

# REPORT ON CORPORATE GOVERNANCE

**Excelpoint Technology Ltd.** (the "Company"), is committed to having and maintaining high standards of corporate governance. The Company believes that good corporate governance inculcates an ethical environment and enhances the interest of all shareholders. The Company has adopted the Code of Corporate Governance 2018 (the "Code") for the financial year ended 31 December 2020 ("FY2020") and is working to adopt the other changes where appropriate.

This report describes the Company's corporate governance practices with reference made to both the principles and provisions set out in the Code.

The Company has adhered to the principles of the Code as well as the listing rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), where appropriate. Where the Company's practices vary from any provisions of the Code, we have explained the reasons for the deviations and explained how the practices we have adopted are consistent with the intent of the relevant principle.

## BOARD MATTERS

### Principle 1 - The Board's Conduct of Affairs

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

The Company adopted a Code of Business Conduct and Ethics for the Board which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arises, the concerned Director must recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions relating to the matter.

The principal functions of the Board are:-

1. Approving the broad policies, strategies and financial objectives of the Company and monitoring the performance of the Management;
2. Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
3. Approving the nominations of Directors and appointment of key personnel;
4. Approving major funding proposals, investment and divestment proposals; and
5. Assuming responsibility for corporate governance.

Provision 1.1 of the Code:-

Directors are fiduciaries who act objectively in the best interests of the Company. Puts in place code of conduct and ethics. Appropriate tone-from-the-top and proper accountability within the company. Recuse from conflicts of interest.

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The Company has established internal policies and procedures on the types of transactions and activities that require Board's approval such as major funding and investment proposals, acquisitions and divestments, disposal of assets, corporate or financial restructuring, share issuances, dividends, annual budgets, financial statements, business strategies, financial plans of the Group, half yearly and annual financial results, all commitments to term loan and lines of credit from banks and financial institutions, internal controls and risk management strategies and execution and other matters which require Board's approval as specified under the Company's interested person transactions policy.

Provision 1.3 of the Code:-  
Matters requiring Board's approval

Certain important matters could be subject to the recommendation by the respective Board Committees. Matters which the Board considers suitable for delegation to a Board Committee are contained in the terms of reference of the respective Board Committees.

Board Committees, namely Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") have been established to assist the Board. Each Board Committee has its own terms of reference, setting out the composition, authorities and duties, which are approved by the Board. All Board Committees are chaired by an Independent Director. While these Board Committees are delegated with certain responsibilities, the responsibility for decisions relating to matters under the purview of the Board Committees ultimately lies with the entire Board. The terms of reference of the respective Board Committees, which are reviewed by the Board on a regular basis, as well as other relevant information on the Board Committees can be found in the subsequent sections of this report.

Provision 1.4 of the Code:-  
Board Committees

The Board conducts regular scheduled meetings. Ad-hoc meetings are convened when circumstances require. The Company's Constitution allows a Board meeting to be conducted by way of telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other. The Board is supported by the AC, RC and NC.

Board and Board Committee meetings are held regularly and are scheduled in advance to facilitate the Directors' attendance. The Board met four times in FY2020 to review the Group's business operations and financial performance. Ad-hoc meetings will be convened when the Board's guidance or approval is required, outside of the scheduled Board meetings.

Provision 1.5 of the Code:-  
Attendance and participation in Board and Board Committee meetings

Presentations are made by senior executives on performance of the Group's various businesses and business strategies at the meetings. These allow the Board to have a good understanding of the Group's operations and be actively engaged in robust discussions with the Group's senior executives. The Board is welcomed to request for further explanation, briefings or discussions on any aspect of the Group's operations or business from Management as and when required.

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The attendance of each Director at meetings of the Board and Board Committees during the financial year ended 31 December 2020 are disclosed as follows:-

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Albert Phuay Yong Hen	4	4	-	-	1	1	-	-
Alan Kwan Wai Loen	4	4	4	4*	1	1*	1	1*
Herbert Kwok Fei Lung	4	4	4	4*	-	-	-	-
Tonny Phuay Yong Choon	4	4	4	4*	-	-	-	-
Kwah Thiam Hock	4	4	4	4	1	1	1	1
Sunny Wong Fook Choy	4	4	4	4	1	1	1	1
Low Teck Seng	4	4	4	4	1	1	1	1
Joanne Khoo Su Nee	4	4	4	4	1	1#	1	1#

\* Invited to make the appropriate presentation and answer queries

# By invitation

All Directors are aware of their fiduciary duties and are committed to exercising due care and diligence in making their decisions and to objectively discharge their duties and responsibilities in the best interest of the Company.

Newly appointed Directors would be briefed on the Company's industry, business, organisation structure, strategic plans and objectives. Directors will be provided a formal letter setting out their duties and obligations and appropriate trainings to ensure that they are fully aware of their responsibilities and obligations. Orientation for new Directors includes visits to the Group's key premises to familiarise them with the operations. Currently, the Company does not have any newly appointed Directors who have not been on a listed company. However, should there be, they will be required to attend the Listed Entity Director programme by the Singapore Institute of Directors in accordance with Rule 210(5)(a) of the Listing Manual of SGX-ST.

Provision 1.2 of the Code:-

Directors' duties, induction, training and development

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The Company provides opportunities to fund training for the Company's Directors from time to time particularly on changes in the relevant new laws, regulations and changing commercial risks to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

During the year, the Board was briefed and/or updated on the changes to the Code, SGX-ST Listing Rules and other regulations. The external auditor regularly updates the AC and the Board on the developments in the Singapore Financial Reporting Standards (International) ("SFRS(I)") and regulatory which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during Board and Board Committee meetings. The Company encourages Directors to attend training and continuing education courses on new legislations and/or regulations.

The Management recognises that relevant, complete and accurate information needs to be provided to the Directors prior to meetings and on an on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities effectively and efficiently. Prior to each Board meeting, the Board is supplied with relevant information such as management reports, budgets, financial statements, material events and transactions complete with background and explanations by the Management pertaining to matters to be brought before the Board for decision as well as ongoing reports relating to operational and financial performance of the Group.

Provision 1.6 of the Code:-  
Complete, adequate and timely information to make informed decisions

Minutes of all Board Committee meetings are circulated to the Board and Directors are aware of and kept updated as to the proceedings and matters discussed during the meetings.

The Board is also provided with minutes of the previous Board meeting and minutes of meetings of all Board Committees held. Detailed board papers are sent out to the Directors at least three working days before the scheduled meetings so that the Directors may better understand the issues beforehand, allowing for more time at such meetings for questions that Directors may have. Information provided includes background or explanatory materials related to matters to be reviewed and matters under review by the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. In addition, any material variance between the projections and actual results in respect of budgets or financial statements, is also disclosed and explained. Any additional materials or information requested by the Directors are promptly furnished.

The Management will also inform the Board of all significant events as and when they occur and circulate Board papers and supporting information on major transactions to facilitate a robust discussion before the transactions are entered into.

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In addition, the Board has separate and independent access to the Senior Management and the Company Secretaries at all times. The appointment and removal of Company Secretaries are subject to the Board's approval as a whole.

Should Directors, whether individually or as a group, need independent professional advice, the Company Secretaries will, upon direction by the Board, appoint a professional advisors such as legal advisor and tax professionals selected by the group or individual, and approved by the Chairman to render advice. The cost of such professional advice will be borne by the Company.

At least one of the Company Secretaries attends all Board meetings and Board Committee meetings and is responsible to assist the Board to ensure that proper procedure and all other rules and regulations applicable to the Company are complied with. The Company Secretary also periodically updates the Board on relevant regulatory changes affecting the Group.

### Principle 2 – Board Composition and Guidance

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

#### Board Independence

The Board currently comprises a total of eight Directors with four Executive Directors ("ED") and four Independent Directors. The Board has examined its size and is satisfied that it is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations.

The Independent Directors currently make up half of the Board. The Board deems the current Independent Directors competent as they are respected individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary to the Company. Being fiduciaries, each member of the Board is required to discharge their duties and responsibilities objectively in the best interest of the Company at all time, and the Board was not unduly influenced by any individual.

The independence of each Independent Director is reviewed by the NC annually in accordance with the Code.

