

Board of Directors

as at 19 March 2009

Mr Tan Cheng Eng Independent, Non-executive Director

Aged 58, Singaporean

- *Chairman of Board of Directors*
- *Chairman of Remuneration Committee*
- *Member of Audit Committee*

Mr Tan Cheng Eng was appointed to the Board on 1 February 1979 and appointed as the Chairman of the Board and of the Remuneration Committee on 13 September 2002. He is also a non-executive Chairman of Data Bank Holding Ltd and an executive director of Homegrown Securities Ltd, both of which are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Mr Tan was last re-elected as a director of the Company on 29 April 2007.

Mr Tan holds a Master in Financial Engineering from Harvard University, USA and a Bachelor of Arts (Mathematics) degree from University College London.

He has 30 years of experience in the finance industry, of which 17 years were in the securities industry. He also serves on the Society of Financial Advisory Consultants and on the boards of the National Symposium Council and the Singapore Music Conservatory.

Mr David Grey Non-Independent, Non-executive Director

Aged 61, English

- *Member of Board of Directors*
- *Member of Audit Committee*

Mr David Grey joined the Board on 15 May 1983 and was last re-elected on 17 May 2006. He is also an executive director of PwC Global Ltd, the ultimate holding corporation of PwC Holdings Ltd.

Mr Grey holds a Master of Science from London School of Business, United Kingdom and PhD in Bio informatics from Imperial College London.

He has more than 20 years of experience in the pharmaceutical industry. He has served as the Chairman of the European Union Biotechnology Board, a company listed on the London Stock Exchange since 2000 and was a Council Member of the Institute of Biomedical Practitioners, United Kingdom between 2003 and 2005.

Board of Directors

as at 19 March 2009

Mr Ang Boon Chew Chief Executive Officer

Aged 47, Singaporean

- *Member of Board of Directors*

Mr Ang Boon Chew was appointed to the Board on 18 February 2000 and was last re-elected on 17 May 2006. He joined PwC Components (Singapore) Pte Ltd, a subsidiary of PwC Holdings Ltd, in 1982 and became its chief executive officer on 1 October 1992. He was subsequently appointed as the general manager of PwC Holdings Ltd on 2 November 1997 and became its chief executive officer on 18 February 2000.

Mr Ang graduated from the National University of Singapore with a Bachelor of Engineering (Electrical and Electronics) degree. He is a Fellow of the Institute of Engineers, Singapore and a Board member of the National Fire Prevention Council.

He has more than 20 years of experience in the electrical component parts industry.

Dr Ran Jedwin Gervasio Executive Director

Aged 44, American

- *Member of Board of Directors*

Dr Ran Jedwin Gervasio joined the Board on 26 February 2009. He is the founding member of Visionary Component Inc.(now known as PwC Components (Philippines) Pte Ltd), a subsidiary of PwC Holdings Ltd acquired on 1 October 2008.

Dr Ran holds a PhD in Electrical Electronic Engineering from University of North Carolina, USA. He has 25 years of experience in the component parts industry, including four years as a professor in University of Michigan, USA. He has served as a honorary professor of the University of Philippines since 2000, and a non-executive director of Routers Electronics Inc., a corporation listed on the New York Stock Exchange since 2003.

Board of Directors

as at 19 March 2009

Mr Balachandran Nair Independent, Non-executive Director

Aged 62, Singaporean

- *Member of Board of Directors*
- *Chairman of Audit Committee*
- *Member of Remuneration Committee*

Mr Balachandran Nair joined the Board on 1 July 1998 and was last re-elected on 30 June 2007. He is also the Chairman of the Audit Committee.

Mr Nair graduated with a Bachelor of Accountancy from National University of Singapore. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Certified Public Accountants of Singapore (ICPAS).

He has 45 years of experience in finance and management. He was the Head of Internal Audit Department of Port Aviation Ltd, a listed company on SGX-ST, between 1996 and 2005. He is the Chief Operating Officer of the Asia Pacific operations of Efficient Shipping Ltd, a company listed on the New York Stock Exchange since 2006. He is also the Chairman of the Trustees of Singapore Healthcare Fund, Asia Pacific Development Fund and Global Diversified Fund since 2003.

Mr Michael Philip White Independent, Non-executive Director

Aged 52, Norwegian

- *Member of Board of Directors*
- *Member of Audit Committee*
- *Chairman of Nomination Committee*

Mr Michael Philip White joined the Board on 1 July 2004. He was re-elected as a director and appointed as the Chairman to the Nomination Committee on 1 May 2007.

Mr White graduated from Stavanger University College, Norway with a Master of Commerce degree. He subsequently obtained a Master in Management of Technology from University of Helsinki, Finland.

He started his career with a multinational group of telecommunication companies in Norway. He was subsequently employed to head the Asia Pacific operations of Datacom, a company listed on the Norway-Oslo Stock Exchange in 1985. In 2004 he became the managing director of Moonstar Ltd, a telecommunication company listed on the SGX-ST.

