholder with the option to appoint a corporate representative to attend and vote on its behalf.

Each year, the Chairman presides over the AGM and is accompanied by fellow Board members, the CEO, the CFO, the Company Secretary, the Internal Auditor and other key executives. The external auditors, Messrs Deloitte & Touche are also present to address queries from the shareholders. The chairpersons of the AC and NRC have consistently been present at the AGMs.

At the Meeting, the Chairman discusses the progress and performance of the SPC Group and encourages meaningful and effective shareholders participation. Directors and management also endeavour to address all issues raised.

The Company adopts separate resolutions on each distinct issue presented to shareholders and voting is taken systematically with proper recording of the votes cast and the resolutions adopted. The Company's practice is consistent with the Code's recommendation that companies avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

Minutes of general meetings of the Company are available to shareholders upon their requests as provided under the Companies Act.

Over the past years, SPC has witnessed an increase in attendance at its AGMs. In 2007, a total of 293 voting shareholders and proxies attended the meeting.

Since its implementation in January 2007, the share registry analysis has been beneficial in providing insight to the shareholding spread, shareholders' investing styles and the basis of their support for SPC shares. The analysis may also highlight the investment portfolio, holding strength, value growth priorities and other investment concerns of the existing shareholders. With an appreciation of its shareholders, the Company is thus in a better position to meaningfully engage them in various forums including the forthcoming AGM.

The Company has not implemented the suggestion in the Code that the Company allows absentia voting methods and proxies for shareholders who use nominee companies. The Company has to be confident that the integrity of any system catering for their use is assured.

OTHER CORPORATE GOVERNANCE MATTERS

Dealing in Securities

In keeping with high standards of corporate governance, the Group has adopted the SGX-ST's best practices guide with regard to dealings in the securities of the Company.

Directors and employees are advised not to deal in SPC's securities during the period commencing two weeks before the SPC Group's quarterly and half-yearly results and one month before the announcement of the SPC Group's full year results and ending on the date of the announcement. Furthermore, when the Company is involved in major corporate activities such as investment or divestment that could be price-sensitive in relation to the Company's securities, officers involved are advised not to deal in the Company's securities.

Code of Conduct and Practices

SPC recognises the importance of fairness, integrity and professionalism in the conduct of its business activities. It has entrenched these values in the SPC Code of Conduct.

Employees are expected to embrace and practise these values in their everyday conduct especially with customers, suppliers and the public.

Employees are to act in the best interest of the SPC Group and avoid situations that may present a potential conflict of their interests.

The policy also addresses the issues of dealings in securities, insider trading and compliance with the relevant legislations. Directors and employees are regularly reminded to observe best conduct practices, particularly in securities trading.