Each Independent Director is required annually to complete a checklist to confirm his/her independence. The checklist is drawn up based on the guidelines provided in the Code and the SGX-ST Listing Rules. The NC adopts the Code's definition of what constitutes an "independent" Director in its review.

Provision 1.7 of the Code:-

Separately independent access to Management, company secretary and external advisers; Appointment and removal of the company secretary

Provision 2.1 of the Code:-

Director independence

Provision 2.2 of the Code:-

Independent directors make up a majority of the Board.

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An Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of the Company. The NC and the Board have reviewed and ascertained that all Independent Directors are independent according to the Code, its Practice Guidance and SGX-ST Listing Rules and noted that none of the Independent Directors has any relationship with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Director's independent judgement.

As there is strong independent element on the Board and given the size of the Board, the Board is of the view that it is not necessary or cost-effective to have non-executive or independent directors to make up a majority of the Board.

Provision 2.3 of the Code:-  
Non-executive directors make up a majority of the Board

The NC conducts an annual review on the composition of the Board, so as to ensure that there is an appropriate balance of members from different backgrounds and whose core competencies in business, finance, accounting, investment, strategic planning and industry technology, qualifications, expertise, skills, experiences and industry knowledge, which the Group may tap for assistance in furthering its business objectives and shaping its business strategies. Having reviewed and considered the composition of the Board and its Board Committees, the NC has determined that the current Board size and structure are adequate for the existing business operations of the Company.

All appointments and re-elections of Directors are reviewed and recommended by the NC to the Board.

The Board is as follows:-

### Directors

Albert Phuay Yong Hen	(Chairman and Group CEO)
Alan Kwan Wai Loen	(Executive)
Herbert Kwok Fei Lung	(Executive)
Tonny Phuay Yong Choon	(Executive)
Kwah Thiam Hock	(Lead Independent)
Sunny Wong Fook Choy	(Independent)
Low Teck Seng	(Independent)
Joanne Khoo Su Nee	(Independent)

The Board considers an Independent Director as one who has no relationship with the Company, its related companies or its officers, its substantial shareholders or its 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 Company. The Independent Directors are not employed by the Company or any of its related corporations for the current or any of the past three financial years. They also do not have any immediate family member who is employed by the Company or any of its related corporations for the past three financial years.

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Accordingly, the NC and the Board considered that Ms. Joanne Khoo Su Nee continue to be independent.

Although Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng have each served on the Board for more than nine years from the date of their first appointments, the NC had rigorously reviewed, amongst other, their lengths of services, past contributions, their declarations of independence, and whether there are any relationships with the Company, its related corporations, substantial shareholders or its officers, or circumstances that may affect or appear to affect their independent judgement in the best interests of the Company. Based on the rigorous review, the NC is satisfied that all three Independent Directors have exercised independent judgement and character in the best interests of the Company in discharging their duties and responsibilities. Considering their experiences and expertise, it is in the interests to retain them as Directors instead of requiring them to step down by virtue of their years of service. Their lengths of services and in-depth knowledge of the Group's business are viewed by the Board as valuables during Board deliberations.

The Board has concurred with the view of the NC on the independence of the Independent Directors. The opinion was arrived at after careful assessment by the NC and the Board (save for Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng) which comprised rigorous reviews of, but not limited to, the following factors that Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng:-

- a. are not executive directors of the Company or any related corporation of the Company;
- b. are not 5% shareholders of the Company;
- c. are not family members of any executive director, officer or 5% shareholder of the Company; and
- d. are not acting as nominees or representatives of any executive director or 5% shareholder of the Company.

In addition, NC and the Board (save for Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng) also rigorously reviewed and considered the following factors:-

- i. the lengths of services of Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng have not compromised the objectivities of Independent Directors and their commitments and abilities to discharge their duties as Independent Directors;

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- ii. the abilities of Independent Directors to continue exercising independent judgement in the best interests of the Company, as they do not have any relationship with the Company, its related corporations, substantial shareholders or its officers which could materially impair their exercises of judgements;
- iii. the abilities of the Independent Directors to express their objectives and independent views during Board and Board Committee meetings; and
- iv. the Independent Directors, through their years of involvements with the Company, have gained valuable insights and understandings of the Group's business and together with their diverse experiences and expertise, have contributed and will continue to contribute effectively as Independent Directors by providing impartial and autonomous views at all times.

The Board also recognises the contributions of the Independent Directors who over time have developed deep insights into the Group's business and operations, and who are therefore able to provide invaluable contributions to the Board as a whole. As such, the Board would exercise its discretion to extend the term and retain the services of Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng rather than lose the benefit of their contributions.

Accordingly, the NC and the Board considered that Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng continue to be independent, notwithstanding they have served on the Board for more than nine years from the dates of their first appointments. Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng, being the NC members and the Board, abstained from any discussion and voting in relation to the matter respectively.

Mr. Sunny Wong Fook Choy, an Independent Director who has served as Board member for more than nine years from the date of his appointment, had obtained approvals from shareholders pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST, which will come into effect on 1 January 2022, at the Nineteenth Annual General Meeting held on 1 June 2020 and being re-appointed as an Independent Director.

Mr. Kwah Thiam Hock and Professor Low Teck Seng, Directors who have served as Board members for more than nine years from the dates of their appointments, are due for re-election this year and will also be seeking for approval at the forthcoming Twentieth Annual General Meeting for their continued appointments as independent directors via separate resolution to be voted upon by shareholders pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST which will come into effect on 1 January 2022.



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## Board Diversity

The Company recognises and embraces Board diversity as an essential element in supporting the achievement of business objectives and sustainable development in the ever-changing business environment. In reviewing the composition of the Board, the NC considers the benefits of Board diversity from a number of aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

However, diversity is not merely limited to gender or any other personal attributes. The benefits of Board diversity could only be harnessed if Directors adopt an independent mind-set when carrying out their responsibilities. In order to gather and leverage on diverse perspectives, the Executive Chairman strives to cultivate an inclusive environment where all Directors are able to speak up and participate in decision making. The ultimate decision for new Board appointments will be based on merit and contribution that the selected candidates are expected to bring to the Board.

The Company has a good balance of Directors with a wide range of skills, experiences and qualities in the fields of operations, management, financial, legal, accounting and technology. At present, the Board has one female Director. Each Director has been appointed on the strength of his/her calibre, experience and stature and is expected to bring a valuable range of experiences and expertise to contribute to the development of the Group's strategies and the performance of its business. Profiles of the Directors are set out in the "Board of Directors" section of the Annual Report.

To facilitate effective management, the Board has delegated specific responsibilities to three sub-committees, namely:-

1. Audit Committee;
2. Nominating Committee; and
3. Remuneration Committee.

These Committees comprise at least three Directors, the majority of whom, including Chairmen, are independent. The effectiveness of each Committee is also constantly monitored by the Board.

Provision 2.4 of the Code:-

Size and composition of the Board and Board Committee; Board diversity policy

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The Board has adopted a Board Diversity Policy which sets out the framework for promoting diversity on the Board of the Company. In the process of searching for qualified persons to serve on the Board, the NC shall strive for the inclusion of diverse groups and the final decision on selection of directors will be based on merit against the objective criteria set and after giving due regard for the benefits of diversity on the Board.

The Board believes that board diversity is more than just about gender diversity and embraces other factors such as backgrounds, skill sets, life experiences, abilities and beliefs for a better Board performance.

The Board is made up of a team of high calibre whose diverse expertise and experience in strategic planning, accounting and finance, legal and regulatory, business and management, industry knowledge combined provides core competencies necessary to lead and govern the Group effectively.

To facilitate a more effective check on the Management, the Independent Directors meet at least once a year with the internal and external auditors without the presence of the Management. The Independent Directors also communicate with each other from time to time without the presence of the Management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board or Executive Chairman, as appropriate.

Provision 2.5 of the Code:-  
Independent Directors meet regularly without the presence of the Management

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## Principle 3 – Chairman and Chief Executive Officer

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

The Chairman and Group CEO, Mr. Albert Phuyay Yong Hen, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. He is responsible for the day-to-day running of the Group as well as the exercise of control over the quality, quantity and timeliness of information flow between the Board and Management. As the Chairman and Group CEO, he also determines the Group's strategies, ensures effective succession planning for all key positions within the Group and ensures the Group's compliance with the Code. The role of the Chairman is not separate from that of the Group CEO as the Board considers that there is considerable accountability and transparency within the Group.