Board of Directors

as at 19 March 2009

Madam Wan Oon Kee Independent, Non-executive Director

Aged 48, Singaporean

- *Member of Board of Directors*
- *Member of Audit Committee*
- *Member of Nomination Committee*

Madam Wan Oon Kee was appointed to the Board on 31 July 2002 and was last re-elected on 31 July 2006.

Madam Wan graduated from University of London with a Bachelor of Science (Building Control) degree. She is currently a member of the Royal Institution of Chartered Surveyors, United Kingdom and a Council Member of the Singapore Institute of Surveyors and Valuers.

She has more than 20 years of experience in the real estate industry. Beginning her career at Singapore Land Authority, she joined Leading Real Estate Marketing Pte Ltd as a Chief Operating Officer in 1996. She has been the managing director of Leading Real Estate Marketing Pte Ltd since 2000.

Mr Lee Chee Wai Independent, Non-executive Director

Aged 56, Singaporean

- *Member of Board of Directors*
- *Member of Nomination Committee*
- *Member of Remuneration Committee*

Mr Lee Chee Wai joined the Board on 1 May 2008.

He graduated with a Bachelor of Law (Hons) degree from National University of Singapore.

He began his career with an international law firm in 1975, and was subsequently employed as the Company Secretary and Legal Advisor of a multinational group of companies in Singapore in 1982. He commenced his professional practice in 1987 and is currently an Advocate & Solicitor of Lee, Lim & Tan, a legal firm, where he has been a partner for the past 16 years.

Corporate Governance Report

for the financial year ended 31 December 2008

Guidance Notes

Corporate Governance Report

The corporate governance report is prepared for illustrative purposes and describes the Group's corporate governance practices and structures, with specific reference to the principles and guidelines of the 2005 Code. Listed companies are required to disclose their corporate governance practices and explain deviations from the 2005 Code in their annual reports for Annual General Meetings ("AGMs") held on or after 1 January 2007.

Oversight of corporate governance of listed companies is transferred from CCDG to the Monetary Authority of Singapore ("MAS") and the Singapore Exchange Ltd ("SGX") with effect from 1 September 2007. The move will clarify and streamline responsibilities for corporate governance matters for listed companies.

The Board of Directors (the "Board") is committed to ensuring that the highest standards of corporate governance are practised throughout PwC Holdings Ltd (the "Company") and its subsidiaries (the "Group"), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

SGX 710

In July 2005, the Singapore Council on Corporate Disclosure and Governance issued a revised Code of Corporate Governance (the "2005 Code") that replaced the Code of Corporate Governance that was issued in March 2001 (the "2001 Code"). Companies are required to disclose their corporate governance practices and explain deviations from the 2005 Code in their annual reports for annual general meetings held from 1 January 2007 onwards.

This report describes the Group's corporate governance practices and structures that were in place during the financial year ended 31 December 2008, with specific reference to the principles and guidelines of the 2005 Code, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Singapore Companies Act. The Board has adhered to all principles and guidelines set out in the 2005 Code as set out below.

THE 2005 CODE

The 2005 Code is divided into four main sections, namely:

- (A) Board Matters
- (B) Remuneration Matters
- (C) Accountability and Audit
- (D) Communication with Shareholders

Corporate Governance Report

for the financial year ended 31 December 2008

(A) BOARD MATTERS

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

The Board of Directors as at 19 March 2009 comprises:

Mr Tan Cheng Eng	(Chairman and Non-executive Director)	CG Guideline 4.6
Mr Ang Boon Chew	(Chief Executive Officer)	
Mr David Grey	(Non-executive Director)	
Dr Ran Jedwin Gervasio	(Executive Director)	
Mr Balachandran Nair	(Non-executive Director)	
Mr Michael Philip White	(Non-executive Director)	
Madam Wan Oon Kee	(Non-executive Director)	
Mr Lee Chee Wai	(Non-executive Director)	

The Board's role is to:

CG Guideline 1.1

1. Provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. Establish a framework of prudent and effective controls which enables risk to be assessed and managed;
3. Review management's performance; and
4. Set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met.

The Board regularly reviews the business plans and the financial performance of the Group. The Board has overall responsibility for putting in place a framework of good corporate governance in the Group, including the processes for financial reporting and compliance. All Board members bring their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct.

The Board has adopted a set of Guidelines on matters that require its approval. Matters which are specifically reserved for the Board's decision include those involving business plans and budgets, material acquisitions and disposals of assets and companies, financial restructuring, corporate strategy, share issuances, dividends, and other returns to shareholders. Specific Board approval is required for any investments or expenditures exceeding \$5 million.

CG Guideline 1.5

The Board has delegated specific responsibilities to three Committees, namely the Audit, Nomination and Remuneration Committees. Information on them is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

CG Guideline 1.3

The Board meets at least six times a year. Fixed and optional meetings are scheduled at the start of each year and optional meetings convened as scheduled only when there are matters requiring the Board's decision at the scheduled time. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings. The Board also schedules an annual Board Strategy meeting to discuss strategic issues.