Provision 3.1 of the Code:-  
Chairman and CEO are separate persons

The Independent Directors currently form half the composition of the Board and exercise objective judgement on corporate matters impartially, thus ensuring a good balance of power and authority. As such, it would not be necessary for the Group to effect a separation of the role of Chairman and Group CEO.

Provision 3.2 of the Code:-  
Division of responsibilities between Chairman and CEO

In view that the Chairman and Group CEO is the same person, the Board has appointed Mr. Kwah Thiam Hock as the Lead Independent Director of the Board since 2014 to work closely with other Independent Directors as and when necessary, meets with them without the presence of other Directors to discuss matters that were decided at Board meetings. Mr. Kwah will continue to avail himself to address shareholders' concerns and act as a counterbalance on management issues in the decision-making process.

Provision 3.3 of the Code:-  
Lead Independent Director

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## Principle 4 – Board Membership

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

### Nominating Committee

The NC comprises the following Directors:-

Low Teck Seng	(Chairman)
Albert Phuay Yong Hen	(Member)
Kwah Thiam Hock	(Member)
Sunny Wong Fook Choy	(Member)

The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where the need for a new Director arises, candidates would first be sourced through our network of contacts and referrals. The NC may engage a talent acquisition firm to identify a broader range of candidates. Suitable candidates would be interviewed by the NC and/or the Board and then assessed and nominated by the NC to the Board which retains the final discretion in appointing such new Directors.

The NC met once in FY2020. The NC's principal functions are:-

1. The NC will regularly and strategically review the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees (taking in account Rule 210(5) (c) of the Listing Manual of SGX-ST and the Provisions 2.1 to 2.4 of the Code). It will then recommend changes, if any, to the Board.
2. The NC is responsible for identifying and nominating candidates to fill Board vacancies as they occur. Specifically, the NC shall:-
  - a. consider candidates from a wide range of backgrounds.
  - b. consider candidates on their own merits and evaluate against objective criteria such as their experience, knowledge, gender, age and skills in relation to the needs of the Board; and whether the candidates will add diversity to the Board and whether they are likely to have adequate time to discharge their duties.
  - c. consider the composition and progressive renewal of the Board or Board Committees.
  - d. appoint an independent third party to source and screen candidates, if necessary.
  - e. interview or meet with the candidate.

Provision 4.1 of the Code:-  
NC to make recommendations to the Board on relevant matters

Provision 4.2 of the Code:-  
Composition of NC

Provision 4.3 of the Code:-  
Process for the selection, appointment and re-appointment of Directors

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3. Before recommending an appointee to the Board, the NC shall ask him to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board.
4. Following the Board's confirmation, the NC will send the newly-appointed Director a formal appointment letter which clearly sets out his/her roles and responsibilities, authority, and the Board's expectations in respect of his/her time commitment as a Director of the Company.
5. The NC recommends the membership of the Board Committees to the Board.
6. The NC reviews the independent status of Non-Executive Directors ("NEDs") (in accordance with Rules 210(5)(d)(i), (ii) and (iii) of the Listing Manual of SGX-ST and the Provision 2.1 of the Code) and that of the Alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest. If the NC considers that a Director who has one or more of the relationships mentioned under Rules 210(5)(d)(i), (ii) and (iii) of the Listing Manual of SGX-ST and the Provision 2.1 of the Code, is nevertheless independent, the NC should provide its views to the Board for the Board's consideration. If the NC considers that a Director is not independent even if he/she does not fall within the circumstances mentioned under Rules 210(5)(d)(i), (ii) and (iii) of the Listing Manual of SGX-ST and the Provision 2.1 of the Code, it shall also similarly provide its views to the Board for the Board's consideration.
7. The NC develops the performance evaluation framework for the Board, the Board Committees and individual Directors. The NC should also propose objective performance criteria for the Board, the Board Committees and individual Directors. It conducts the evaluations, analyses the findings and reports the results to the Board. The NC will also recommend areas that need improvement. This process can be assisted by independent third party facilitators.
8. The NC may recommend that the Board removes or re-appoints a NED at the end of his/her term. It may also recommend that shareholders re-elect Directors under the provisions of the Company's Constitution on the policy of retirement by rotation. In making these recommendations, the NC should consider the Director's performance, commitment and his/her ability to continue contributing to the Board.
9. The NC will review other directorships held by each Director and decide whether or not a Director is able to carry out, and has been adequately carrying out, his duties as a Director, taking into consideration the Director's number of listed company directorships and principal commitments, and the NC may in its discretion determine the maximum number of listed company directorships which any Director may hold.
10. The NC will identify and develop training programmes/schedules for the Board and assist with similar programmes for the Board Committees.

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11. The NC will ensure that all Board appointees undergo appropriate induction programme.
12. The NC shall review and ensure that there is a clear division of responsibilities between the Chairman and CEO of the Company in place.
13. The NC will review/provide the Board with its succession plans for the Board Chairman, Directors, CEO and Key Management Personnel (the "KMP") of the Company.
14. The NC shall keep up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates.
15. To undertake such other functions and duties as may be required by the Board under the Code, statute or SGX-ST Listing Rules (where applicable).

In FY2020, the NC has conducted a review of its terms of reference to be in line with the Code.

The NC held a meeting in February 2021 for the nomination of Directors for the Twentieth Annual General Meeting.

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to complete a checklist to confirm his/her independence. An Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of the Company. The NC is of the view that the Independent Directors are independent. As at the date of this report, there is no relationship or circumstance set forth in Provision 2.1 of the Code which puts the independence of the Independent Directors in question.

The NC has reviewed the independence of each Independent Director for FY2020 in accordance with the Code's definition of independence and is satisfied that and of the view that Mr. Kwah Thiam Hock, Mr. Sunny Wong Fook Choy, Professor Low Teck Seng and Ms. Joanne Khoo Su Nee are independent.

Provision 4.4 of the Code:-  
Circumstances affecting Director's independence

At present, new Directors are appointed by way of a Board resolution, upon the NC's interview and approval of their appointments. The new Directors must submit themselves for re-election at the next annual general meeting of the Company.

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In accordance with Regulation 89 of the Company's Constitution, all Directors shall retire from office at least once every three years and at each Annual General Meeting, at least one-third of the Directors for the time being shall retire from office by rotation. In addition, Regulation 90 provides that retiring Directors shall be eligible to offer themselves for re-elections.

In accordance with Regulation 88 of the Company's Constitution, the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director and any Director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such Meeting.

The NC, in considering the re-election of a Director, evaluates such Director's contribution and performance, such as his/her attendance at meetings of the Board and/or Board Committees, participation, candour and any special contribution.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested.

The NC is of the opinion that the independence of the NEDs is maintained and that each Director has contributed to the effectiveness of the Board as a whole. The Board has accepted the NC's nomination and has recommended the following Directors, who have given their consents for re-elections, to be put forward for re-election at the forthcoming Twentieth Annual General Meeting:-

Retiring pursuant to Regulation 89 of the Constitution

Kwah Thiam Hock  
Low Teck Seng  
Albert Phuai Yong Hen

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information as set out in Appendix 7.4.1 relating to the above Directors to be put forward for re-elections at the forthcoming Twentieth Annual General Meeting is disclosed below:-

Name of Director	Kwah Thiam Hock	Low Teck Seng	Albert Phuai Yong Hen
Date of appointment	18 April 2007	19 April 2006	18 May 2001
Age	74	65	63
Country of principal residence	Singapore	Singapore	Singapore
Date of last re-appointment (if applicable)	3 April 2019	11 April 2018	11 April 2018

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Name of Director	Kwah Thiam Hock	Low Teck Seng	Albert Phuay Yong Hen
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and having assessed Mr. Kwah Thiam Hock's requisite knowledge and experiences to assume the responsibilities as Independent Director of the Company	The Board, having considered the recommendation of the Nominating Committee and having assessed Professor Low Teck Seng's requisite knowledge and experiences to assume the responsibilities as Independent Director of the Company	The Board, having considered the recommendation of the Nominating Committee and having assessed Mr. Albert Phuay Yong Hen's working experiences and leaderships in the Group, is of the view that Mr. Albert Phuay Yong Hen has the requisite and experiences to assume the responsibilities as Executive Director of the Company
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Executive
Job title (e.g. Lead ID, AC Chairman, AC Member, etc.)	Chairman of Audit Committee and member of Remuneration Committee and Nominating Committee	Chairman of Nominating Committee and member of Audit Committee and Remuneration Committee	Chairman, Group Chief Executive Officer and member of Nominating Committee
Professional qualifications	Bachelor of Accountancy, National University of Singapore  Fellow Certified Public Accountant, Australian Society of Accountants  Fellow member, Institute of Singapore Chartered Accountants and Association of Chartered Certified Accountants, UK	Bachelor of Science (Electrical and Electronic Engineering) (First Class Honours) Degree  PhD Degree, University of Southampton, UK	Technical Certificate in Electronics from the Institute of Technical Education, Singapore



## REPORT ON CORPORATE GOVERNANCE

Name of Director	Kwah Thiam Hock	Low Teck Seng	Albert Phuay Yong Hen
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	Father of Phuay Li Ying, Managing Director of PlanetSpark Pte. Ltd. and Deputy Director, Corporate Development  Brother of Phuay Yong Choon, Executive Director  Brother of Phuay Yong Hua, Group Senior Vice President of Human Resources and Administration
Conflict of interest (including any competing business)	None	None	None
Working experience and occupation(s) during the past 10 years	Chief Executive Officer of ECICS Limited/IFS Capital Limited	Chief Executive Officer of National Research Foundation (with effect from 20 July 2012)	Chairman and Group Chief Executive Officer of Excelpoint Technology Ltd.
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Yes	Yes	Yes
Shareholding details	120,000	120,000	47,915,204
Other principal commitments including directorships:-			
Past (for the last five years)	<ul style="list-style-type: none"> <li>• Select Group Limited</li> <li>• IFS Capital Limited</li> <li>• Pivot Medical Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Singapore Post Limited</li> <li>• ISEC Healthcare Ltd.</li> </ul>	None

## REPORT ON CORPORATE GOVERNANCE

Name of Director	Kwah Thiam Hock	Low Teck Seng	Albert Phuay Yong Hen
Present	As disclosed on page 41 of this Annual Report	As disclosed on page 42 of this Annual Report	As disclosed on page 40 of this Annual Report
Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No	No
Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
Whether there is any unsatisfied judgement against him/her?	No	No	No

## REPORT ON CORPORATE GOVERNANCE

Name of Director	Kwah Thiam Hock	Low Teck Seng	Albert Phuyay Yong Hen
Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No	No
Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No	No

## REPORT ON CORPORATE GOVERNANCE

Name of Director	Kwah Thiam Hock	Low Teck Seng	Albert Phuai Yong Hen
Whether at any time during the last 10 years, judgement has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No	No
Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or the management of any entity or business trust?	No	No	No
Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
Whether he/she has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No	No

## REPORT ON CORPORATE GOVERNANCE

Name of Director	Kwah Thiam Hock	Low Teck Seng	Albert Phuay Yong Hen
Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	No	No	No

## REPORT ON CORPORATE GOVERNANCE

Name of Director	Kwah Thiam Hock	Low Teck Seng	Albert Phuai Yong Hen
Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director Only			
Any prior experience as a Director of an issuer listed on the Exchange?  If Yes, please provide details of prior experience.  If No, please state if the Director has attended or will be attending training on the roles and responsibilities of a Director of a listed issuer as prescribed by the Exchange.  Please provide details of relevant experience and the nominating committee's reasons for not requiring the Director to undergo training as prescribed by the Exchange (if applicable)	Not applicable	Not applicable	Not applicable

When a Director has multiple Board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company Board representations and other principal commitments.

Although the Independent Directors hold Directorships in other companies which are not in the Group, the NC is of the view that there should be no restriction to the number of Board representations of each Director and the Board is of the view that such multiple Board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experiences of the Board and give it a broader perspective.

Provision 4.5 of the Code:-  
Multiple listed company directorships and other principal commitments

## REPORT ON CORPORATE GOVERNANCE

The NC identifies, evaluates and selects suitable candidates for new Directorships. The NC considers factors, such as the ability of the prospective candidates to contribute to discussions, the composition of the Board including the mix of expertise, skills and attributes to the existing Directors so as to identify needed and/or desired competencies to supplement the Board's existing attributes.

The Company does not have any alternate Director.

When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC will be responsible for nominating the new Director. The NC has put in place a process for the selection of new Directors and re-election of incumbent Directors to increase transparency of the nominating process in identifying and evaluating nominees. The NC leads the process and makes recommendations to the Board as follows:-

1. The NC will evaluate the candidates skilled in core competencies such as technical, financial or legal expertise and experiences in a similar or related industry, determine the selection criteria in consultation with the Board, and select candidates with the appropriate expertise and experiences for the position, taking into account the value of gender diversity on the Board;
2. The NC will source for potential candidates if needed. Directors and the Management may also make recommendations;
3. The NC will meet the shortlisted candidates to assess suitability and ensure that the candidates are aware of the expectations and the level of commitment required; and
4. The NC will then make recommendations to the Board for approval.

# REPORT ON CORPORATE GOVERNANCE

The details of each Director are set out below:-

Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Other Listed Companies	Other Past Directorships in Other Listed Companies Held over Preceding Three Financial Years	Principal Commitments (including Directorships of Non-Listed Companies)
Albert Phuay Yong Hen	Chairman and Group CEO	18 May 2001	11 April 2018	None	None	<ul style="list-style-type: none"> <li>• AP21 Holdings Pte Ltd</li> <li>• AP21 Investments Pte Ltd</li> <li>• Excelpoint Systems (Pte) Ltd</li> <li>• Excelpoint Systems Sdn. Bhd.</li> <li>• Excelpoint Systems (H.K.) Limited ("EHK")</li> <li>• Excelpoint International Trading (Shanghai) Co., Ltd ("ESH")</li> <li>• Meridian Innovation Pte Ltd</li> <li>• PlanetSpark Pte. Ltd. ("PSP")</li> <li>• Synergy Electronics (H.K.) Limited ("SHK")</li> <li>• Synergy Electronics (Shenzhen) Co., Ltd ("SSZ")</li> </ul>
Alan Kwan Wai Loen	Executive Director	18 May 2001	1 June 2020	None	None	None



## REPORT ON CORPORATE GOVERNANCE

Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Other Listed Companies	Other Past Directorships in Other Listed Companies Held over Preceding Three Financial Years	Principal Commitments (including Directorships of Non-Listed Companies)
Herbert Kwok Fei Lung	Executive Director	28 September 2016	3 April 2019	None	None	<ul style="list-style-type: none"> <li>• ESH</li> <li>• SSZ</li> </ul>
Tonny Phuay Yong Choon	Executive Director	28 September 2016	1 June 2020	None	None	<ul style="list-style-type: none"> <li>• Excelpoint Systems (USA) Inc.</li> <li>• EHK</li> <li>• ESH</li> <li>• PSP</li> <li>• SHK</li> <li>• SSZ</li> </ul>
Kwah Thiam Hock	Lead Independent Director	18 April 2007	3 April 2019	<ul style="list-style-type: none"> <li>• Wilmar International Limited</li> <li>• Teho International Inc Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• IFS Capital Limited</li> </ul>	None
Sunny Wong Fook Choy	Independent Director	13 November 2003	1 June 2020	<ul style="list-style-type: none"> <li>• Mancast Holdings Ltd.</li> <li>• Cvmec Limited</li> <li>• Innotek Limited</li> </ul>	<ul style="list-style-type: none"> <li>• KTL Global Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Wong Tan &amp; Molly Lim LLC (Managing Director and shareholder)</li> <li>• WTML Management Services Pte Ltd (Managing Director and shareholder)</li> </ul>

## REPORT ON CORPORATE GOVERNANCE

Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Other Listed Companies	Other Past Directorships in Other Listed Companies Held over Preceding Three Financial Years	Principal Commitments (including Directorships of Non-Listed Companies)
Low Teck Seng	Independent Director	19 April 2006	11 April 2018	<ul style="list-style-type: none"> <li>• Key ASIC Berhad</li> <li>• UCrest Berhad</li> <li>• Chip Eng Seng Corp Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• ISEC Healthcare Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• National Research Foundation (CEO)</li> <li>• CREATE Governing Council (Member)</li> <li>• Halza Pte. Ltd. (Advisor)</li> <li>• NRF Holdings Pte. Ltd. (Director)</li> <li>• Singapore-MIT Alliance for Research &amp; Technology Centre (Board Member)</li> <li>• Cambridge Centre for Advanced Research in Energy Efficiency in Singapore (Director)</li> <li>• TUM Create Limited (Director)</li> <li>• Revantha Technologies Pte. Ltd. (Director)</li> <li>• DSO National Laboratories (Director)</li> <li>• SGInnovation Board (Board Member)</li> <li>• Xora Innovation Pte Ltd (Director)</li> </ul>