CG Guideline 1.4

Corporate Governance Report

for the financial year ended 31 December 2008

The Articles of Association of the Company allow directors to participate in a Board meeting by telephone conference or video-conference whereby all persons participating in the meeting are able to communicate as a group, without requiring the directors' physical presence at the meeting. The number of Board and Board Committee meetings held in the current financial year and the attendance of directors during these meetings are as follows:

CG Guideline 1.4

	Board of Directors			Audit Committee			Nomination Committee			Remuneration Committee		
	Position	Number of meetings ⁽¹⁾		Position	Number of meetings ⁽¹⁾		Position	Number of meetings ⁽¹⁾		Position	Number of meetings ⁽¹⁾	
		Held	Attended		Held	Attended		Held	Attended		Held	Attended
Executive Director												
Ang Boon Chew	M	10	10	-	-	-	-	-	-	-	-	-
Andrew Lloyd ⁽²⁾	-	1	1	-	-	-	-	-	-	-	-	-
Ran Jedwin Gervasio ⁽³⁾	M	-	-	-	-	-	-	-	-	-	-	-
Non-executive Director												
Tan Cheng Eng	C	10	10	M	7	7	-	-	-	C	2	2
David Grey	M	10	7	M	7	6	-	-	-	-	-	-
Balachandran Nair	M	10	8	C	7	7	-	-	-	M	2	1
Michael Philip White	M	10	10	M	7	7	C	3	3	-	-	-
Wan Oon Kee	M	10	9	M	7	5	M	3	2	-	-	-
Lee Chee Wai ⁽⁴⁾	M	7	6	-	-	-	M	2	2	M	1	1
Selamat Baharuddin ⁽⁵⁾	-	3	3	-	4	3	-	1	1	-	-	-

Denotes:

C – Chairman as at 19 March 2009

M – Member as at 19 March 2009

⁽¹⁾ Number of meetings held/attended during the financial year/period from 1 January 2008 (or from date of appointment of Director, where applicable) to 31 December 2008

⁽²⁾ Resigned on 5 February 2009

⁽³⁾ Appointed on 26 February 2009

⁽⁴⁾ Appointed on 1 May 2008

⁽⁵⁾ Resigned on 1 May 2008

A formal letter is provided to each director upon his appointment, setting out the director's duties and obligations. The Group also conducts an orientation programme for new directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices. A manual containing the Group's policies and procedures relating to its business, corporate governance, interests in securities, and price-sensitive information, is updated yearly and provided to each director. To keep pace with new laws, regulations and changing commercial risks, all directors attend specifically tailored training conducted by professionals from time to time. Directors are also encouraged to attend, at the Group's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations. The Company Secretary will bring to directors' attention, information on seminars that may be of relevance or use to them.

CG Guidelines 1.6 and 1.7

Corporate Governance Report

for the financial year ended 31 December 2008

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. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises eight members, six of whom are non-executive directors (including the Chairman). All non-executive directors, except for Mr David Grey who is an executive director of PwC Global Limited, the ultimate holding company of the Group, are independent i.e., they have no relationship with the Company, its related companies or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from Management.

Principle 2, CG
Guidelines 2.1 and 4.6

As a group, the directors bring with them a broad range of industry knowledge, expertise and experience in areas such as accounting, finance, business and management, strategic planning and customer service relevant to the direction of a large, expanding group. In addition, Mr Ang Boon Chew has experience specifically in the electrical component parts industry, the core business of the Group. A brief description of the background of each director is presented in the "Board of Directors" section of this annual report.

CG Guidelines 2.4
and 4.6

The Board reviews the size of the Board on an annual basis, and considers the present Board size as appropriate for the current scope and nature of the Group's operations. As independent and non-executive directors make up almost two-thirds of the Board, no individual or group is able to dominate the Board's decision-making process. There is also balance in the Board because of the presence of independent, non-executive directors of the calibre necessary to carry sufficient weight in Board decisions. Although all the directors have an equal responsibility for the Group's operations, the role of these independent non-executive directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and examined, and take account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The non-executive directors help to develop proposals on strategy. The non-executive directors also review the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. They meet regularly on their own without Management present.

Principle 2,
CG Guideline 2.3

CG Guideline 2.5,
Commentary 2.6

Mr Balachandran Nair acts as the lead independent non-executive director. Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman, Chief Executive Officer ("CEO") or Finance Director has failed to provide satisfactory resolution, or when such contact is inappropriate.

Whilst the Company is controlled by PwC Corporate Limited, its immediate holding company, the investment of minority shareholders is fairly represented through the representation of independent directors.

Corporate Governance Report

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Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman, Mr Tan Cheng Eng is a non-executive director responsible for leading the Board and facilitating its effectiveness. He promotes high standards of corporate governance on the Board and within the Group, and is free to act independently in the best interests of the Group. The CEO, Mr Ang Boon Chew, is an executive director responsible for the business direction and operational decisions of the Group. The Chairman and CEO are not related. The division of responsibilities between the Chairman and the CEO has been set out in a set of Guidelines reviewed and endorsed by the Board.