## REPORT ON CORPORATE GOVERNANCE

Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Other Listed Companies	Other Past Directorships in Other Listed Companies Held over Preceding Three Financial Years	Principal Commitments (including Directorships of Non-Listed Companies)
Joanne Khoo Su Nee	Independent Director	28 September 2016	1 June 2020	<ul style="list-style-type: none"> <li>• Teho International Inc Ltd.</li> <li>• Netccentric Limited</li> <li>• ES Group (Holdings) Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Kitchen Culture Holdings Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Founder/ Executive Director of Bowmen Capital Private Limited</li> </ul>

**Principle 5 – Board Performance**

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

The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing the Board Assessment Checklist, which takes into consideration factors such as the Board's structure, Board composition, conduct of the Board members, conduct of meetings, information flow to the Board, Board process, Board accountability, matters concerning the Management, risk management and internal control, and the Board's relationship with the Management.

The NC will review the need to set quantitative targets as performance criteria in future when appropriate. The performance criteria will not be changed from year to year unless circumstances deem it necessary for any criteria to be changed and the onus should be on the Board to justify the decision.

The NC assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. The NC assesses the individual Directors' performance by completing an Individual Director Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors.

The NC also undertakes a process to assess the effectiveness of the AC, RC and NC.

Provisions 5.1 and 5.2 of the Code:- Assessment of effectiveness of the Board and Board Committees and assessing the contribution by the Chairman and each Director

## REPORT ON CORPORATE GOVERNANCE

The NC, in considering the re-appointment of any Director, evaluates the performance of the Director. The NC and the Chairman of the Board implemented a collective assessment process that required each Director to assess the performance of the Board as a whole for FY2020. The assessment process took into consideration, *inter alia*, Board structure, corporate strategy and planning, risk management and internal control, performance measurements and compensation, succession planning, financial reporting, conduct of meetings and communication with shareholders.

Although the Board's performance evaluation does not include a benchmark index of its industry peers, the Board assesses its effectiveness holistically through the completion of a questionnaire by each individual Director which includes questions covering the above-mentioned areas of assessment. The NC collates the results of these questionnaires and formally discusses the results collectively with other Board members to address any areas for improvement.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year. It is of the view that the performance of the Board as a whole has been satisfactory. The criteria include the level of participation in the Company such as his/her commitment of time to the Board and Board Committee meetings and his/her performance of tasks delegated to him/her. The results are collated and the findings are analysed and discussed by the NC and reported to the Board. The NC has reviewed and is satisfied with the contribution by individual Directors to the effectiveness of the Board for FY2020.

In view of the composition of our Board, the Board, in conducting the collective assessment of its effectiveness, also takes into account the performance and effective functioning of each Board Committee. The NC has also conducted an annual performance evaluation of the AC, RC and NC in terms of their roles and responsibilities and the conduct of their affairs as a whole for FY2020. The results are collated and the findings are analysed and discussed by the NC and reported to the Board. It is of the view that the performances of such Board Committees have been satisfactory.

Individual Director assessment is also conducted whereby each Director is evaluated on his/her contributions to the proper guidance, diligent oversight and able leadership, and the support he/her lends to the Management in steering the Group.

The results of the Board, Board Committees and Individual Director evaluations are compiled by the Company Secretary and furnished to the NC. In discussing the results of the performance evaluations for FY2020, the Board and the Board Committee members are able to identify areas for improving their effectiveness.

# REPORT ON CORPORATE GOVERNANCE

The NC is of the view that the primary objective of the assessment exercise is to create a platform for the Board members to exchange feedback on the strengths and shortcomings of the Board with a view to strengthening its effectiveness. The assessment exercise also assists the Directors to focus on their key responsibilities and helps the NC in determining whether to re-nominate Directors who are due for retirement at the next annual general meeting including determining whether Directors with multiple Board representatives are able to and have adequately discharge their duties as Directors of the Company.

The NC and the Board are generally satisfied with the FY2020 Board and Board Committees' performance evaluation results with no significant problems identified.

## REMUNERATION MATTERS

### Principle 6 – Procedures for Developing Remuneration Policies

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

#### Remuneration Committee

The RC comprises the following three Directors, all of whom are Independent Directors:-

Sunny Wong Fook Choy	(Chairman)
Kwah Thiam Hock	(Member)
Low Teck Seng	(Member)

Provision 6.1 of the Code:-  
RC to recommend remuneration framework and packages

The RC met once in FY2020. Its principal responsibilities, as set in its terms of reference, are to:-

Provision 6.2 of the Code:-  
Composition of RC

1. Take into account all relevant legal and regulatory requirements, including the principles and provisions of the Code, when determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals.
2. Ensure that the level and structure of remuneration of the Board and KMP are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.
3. Set the remuneration policy for Directors (both EDs and NEDs) and KMP. The Board should recommend proposed NED fees for shareholders' approval.
4. Monitor the level and structure of remuneration for KMP relative to the internal and external peers and competitors.

Provision 6.3 of the Code:-  
RC to consider and ensure all aspects of remuneration are fair

## REPORT ON CORPORATE GOVERNANCE

5. Ensure that the remuneration of the NEDs is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.
6. Review the remuneration of employees related to the Directors, CEO or substantial shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotion for these related employees will also be subject to the review and approval of the RC. Review the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate).
7. Obtain reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants, as it may consider appropriate. Such information can also be obtained by commissioning or purchasing any appropriate reports, surveys or information. These will be at the expense of the Company, subject to the budgetary constraints imposed by the Board.
8. Oversee any major changes in employee benefits or remuneration structures.
9. Review the design of all long-term and short-term incentive plans for approval by the Board and shareholders.
10. Ensure that the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded.
11. Set performance measures and determine targets for any performance-related pay schemes operated by the Company.
12. Work and liaise, as necessary, with all other Board Committees on any other matters connected with remuneration matters.
13. Undertake such other functions and duties as may be required by the Board under the Code, statute or SGX-ST Listing Rules (where applicable).

Each member of the RC refrains from voting on any resolutions in respect of the assessment of his remuneration. No RC member is involved in determining his own remuneration.

## REPORT ON CORPORATE GOVERNANCE

The RC members are familiar with remuneration matters as they manage their own businesses and are regularly updated of market practices. During FY2020, the Company did not engage any remuneration consultant to seek advice on remuneration matters. Moving forward, the RC will consider the need to engage such external remuneration consultants and where applicable, it will review the independence of the external firm before engaging them.

Provision 6.4 of the Code:-  
Expert advice on remuneration

### Principle 7 - Level and Mix of Remuneration

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

Remuneration of EDs and Executive Officers comprise fixed components, including salaries and bonuses, and a variable component. Their remuneration is linked to their roles and responsibilities and aligned with shareholders' interests to promote long-term success of the Group. The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the Directors and the KMP of the required experience and expertise. No Director is involved in any discussion relating to his/her own remuneration, terms and conditions of service, and the review of his/her performance.

Provisions 7.1 and 7.3 of the Code:-  
Remuneration of Executive Directors and key management personnel are appropriately structured to encourage good stewardship and promote long-term success of the Company

The RC can, upon direction by the Board, engage any external professional advice on matters relating to remuneration as and when the need arises.

The EDs do not receive Directors' fees and are paid based on their service agreements with the Company. In setting the remuneration packages of the EDs, the Company takes into account the performance of the Group and that of the EDs which are aligned with long-term interests of the Group.

Independent Directors do not have service agreements with the Company. The Independent Directors receive Directors' fees and shares which are recommended by the Board for approval at the Company's annual general meeting.

The Independent Directors are paid Directors' fees which take into consideration their contribution, effort, time spent and responsibilities. They are not overly remunerated to the extent that their independence may be compromised.

Provision 7.2 of the Code:-  
Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities

# REPORT ON CORPORATE GOVERNANCE

## Principle 8 – Disclosure on Remuneration

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

A separate annual remuneration report is not prepared as the matters which need to be disclosed in such annual remuneration report have already been sufficiently disclosed in this report and in the financial statements of the Company.

The remuneration in FY2020 of the Directors and KMP is set out below:-

### Directors' and Group CEO's Remuneration

Remuneration Bands	Name of Director	Directors' Fees %	Salary %	Bonus %	Allowance and Benefits %	Share-based %	Total %
\$500,000 and above	Albert Phuay Yong Hen*	-	95%	-	5%	-	100%
\$500,000 and above	Alan Kwan Wai Loen*	-	95%	-	5%	-	100%
\$250,000 to below \$500,000	Herbert Kwok Fei Lung	-	100%	-	-	-	100%
\$250,000 to below \$500,000	Tonny Phuay Yong Choon	-	96%	-	4%	-	100%
Below \$250,000	Kwah Thiam Hock	87%	-	-	-	13%	100%
Below \$250,000	Low Teck Seng	87%	-	-	-	13%	100%
Below \$250,000	Sunny Wong Fook Choy	87%	-	-	-	13%	100%
Below \$250,000	Joanne Khoo Su Nee	83%	-	-	-	17%	100%

Provisions 8.1 and 8.3 of the Code:- Remuneration disclosures of Directors and key management personnel; Details of employee share schemes

\* They are employees who are substantial shareholders of the Company whose remuneration exceeds S\$100,000 for FY2020.



# REPORT ON CORPORATE GOVERNANCE

## Remuneration of Top 5 KMP (who are not Directors or CEO)

No. of KMP	Salary %	Bonus %	Allowance and Benefits %	Share-based %	Total %
S\$250,000 to below S\$500,000					
1	96%	-	4%	-	100%
1	93%	-	6%	1%	100%
1	89%	-	11%	-	100%
1	79%	-	21%	-	100%
Below S\$250,000					
1	90%	-	10%	-	100%

The annual aggregate amount of the total remuneration paid to top five KMP (who are not Directors or Chairman and Group CEO) is approximately S\$1,400,000.

There are no termination, retirement and post-employment benefits granted to Directors, the Chairman and Group CEO or the top five KMP in FY2020.

The KMPs' remuneration is set in accordance with a remuneration framework comprising salary, variable bonus, shares and benefits-in-kind. In view of the competitive pressures in the labour market on retaining talent, the Company believes that it is not in the best interests of the Company to disclose the names of the top five KMP.

In view of the confidentiality and competitive pressures in the labour market on retaining talent, particularly for the Company's industry, the Company believes that it is not in the best interests of the Company to disclose the names of the top five KMP as well as the details of their remuneration within bands of S\$250,000.

For the above competitive reasons and confidentiality, the Company will also not fully disclose details of Directors' remuneration within bands of S\$250,000.

The Company believes that the full disclosure of remuneration including the upper limit for the highest remuneration band of its EDs and top five KMP as recommended by the Code would be prejudicial to the Company's interests and hamper its ability to retain and nurture the Group's talent pool. The Company has instead disclosed the breakdown in percentage terms of the individual ED's remuneration within appropriate bands whilst the remuneration of the top five KMP (who are not Directors of the Company) are presented only in a baseline remuneration band.

## REPORT ON CORPORATE GOVERNANCE

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from the EDs and KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The EDs owe a fiduciary duty to the Company.

The Company should be able to avail itself to remedies against the EDs in the event of such breach of fiduciary duties.

### **Excelpoint Performance Share Scheme**

The Company has adopted the Excelpoint Performance Share Scheme (the "EPSS") to increase the Company's flexibility and effectiveness in its continual efforts to reward, retain and motivate employees to achieve superior performance, which was approved by the shareholders at the Extraordinary General Meeting held on 25 June 2008 and renewed the EPSS at the annual general meeting held on 11 April 2018.

The EPSS Committee members consist of Mr. Albert Phuay Yong Hen, Mr. Kwah Thiam Hock, Mr. Sunny Wong Fook Choy and Professor Low Teck Seng.

On 19 November 2020, 80,000 new ordinary shares had been granted and vested to four Independent Directors and 66,000 new ordinary shares and 19,400 treasury shares had been granted and vested to employees pursuant to the EPSS respectively and the relevant SGXNet announcements had been released accordingly.

Since the commencement of the EPSS, no shares have been granted to any controlling shareholders and their associates pursuant to the vesting of the EPSS during FY2020. No employee in the Group has received shares which, in aggregate, represent 5% or more of the aggregate of the total number of shares available under the EPSS during FY2020.

### **Excelpoint Share Option Scheme 2014**

The Company has adopted the Excelpoint Share Option Scheme 2014 (the "ESOS"), which is primarily a share incentive scheme, to complement the existing EPSS to provide the Company with greater flexibility in tailoring reward and incentive packages suitable for Participants, which was approved by the shareholders at the Extraordinary General Meeting held on 17 April 2014.

The ESOS Committee members consist of Mr. Albert Phuay Yong Hen, Mr. Kwah Thiam Hock, Mr. Sunny Wong Fook Choy and Professor Low Teck Seng.

Since commencement of the ESOS and during the financial year under review, no options or incentive options have been granted under the ESOS to the Participants in the Group including the Company's controlling shareholders and its associates, Directors and employees of the parent company and its subsidiaries and Executive Directors and employees of the Company's associated companies.

## REPORT ON CORPORATE GOVERNANCE

Accordingly, no participant has received 5% or more of the total number of options or incentive options available under the ESOS.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

There are four employees who are immediate family members of our Directors and whose remuneration exceeds S\$100,000 for FY2020. By the same token, their remunerations in incremental bands of S\$100,000 will not be disclosed.

Name of Employee	Relationship with CEO, Director or substantial shareholder
<b>Below S\$500,000</b>	
Tonny Phuay Yong Choon	Brother to Mr. Albert Phuay Yong Hen (Chairman and Group CEO)
Phuay Yong Hua	Brother to Mr. Albert Phuay Yong Hen (Chairman and Group CEO) and Brother to Mr. Tonny Phuay Yong Choon (Executive Director)
Ivy Chan Yuk Wah	Spouse of Mr. Herbert Kwok Fei Lung (Executive Director)
<b>Below S\$250,000</b>	
Phuay Li Ying	Daughter of Mr. Albert Phuay Yong Hen (Chairman and Group CEO)

Provision 8.2 of the Code:- Remuneration disclosure of related employees

### ACCOUNTABILITY AND AUDIT

#### Principle 9 – Risk Management and Internal Controls

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

The Board is responsible for the management of the Group's significant risks and is assisted by the AC in the oversight of the risk management and internal control systems of the Group. The Company has an Enterprise Risk Management Framework ("Framework") in place for the Group to safeguard shareholders' investments and Company's assets. The said Framework has been reviewed by the AC and approved by the Board. The AC and the Board will continually assess and review the adequacy and effectiveness of the Company's risk management framework, systems and processes.

Provision 9.1 of the Code:- Board determines the nature and extent of significant risks

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard the interests of the shareholders and the Group's assets.

## REPORT ON CORPORATE GOVERNANCE

The Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. As such, the Company's risk management and internal controls systems are regularly evaluated and improved to ensure its relevance to the Company's operations.

The Company's internal and external auditors conduct annual review of the adequacy and effectiveness of the Company's material internal control systems including financial, operational, compliance and information technology controls and risk assessment and test annually to ensure the adequacy thereof.

The Group, with the help of the internal auditor, has documented on its risk profile which summarises the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks for the review by the AC and the Board. The documentation provides an overview of the Group's key risks, how they are managed, and the various assurance mechanisms in place. It allows the Group to address the on-going changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process.

On an annual basis, the internal auditor prepares the internal audit plan approved by the AC. The audit plan takes into consideration the risks identified in the risk profile document and the audits are conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendations for improvement are reported to the AC. The AC reviews these reports and ensures that appropriate and timely countermeasures are taken by the Management as part of its continuous improvement efforts to further enhance its internal control systems and practices. A copy of the report is also issued to the relevant subsidiaries for their follow-up actions. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. In addition, major control weaknesses on financial reporting, if any, are highlighted by the external auditor in the course of the statutory audit.