CG Guidelines 3.1 and 3.2

The Chairman ensures that Board meetings are held as and when necessary. He leads the Board to ensure its effectiveness and approves the agenda of each Board meeting in consultation with the CEO. The Chairman reviews most Board papers before they are presented to the Board and ensures that Board members are provided with accurate, timely and clear information. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the paper or attend at the relevant time during the Board meeting. The Chairman monitors communications and relations between the Company and its shareholders, between the Board and Management, and between independent and non-independent directors, with a view to encouraging constructive relations and dialogue amongst them. The Chairman works to facilitate the effective contribution of non-executive directors. The foregoing responsibilities of the Chairman are included in the abovementioned Guidelines endorsed by the Board.

CG Guideline 3.2

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Nomination Committee

The Nomination Committee comprises the following non-executive and independent directors:

CG Guideline 4.1

Mr Michael Philip White (Chairman)
 Madam Wan Oon Kee
 Mr Lee Chee Wai

The Nomination Committee was set up on 1 April 2005. The Committee held three meetings during the financial year. All members of this Committee are independent non-executive directors. The Chairman of the Nomination Committee is neither a substantial shareholder of the Company nor directly associated with a substantial shareholder of the Company.

CG Guideline 4.1

The Nomination Committee has a written Charter endorsed by the Board that sets out its duties and responsibilities. Amongst them, the Nomination Committee is responsible for making recommendations to the Board on all board appointments.

CG Guideline 4.1

Corporate Governance Report

for the financial year ended 31 December 2008

In its search, nomination and selection process for new directors, the Nomination Committee identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the Nomination Committee taps on the resources of directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed to assist in the search process. Interviews are set up with potential candidates for Nomination Committee members to assess them, before a decision is reached.

CG Guideline 4.5

The Nomination Committee is responsible for making recommendations to the Board on the re-nomination of directors at regular intervals and at least once every three years for each director, as required by the Articles of Association of the Company. In its deliberations on the re-nomination of existing directors, the Nomination Committee takes into consideration the directors' contribution and performance (including, if applicable, his contribution and performance as an independent director). The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Committees as well as the quality of intervention and special contributions.

CG Guideline 4.2

The Chairman of the Board will give feedback to the Nomination Committee on the appointment of new directors or retirement or resignation of existing directors, following the outcome of an annual performance evaluation of individual directors, and the Nomination Committee will take into consideration his views in this regard.

CG Guideline 5.4

The Nomination Committee is also responsible for determining annually, the independence of directors. In doing so, the Nomination Committee takes into account the circumstances set forth in Guideline 2.1 of the 2005 Code and any other salient factors. Following its annual review, the Nomination Committee has endorsed the following independence status of the directors:

CG Guideline 4.3

Mr Tan Cheng Eng	(Independent)
Mr Ang Boon Chew	(Non-independent)
Mr David Grey	(Non-independent)
Dr Ran Jedwin Gervasio	(Non-independent)
Mr Balachandran Nair	(Independent)
Mr Michael Philip White	(Independent)
Madam Wan Oon Kee	(Independent)
Mr Lee Chee Wai	(Independent)

The Nomination Committee is satisfied that sufficient time and attention are being given by the directors to the affairs of the Group, notwithstanding that some of the directors have multiple board representations, and there is presently no need to implement internal guidelines to address their competing time commitments. This matter is reviewed on an annual basis by the Nomination Committee.

CG Guideline 4.4

Corporate Governance Report

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Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Board has implemented a process for assessing its effectiveness as a whole and for assessing the contribution by each director to the effectiveness of the Board. A consulting firm specialising in board evaluation and human resource was appointed by the Nomination Committee to help to design and implement the process. This is the fourth year in which this board evaluation process has been implemented.

CG Guidelines 5.1 and 5.2

The collective assessment process comprises two parts: a qualitative assessment of the functioning of the Board, and a review of selected financial and quantitative performance indicators (including the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index, return on assets, return on equity, economic value added and profitability on capital employed, each compared with a selected set of listed industry peers for benchmarking purposes). The qualitative assessment utilises a confidential questionnaire (covering areas such as the effectiveness of the Board in its monitoring role and the attainment of the strategic and long term objectives set by the Board, including the enhancement of shareholders' value) which is completed by each director individually. Both sets of performance criteria have been endorsed by the Nomination Committee and the Board. The completed qualitative assessment questionnaires are submitted to the consulting firm, which prepares a comprehensive confidential report for the Nomination Committee's discussion. The results and conclusions are then presented to the Board by the Nomination Committee together with the consultant and an action plan is drawn up to address any areas for improvement.

CG Guidelines 5.1, 5.2 and 5.3, Commentary 5.5

The assessment of individual directors is done through both self-assessment as well as peer-assessment, in each case through a confidential questionnaire completed by directors individually. The assessment parameters for such individual evaluation include attendance and contributions during Board meetings as well as commitment to their role as directors. The questionnaires are submitted to the consulting firm which prepares a confidential report for each director. The Chairman of the Board together with the Chairman of the Nomination Committee then meet with each individual director to discuss his report and areas for improvement. Where the individual director being assessed is the Chairman of the Board, the Chairman of the Nomination Committee meets with him alone, and vice versa.