At least once a year, the AC undertakes a formal enterprise-wide review of the adequacy and effectiveness of its risk management and internal control systems, including financial, operational, compliance and information technology controls and risk management systems. During this exercise, risk owners review and update the risks and controls for their respective areas. The result of this annual risk review is presented to the Board to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable given the operational nature of the business.

As part of the annual statutory audit on financial statements, the external auditor reports to the AC and the appropriate level of the Management any material weaknesses in financial controls over the areas which are significant to the audit. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

## REPORT ON CORPORATE GOVERNANCE

The internal auditor, Baker Tilly Consultancy (Singapore) Pte Ltd, has carried out internal audit on the system of internal controls and reported the findings to the AC. The external auditor, Ernst & Young LLP, has also, in the course of their statutory audit, gained an understanding of the key internal accounting controls assessed to be relevant to the statutory audit. In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audit processes. Based on findings, no material internal control weakness had been raised by the internal and external auditors in the course of their audits for FY2020.

The Board has received assurance from the Chairman and Group CEO, the Group Chief Financial Officer (the "CFO") as well as the internal auditor that in respect of the past 12 months, the financial records of the Company have been properly maintained and the Company's financial statements give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems are adequate and effective.

Provision 9.2 of the Code:-  
Assurance from CEO, CFO and other key management personnel

The Board has also received assurance from the Group CEO and KMP that the Company's risk management and internal control systems that address the Group's financial, operational, compliance and information technology controls and risk management systems are adequate and effective.

The Board and the AC have rigorously reviewed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational, compliance and information technology controls and risk management systems. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, various Board Committees and the Board, the Audit Committee concurred with the Board's comment that the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, were adequate and effective as at 31 December 2020.

The bases for the Board's view are as follows:-

1. Assurance has been received from the Group CEO and CFO;
2. Assurance has been received from the CEO and KMP;
3. An internal audit has been done by the internal auditor and significant matters highlighted to the AC and KMP were appropriately addressed;
4. KMP regularly evaluates, monitors and reports to the AC on material risks;
5. Discussions were held between the AC and external auditors in the absence of the KMP and the Management to review and address any potential concerns;
6. An enterprise risk management framework overseen by the AC was established to identify, manage and mitigate significant risks; and

## REPORT ON CORPORATE GOVERNANCE

7. The Group has put in place whistle-blowing procedures by which employees may report and raise any concerns on possible wrongdoings in good faith and in confidence. All concerns can be reported to the Chairman of the AC which will then be forwarded to the AC. They will assess whether action or review is required. The whistle-blowing procedure is posted on the Company's notice boards for staff's easy reference.

The Board has additionally relied on the internal auditor's reports issued to the Company for FY2020 as assurances that the Company's risk management and internal control systems are effective.

Accordingly, the Company has complied with Rule 1207(10) of the Listing Manual of SGX-ST.

### Principle 10 – Audit Committee

#### The Board has an Audit Committee which discharges its duties objectively.

Audit Committee

Provision 10.1 of the Code:-  
Duties of AC

The AC comprises the following four Directors, all of whom are Independent Directors:-

Kwah Thiam Hock	(Chairman)
Sunny Wong Fook Choy	(Member)
Low Teck Seng	(Member)
Joanne Khoo Su Nee	(Member)

Provision 10.2 of the Code:-  
Composition of AC

All members of the AC are appropriately qualified and have relevant accounting or related financial management expertise and experience. They are not former partners or directors of the Company's auditing firm within a period of two years. The Board is of the view that the members of the AC have sufficient financial management expertise and experiences to discharge their responsibilities as members of the AC.

Provision 10.3 of the Code:-  
AC does not comprise former partners or directors of the Company's auditing firm

The AC met quarterly in FY2020. The principal functions, set out in its terms of reference, are as follows:-

1. Reviewing the audit plan and scope of work of the internal auditor and external auditor, the results of the internal and external auditors' review and evaluation of our system of internal controls, and their management letters on the internal controls together with the Management's response, and monitoring the implementation of the internal control recommendations made by the internal and external auditors;

## REPORT ON CORPORATE GOVERNANCE

2. Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's risk management systems and internal controls addressing financial, operational, compliance and information technology risks (such review to be carried out internally or with the assistance of any competent third parties);
3. Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Group's internal audit function;
4. Making recommendations to the Board on establishing an adequate, effective and independent internal audit function (which can be in-house or outsourced to a reputable accounting/auditing firm or corporation), and ensuring that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditor comply with the standards set by nationally or internationally recognised professional bodies;
5. Reviewing the interim financial results and annual consolidated financial statements and the external auditor's report on the annual consolidated financial statements, and reviewing and discussing any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with SFRS(I) as well as compliance with the SGX-ST Listing Rules and other statutory or regulatory requirements, concerns and issues arising from their audits, to ensure the integrity of the financial statements of the Group and any announcements relating to the financial performance, before submission to the Board for approval;
6. Meeting with the internal auditor and external auditors without the presence of the Management, at least annually;
7. Reviewing and discussing with the internal and external auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
8. Reviewing and ensuring the co-ordination among the internal auditor, external auditor and the Management, including assistance given by the Management to the auditors;
9. Considering the independence and objectivity of the external auditor, taking into account the non-audit services provided by the external auditor and the fees paid for such non-audit services, if any;
10. Making recommendations to the Board on the proposals to the shareholders with regard to the appointment, re-appointment and removal of external auditor, and the remuneration and terms of engagement of the external auditor;

## REPORT ON CORPORATE GOVERNANCE

11. Reviewing any potential conflicts of interests and set out a framework to resolve or mitigate such potential conflicts of interests, and monitoring compliance with such framework;
12. Establishing and reviewing the policy and arrangements by which employees of the Group or any other persons may safely raise concerns about possible improprieties in financial reporting or other matters and ensuring that there are arrangements in place for independent investigation of such concerns and appropriate follow-up actions in relation thereto;
13. Ensuring that the Group publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
14. Reviewing the assurance from the Group CEO and Group CFO on the financial records and financial statements; and
15. Undertaking such other reviews and projects as may be requested by our Board, and reporting to our Board its findings from time to time on matters arising and requiring the attention of our AC.

The AC has expressed power to conduct or authorise investigations into any matters within its terms of reference. Minutes of AC meetings are regularly submitted to the Board for its information and review.

Pursuant to Rule 716 of the Listing Manual of SGX-ST, the Board and the AC are satisfied that the appointment of different auditors for its significant subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

In appointing the auditing firms for the Company and subsidiaries, the Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

The AC has conducted an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before confirming their re-nomination. The audit service and non-audit service fees paid or payable to the external auditor of the Company (including member firms of EY Global) for the financial year ended 31 December 2020 amount to US\$206,000 and US\$55,000 respectively.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. Ernst & Young LLP has confirmed their independence to the Board.



## REPORT ON CORPORATE GOVERNANCE

The AC also meets with the external auditor, without the presence of the Management, at least once a year. For FY2020, the AC met once with the external auditor without presence of the Management. This meeting enabled the external auditor to raise issues encountered in the course of their work directly to the AC.

The AC has full access to and co-operation of the Management and internal and external auditors including full discretion to invite any Director or KMP to attend the meetings, and has been given reasonable resources to enable it to discharge its functions and duties. Members of the Management are also invited to attend meetings to present information and/or render clarification when required.

The accounts for the year were audited by Ernst & Young LLP and the AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as Independent Auditor at the forthcoming Twentieth Annual General Meeting.

The Company has outsourced the internal audit function to Messrs Baker Tilly Consultancy (Singapore) Pte Ltd.

The primary reporting line of the internal auditor is to the AC and administratively to the Group CFO. The hiring, removal, evaluation of the internal auditor and compensation to be paid to them is recommended by the AC and approved by the Board. The internal audit team have unrestricted access to the Company's documents, records, properties and personnel. The internal audit team is staffed with personnel with relevant qualifications and experience and takes reference from the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors when performing their reviews. The AC is satisfied that the internal auditors have adequate resources to perform its functions and have appropriate standing within the Group.

The internal audit function is to review key business processes of the Company and its material subsidiaries with the primary objective of identifying significant control issues that the AC and the Management should focus their attention on.

The AC is satisfied that the internal audit is staffed by suitably qualified and experienced personnel. The internal audit function is independent, effective and adequately resourced.