CG Guidelines 5.1 and 5.4

Corporate Governance Report

for the financial year ended 31 December 2008

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

All directors receive a set of Board papers prior to the Board meeting. This is generally issued to them at least five working days prior to the meeting in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meeting. The Board papers include, among others, the following documents and details:

CG Guideline 6.1

- Background or explanations on matters brought before the Board for decision or information, including issues being dealt with by Management, and relevant budgets, forecasts and projections. In respect of budgets, any material variance between the projections and actual results is disclosed and explained to the Board;
- Minutes of the previous Board meeting;
- Minutes of meetings of all Committees of the Board held since the previous Board meeting;
- Major operational and financial issues;
- Statistics on customer satisfaction;
- Statistics on key performance indicators.

CG Guideline 6.2

As part of good corporate governance, key matters requiring decision are reserved for resolution at Board meetings rather than by circulation to facilitate discussion. Key analysts' reports on the Group are forwarded to the directors on an ongoing basis. In addition, the Board receives from Management monthly management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects. The latest set of management accounts circulated is tabled for discussion at each Board meeting in case directors have any queries on them.

CG Guideline 10.2

The directors have separate and independent access to the Group's senior management, including the CEO, the Finance Director and other key Management, as well as the Group's internal and external auditors. Queries by individual directors on circulated papers are directed to Management who will respond accordingly. Where relevant, directors' queries and Management's responses are circulated to all Board members for their information.

CG Guideline 6.1

The Board has also approved a procedure for directors, whether as a full Board or in their individual capacity, to take independent professional advice, where necessary in the furtherance of their duties, at the Group's expense.

CG Guideline 6.5

All directors have separate and independent access to the advice and services of the Company Secretary. The Board has approved a set of Guidelines defining the role and responsibilities of the Company Secretary. The Company Secretary attends all meetings of the Board and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends all meetings of the Audit Committee, Remuneration Committee and Nomination Committee. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flows within the Board and its Committees and between senior management and non-executive directors, as well as facilitating orientation and assisting with professional development as required.

CG Guideline 6.3

Under the Articles of Association of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

CG Guideline 6.4

Corporate Governance Report

for the financial year ended 31 December 2008

(B) REMUNERATION MATTERS

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

The Remuneration Committee is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual directors and senior management.

Principle 7

Remuneration Committee

The Remuneration Committee comprises the following non-executive and independent directors:

CG Guideline 7.1
SGX 852(1)(a)

Mr Tan Cheng Eng (Chairman)
Mr Balachandran Nair
Mr Lee Chee Wai

The principal responsibilities of the Remuneration Committee are:

1. Recommending to the Board for endorsement, a framework for computation of directors' fees of the Board, as well as remuneration of executive directors and senior management of Senior Vice President grade or its equivalent and above. For executive directors and other senior management, the framework covers all aspects of executive remuneration (including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind);
2. Recommending the specific remuneration packages for each director and other senior management of Senior Vice President grade or its equivalent and above; and
3. Administering the PwC Employee Share Option Scheme.

CG Guideline 7.2

In framing the Group's remuneration policy as described above, the Remuneration Committee from time to time seeks advice from external consultants as well as confidentially from selected senior management, including the Director (Human Resource), at its discretion. The remuneration policy recommended by the Remuneration Committee is submitted for approval by the Board.

Commentary 7.3

CG Guideline 7.2

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Principle 9: Each company should provide clear disclosure of its remuneration policy, 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 executives, and performance.

Corporate Governance Report

for the financial year ended 31 December 2008

The remuneration package of executive directors and other senior management of Senior Vice President grade or its equivalent and above (“Senior Management”) consists of the following components:

(a) Fixed Component

Fixed pay comprises basic salary, statutory employer’s contributions to the Central Provident Fund, Annual Wage Supplement (“AWS”) and fixed allowances. Eligibility for AWS and fixed allowances will depend on the length of service. To ensure that key executives’ remuneration is consistent and comparable with market practice, the Remuneration Committee also regularly benchmarks remuneration components against those of comparable companies, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

Commentary 8.5

(b) Variable Component

This component comprises variable bonus based on the Group’s and the individual’s performance, as well as monthly variable component of the basic salary. To link rewards to performance, the more senior the executive is in the Group, the higher is the percentage of the variable component against total compensation. A comprehensive and structured assessment of the performance of Senior Management, which includes 360 degree-assessment and measuring their performance against selected key performance indicators, is undertaken each year. Bonuses payable to Senior Management are reviewed by the Remuneration Committee and approved by the Board to ensure alignment of their interests with those of shareholders.

CG Guideline 8.1

(c) Benefits

Benefits provided are consistent with market practice and include medical benefits, flexible benefits, car allowance, club benefits and housing subsidy. Eligibility for these benefits will depend on individual salary grade and length of service.

(d) Share Options

Executive directors and Senior Management with more than three years of service are eligible for the grant of options under the PwC Employee Share Option Scheme. The options granted will vest only on completion of another two years of service with the Group, commencing from the grant date. Executive directors and senior management are encouraged to hold their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability. More information on the PwC Employee Share Option Scheme is set out in the Directors’ Report.

Guideline 8.4,
Guideline 9.4

The service contracts for executive directors are for fixed appointment periods which are not excessively long and they do not contain onerous removal clauses. Notice periods are generally six months or less in service contracts for Senior Management. The Remuneration Committee is responsible for reviewing the compensation commitments arising from directors’ contracts of service in the event of early termination.

Guideline 8.3,
Commentary 8.6

Corporate Governance Report

for the financial year ended 31 December 2008

The Fees and Allowances proposed to be paid to Directors¹ for the current financial year are determined based on the same formula applied in the previous year as follows:

TYPE OF APPOINTMENT	PROPOSED FEE (FY2008)
BOARD OF DIRECTORS	\$
Basic Fee	50,000
Board Chairman Allowance	32,000
AUDIT COMMITTEE	
Committee Chairman's Allowance	27,000
Member's Allowance	13,500
OTHER BOARD COMMITTEES	
Committee Chairman's Allowance	13,500
Member's Allowance	9,000
ATTENDANCE FEE	
Per Board meeting in Singapore	1,000
Per Audit Committee meeting in Singapore	800
Per Other Board Committee meeting in Singapore	600
Per Board meeting overseas	3,000
Per Audit Committee meeting overseas	2,000
Per Other Board Committee meeting overseas	1,500

Besides the basic fee, every Director will receive:

- The Chairman's allowance if he is Chairman of the Board;
- The relevant allowance (depending on whether he was Chairman or a member of the relevant Board Committee) for each position he holds in the Board Committee during the financial year; and
- The relevant attendance fee for each Board and Board Committee meeting he attends during the financial year.

If he occupies a position for part of the financial year, the fee or allowance payable will be prorated accordingly.

Guidance Notes

Proposed fees

1. Corporate Governance Guideline 8.2 provides guidance that the remuneration of *non-executive* directors should be appropriate to their level of contribution, taking into account factors such as their effort and time spent and responsibilities. In this example, the fee and allowance formula are applied consistently to all directors, executive and non-executive. The practice in the market is varied; there are companies which remunerate executive directors with directors' fees on the basis that they receive it for services rendered in the capacity of director, and companies which do not on the basis that they are holding the directorship in their capacity as executives and thus are already remunerated in their wages.

The remuneration of directors and key executives is set out below. The disclosure is provided to enable investors to understand the link between the remuneration paid to the directors and key executives, and corporate and individual performance.

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DISCLOSURE ON REMUNERATION

Principle 9,
CG Guidelines 9.1,
9.2 and 9.4

	Basic salary ⁽¹⁾	Fees ⁽¹⁾	Bonus	Benefits -in-kind	Termi- nation benefit	Fair value of share options granted ⁽²⁾	Total 2007	Total 2006	Total fair value of options granted in ⁽¹⁰⁾	
									2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Executive Directors										
Ang Boon Chew	284	32 ⁽³⁾	417	36	–	86	855	748	100	72
Andrew Llyod ⁽⁴⁾	274	32 ⁽³⁾	355	13	–	–	674	686	–	–
Ran Jedwin Gervasio ⁽⁵⁾	–	–	–	–	–	–	–	–	–	–
Non-executive Directors										
Tan Cheng Eng	–	95 ⁽³⁾	–	–	–	–	95	92	–	–
David Grey	–	70 ^{(3),(6)}	–	–	–	–	70	68	–	–
Balachandran Nair	–	65 ⁽³⁾	–	–	–	–	65	60	–	–
Michael Philip White	–	56	–	–	–	–	56	27	–	–
Wan Oon Kee	–	44	–	–	–	–	44	42	–	–
Lee Chee Wai ⁽⁷⁾	–	41	–	–	–	–	41	–	–	–
Selamat Baharuddin	–	30	–	–	100 ⁽⁸⁾	–	130	78	–	–
Francis Wong	–	–	–	–	–	–	–	48	–	–
	558	465	772	49	100	86	2,030	1,849	100	72
Key Management Personnel										
Ran Jedwin Gervasio ⁽⁵⁾	214	–	232	18	–	59	523	–	65	53
Henry Heng	177	–	218	13	–	52	460	188	45	59
Raju Samy	180	–	196	10	–	41	427	150	40	42
Abdul Samat	200	–	178	9	–	32	419	280	35	29
Tracy Phung ⁽⁹⁾	228	–	132	7	–	30	397	–	32	–
	999	–	956	57	–	214	2,226	618	217	183

Denotes:

⁽¹⁾ Includes allowances and contributions to Central Provident Fund (where applicable)

⁽²⁾ Refers to the expense on share options granted to the executive directors/senior management recognised in the financial statements.

⁽³⁾ Includes fees paid/payable for directorship in subsidiary/subsidiaries.

⁽⁴⁾ Resigned as a director on 5 February 2009.

⁽⁵⁾ Joined the Group as a key executive on 1 October 2008 (upon the acquisition of PwC Components (Philippines) Pte Ltd) and was appointed as a director of PwC Holdings Ltd on 26 February 2009.

⁽⁶⁾ Fees paid/payable to PwC Global Limited, ultimate holding company and the director's employer company.

⁽⁷⁾ Appointed as a director on 1 May 2008.

⁽⁸⁾ In appreciation of Mr Selamat Baharuddin's service to the Group for the past 15 years, the Board approved the payment of \$100,000 as termination benefits to him. He resigned on 1 May 2008.

⁽⁹⁾ Joined the Group as a key executive on 1 January 2008.

⁽¹⁰⁾ Refers to the total fair value of share options granted to the executive directors/senior management during the financial year. The fair value of the options was estimated using the Binomial Option Pricing model.

An immediate family member of Mr Ang Boon Chew, the CEO and an Executive Director of PwC Holdings Ltd, has an employment relationship with a subsidiary, and has received remuneration amounting to \$152,000 in that capacity during this financial year.

CG Guideline 9.3

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(C) ACCOUNTABILITY AND AUDIT

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

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price sensitive public reports and reports to regulators (if required).

CG Guideline 10.1

Management provides to members of the Board for their endorsement, annual budgets (capital, operating and manpower establishment), rolling three-year business plans and key performance indicator targets for key management personnel.

Principle 11: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Audit Committee

The Audit Committee comprises the following Directors:

CG Guidelines 11.8 and 11.1

Mr Balachandran Nair (Chairman)
 Mr Tan Cheng Eng
 Mr David Grey
 Mr Michael Philip White
 Madam Wan Oon Kee

The Committee held seven meetings during the financial year. These meetings were attended by the CEO, Finance Director and Head of Internal Audit Department ("IAD"). The Group's external auditor was also present at the relevant junctures during these meetings. The Committee has also met the external and internal auditors, without any executive of the Group being present, twice during the financial year.

CA201B(6)

CG Guideline 11.5

All members of this Committee are non-executive directors. Except for Mr David Grey who is an executive director of PwC Global Limited, the ultimate holding company of the Group, all members are independent.

CG Guideline 11.1
 CA201B(2)
 CA201B(3)

The Board is of the view that all the members of the Audit Committee are appropriately qualified to discharge their responsibilities. At least two members of the Audit Committee, namely Mr Balachandran Nair and Mr Tan Cheng Eng, have the requisite accounting and related financial management expertise and experience.

CG Guideline 11.2

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The Audit Committee has written Terms of Reference endorsed by the Board, setting out their duties and responsibilities. The Audit Committee is authorised by the Board to investigate any matter within its Terms of Reference and has full access to, and co-operation of Management, with full discretion to invite any director or executive officer to attend its meetings. It has reasonable resources to enable it to discharge its functions properly. During the meetings of the Audit Committee held during the financial year, the Committee performed its functions and responsibilities as set out in its Terms of Reference, which include the following:

Principle 11 and
CG Guideline 11.3

- Reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- Reviewing the nature and extent of the external auditor's non-audit services to the Group, seeking to balance the maintenance of objectivity and value for money;
- Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- Reviewing the adequacy of the Group's internal financial controls, operational and compliance controls, and risk management policies and systems (hereinafter referred to collectively as "internal controls") at least annually;
- Reviewing the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;
- Making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- Reviewing the external auditor's audit plan, audit report and the external auditor's evaluation of the system of internal accounting controls with the external auditor, as well as the assistance given by Management to the external auditor; and
- Reviewing the quarterly half-yearly and full-year financial reports of the Group, prior to their submission to the Board.

CG Guidelines 11.4,
11.6, 11.8, 12.1, 13.3
and 13.4,
CA210B(5)(a)

Management has put in place, with the Audit Committee's endorsement, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. All such investigations are undertaken by a Compliance Manager who reports directly to the Chairman of the Audit Committee.

CG Guideline 11.7

The Audit Committee is satisfied with the independence and objectivity of the external auditor and recommends to the Board the nomination of the external auditor for re-appointment. The Audit Committee has conducted an annual review of all non-audit services provided by the external auditor and is satisfied that the nature and extent of such services do not affect the independence of the external auditor.

CG Guidelines 11.6
and 11.4(a),
CA201B(5)(b),
SGX1207(6)(b)

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Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. It should be noted that such systems are designed to manage rather than to eliminate the risks. Accordingly, the systems can provide only reasonable, and not absolute, assurance against misstatement of loss, safeguarding of assets, maintenance of proper accounting records, reliability of financial information and compliance with all relevant legislation.

CG Guideline 12.1

The IAD performs detailed work to assist the Audit Committee and the Board in the evaluation of internal controls, financial and accounting matters, compliance, business and financial risk management. The Audit Committee's responsibilities for the Group's internal controls are complemented by the work of the Risk Management Department, Legal and Compliance Department and Information Systems Security Department.

Central to the Group's internal control system is its Control Self-Assessment ("CSA") process, a risk-based approach towards the implementation and monitoring of control procedures. Risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle conducted at the beginning of each financial year. Having identified the risks arising from strategic business objectives, each business unit is required to document the mitigating actions to manage each significant risk. New areas are introduced for assessment as the business risk profile changes. Information such as the types of risks, the controls and processes for managing risks is subsequently summarised in a risk map, which is reviewed by Management, IAD, Audit Committee and the Board.

Each quarter, business chief executives (including the CEO) report to IAD on compliance with the Group's policies and procedures as well as changes to the respective risk maps. IAD will conduct checks on selective functions to ensure integrity of management reporting. IAD will subsequently summarise the findings and report to the Audit Committee. The Board, as part of the annual strategic review, considers and monitors compliance with the Group's risk map. Control issues arising from assurance processes, including those conducted by the external auditor, are also discussed at these meetings.

Subject to the foregoing, the Audit Committee and the Board have reviewed the adequacy of the Group's internal controls and are satisfied with the adequacy of the Group's internal controls established by Management.

CG Guidelines 12.1 and 12.2

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

IAD is a department independent of Management. The Head of IAD has a direct and primary reporting line to the Chairman of the Audit Committee, with administrative reporting to the CEO. The IAD assists the Board in monitoring and managing risks and internal controls of the Group. The Audit Committee approves the internal audit plan and ensures the adequacy of internal audit resources during the first Audit Committee meeting each year. The scope of IAD covers all business and support functions within the Group. Associated companies and joint ventures are also subject to internal audit on a regular basis, either by IAD or by their own internal audit departments (the adequacy of which is reviewed regularly by IAD). The Head of IAD has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

Principle 13

CG Guideline 13.1

CG Guideline 13.3

CG Guideline 13.2

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(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

The Group values dialogue with its shareholders. The Group believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Group has a dedicated investor relations team which communicates with its shareholders and analysts on a regular basis and attends to their queries or concerns. The team also manages the dissemination of corporate information to the media, public, institutional investors and public shareholders, and acts as a liaison point for such entities and parties. Shareholders can avail themselves of a telephone or email feedback line that goes directly to the Group's investor relations team. Material information is published on SGXNET and on the Company's website www.pwcholdings.com.sg, and where appropriate, through media releases.

CG Guideline 14.1

CG Guideline 14.2

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Results and annual reports are announced or issued within the mandatory period. Briefings for the quarterly and full year results are conducted for analysts and the media following the release of the results via SGXNET. Presentations are made, as appropriate, to explain the Group's strategy, performance and major developments. All analysts' and media briefing materials are made available on SGXNET and on the Company's website www.pwcholdings.com.sg for the information of shareholders.

CG Guideline 14.2

Principle 15: Companies should encourage greater shareholder participation at Annual General Meetings and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Group believes in encouraging shareholder participation at general meetings. A shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies. The Company's Articles of Association have not yet been amended to allow for other absentia voting methods such as by mail, electronic mail, fax and/or other methods; this issue is reviewed by the Board on a regular basis. The Board has resolved to propose such an amendment when the necessary security and other measures to protect against errors, fraud and other irregularities are available on a cost-effective basis and when the Board views this is of sufficient interest to the Company's shareholders.

CG Guideline 15.1

The Company's Articles of Association presently provide for a member to appoint not more than two proxies to attend a general meeting. Notwithstanding Commentary 15.4 of the Code, they have not been amended to lift the limit on the number of proxies for nominee companies to enable shareholders who hold shares through nominees to attend as proxies. This is because it will not be possible to make such an amendment to apply only to nominee company shareholders and not to the other shareholders. In addition, the Board views that lifting the limit would not promote greater efficiency or effective decision making nor would it be cost-effective. As a compromise, the Board is considering to increase the number of proxies any one member may appoint. The Board is studying the matter and may make a proposal in due course to shareholders for their approval.

Commentary 15.4

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At each Annual General Meeting, the Board presents the progress and performance of the Group and encourages shareholders to participate in the question and answer session. The external auditor is present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

CG Guideline 15.3

The Chairpersons of the Audit, Nomination and Remuneration Committees, or members of the respective Committees standing in for them, are present at each Annual General Meeting, and other general meetings held by the Company, if any, to address shareholders' queries. Appropriate senior management personnel/members are also present at general meetings to respond, if necessary, to operational questions from shareholders.

CG Guideline 15.3

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

CG Guideline 15.2

A summary of the discussion at the Annual General Meeting will be made available on the Group's website at www.pwcholdings.com.sg.

Commentary 15.5

DEALINGS IN SECURITIES

The Group has adopted an internal code on securities trading which provides guidance and internal regulation with regard to dealings in the Group's securities by its directors and officers that is modelled on the dealing section in SGX Best Practices Guide. The Group's internal code prohibits its directors and officers from dealing in listed securities of the Group while in possession of unpublished material or price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Group's financial year and one month before the date of announcement of the full year financial results. Directors and officers are also prohibited from dealing in the Group's securities on short-term considerations.

SGX 710(2)