In the discharge of its functions, the internal auditor reports directly to the Chairman of the AC on functional matters and to the Group CFO on administrative matters. The AC reviews and approves the internal audit plans annually and ensures that resources are adequate to perform the function effectively.

Provision 10.5 of the Code:-  
AC meets with the auditors without the presence of Management annually

Provision 10.4 of the Code:-  
Primary reporting line of the internal audit function is to AC; Internal audit function has unfettered access to Company's documents, records, properties and personnel

# REPORT ON CORPORATE GOVERNANCE

## Whistle-blowing Channels

The Company has in place a whistle-blowing policy and procedures for employees of the Group and other persons to raise concerns about possible improprieties in matters of financial reporting, fraudulent behaviour and other significant matters directly to the AC in confidence and without fear of reprisals. Details of this policy are disseminated to employees of the Group and is made available on the Company's website. Possible improprieties such as suspected fraud, corruption, dishonest practices and other significant matters can be reported via email ([wbc@excelpoint.com.sg](mailto:wbc@excelpoint.com.sg)).

To date, no significant matter was raised through the Group's whistle-blowing channels.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Principle 11 - Shareholder Rights and Conduct of General Meetings

The Company supports the Code's Principle 11 to encourage communication with all shareholders and are treated fairly and equitably. All material information which would likely affect the price or value of the Company's shares shall be disclosed adequately and in a timely manner. The Company does not practise selective disclosure of material information. Material and price-sensitive information is always released on SGXNet after trading hours. Results and annual reports are announced or issued within the mandatory periods and are available on the Company's website. When press conferences and briefings are held on major events and financial results, the Management will only meet the press and analysts after the announcement is released on SGXNet.

Provision 11.1 of the Code:-  
Company provides shareholders with the opportunity to participate effectively and vote at general meetings

The Company is publishing annual reports, circulars and notices of general meetings at the following websites:-

1. Excelpoint's Investor Relations website (<https://excelpoint.listedcompany.com>); and
2. SGX website (<https://www.sgx.com/securities/company-announcements>).

Prior to 2021, all shareholders of the Company received printed annual reports, circulars and notices of general meetings.

The Company will advertise notice of any general meeting in a national newspaper.

## REPORT ON CORPORATE GOVERNANCE

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's Principle 11 regarding "bundling" of resolutions.

Provision 11.2 of the Code:-

Separate resolution on each substantially separate issue

The Constitution allows a member of the Company to appoint one or two proxies to attend and vote in place of the member. A shareholder who is unable to attend the general meetings is entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Singapore Companies Act, Chapter 50). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Provision 11.4 of the Code:-

Company's Constitution allow for absentia voting of shareholders

For greater transparency and fairness in the voting process, voting for all resolutions passed at shareholders' meetings were conducted by poll since 2015 and the voting results of the general meetings, including the total numbers of votes cast for or against each resolution, are released via SGXNet on the same day.

The participation of shareholders is encouraged at the annual general meeting through an open question-and-answer session. The Chairman of the Audit, Remuneration and Nominating Committees are available at the annual general meeting to address any queries or concerns and the external auditor and legal advisors (if necessary) are also available to assist the Directors in addressing any relevant queries from the shareholders. All Directors, including the Chairmen of the Board Committees, and the Executive Officers shall attend general meetings to address shareholders' queries and receive feedback from shareholders. Please refer the Attendance at the Board and Board Committee Meetings in Board Matters section of the Annual Report.

Provision 11.3 of the Code:-

All Directors attend general meetings

The Company will review its Constitution from time to time and make amendments to the Constitution to be in line with the applicable requirements or rules and regulations governing the continuing obligations. The Company has adopted a new Constitution at an Extraordinary General Meeting held on 1 June 2020.

## REPORT ON CORPORATE GOVERNANCE

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and the Management. These are available to shareholders upon their request.

The Company does not publish minutes of general meetings of shareholders on its corporate website as contemplated by Provision 11.5 of the Code. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting. The Company is of the view that its position is consistent with the intent of Principle 11 of the Code as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11 of the Code, as between themselves, shareholders are treated fairly and equitably by the Company.

Provision 11.5 of the Code:-  
Minutes of general meetings are published on the Company's corporate website as soon as practicable

The Board seeks to continue providing shareholders with a comprehensive view of the Company's financial performance, position and prospects on a half-yearly basis.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

The Board will provide the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a half-yearly basis. This responsibility extends to reports to regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNet, press releases and the Company's website. The Board will review and approve the financial reports before their release. The Board will also review and approve any press releases concerning the Company's financial results. The Company's Annual Report is available on request and accessible on the Company's website.

The Company will continue to update shareholders on the operations and financial position of the Company through half-year and full-year announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

## REPORT ON CORPORATE GOVERNANCE

The Company does not have a formal dividend policy. The Company targets to provide sustainable dividend payouts depending upon the Group's operating results, financial conditions, cash position, other cash requirements including capital expenditure or requirements for Group's profit growth, terms of borrowing arrangements and other factors as the Board may deem appropriate. The Company endeavours to pay dividends and where dividends are not paid, the Company will disclose the reason(s) accordingly. For FY2020, the Company declared a first and final ordinary tax exempt one-tier dividend of 3.0 Singapore cents per ordinary share and a special tax-exempt one-tier dividend of 1.5 Singapore cents per ordinary share and will table them for shareholders' approvals at the Twentieth Annual General Meeting.

Any dividend payments are clearly communicated to shareholders via announcements on SGXNet.

### Alternative Arrangements for Meetings in 2020 and 2021

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variables Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Regulations"), the following arrangements had been made:-

1. General meetings be conducted by electronic means;
2. Notice of general meetings be published on SGXNet and the Company's website;
3. Proxy form appointing chairman of the general meetings to cast votes on shareholders' behalf;
4. Questions relating to the general meetings be submitted by shareholders before the meeting;
5. Company's response to shareholders' questions be published via SGXNet and the Company's website before the meeting; and
6. Minutes of the general meetings be published via SGXNet and the Company's website within one month from general meetings.

Provision 11.6 of  
the Code:-  
Dividend policy

# REPORT ON CORPORATE GOVERNANCE

## Principle 12 – Engagement with Shareholders

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

The Company uses various platforms to effectively engage the shareholders and the investment community, with an emphasis on timely, accurate, fair and transparent disclosure of information. In addition to general meetings and where the opportunities arise, the Senior Management of the Company will also meet with investors, analysts and the media, as well as participate in investor relations activities to solicit and understand the views of the investment community.

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable. Shareholders are provided with an update on the Group's performance, position and prospects through the Company's annual report.

The Company's half-year and full-year results, announcements and press releases are issued via SGXNet. Shareholders have access to information on the Group via the Company's website. The Company discloses all material information on a timely basis to all shareholders. Where there is inadvertent disclosure made to a selected group, the Company will endeavour to make the same disclosure publicly to all others promptly.

Shareholders are given the opportunity to pose questions to the Board or the Management at the general meetings. The members of the AC, NC and RC will be present at the annual general meeting to answer questions relating to matters overseen by the respective committees.

In compliance with the COVID-19 Regulations, shareholders will have to submit questions to the Board or the management before the general meeting and the response to shareholders' queries will be published via SGXNet and the Company's website.

Provision 12.1 of the Code:-  
Company provides avenues for communication between the Board and shareholders and discloses steps taken to solicit and understand the views of shareholders

# REPORT ON CORPORATE GOVERNANCE

The Company has in place an investor relations policy which promotes the timely dissemination of relevant information to the Company's shareholders and prospective investors to enable them to make well-informed investment decisions and to ensure a level playing field. The policy is available at the Company's website at [www.excelpoint.com](http://www.excelpoint.com) under the "Investor Relations" section.

Shareholders and the investment community can contact the Company's Investor Relations team by telephone at +65 6741 8966, or email at [excelinfo@excelpoint.com](mailto:excelinfo@excelpoint.com).

Provisions 12.2 and 12.3 of the Code:- Company has in place an investor relations policy; Investor relations policy sets out mechanism of communication between the shareholders and the Company

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Principle 13: - Engagement with Stakeholders

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

### Sustainability Reporting

The Board recognises that to ensure business is sustainable, the Group has to strike a balance between its business needs and the need of the society and the environment in which the Group operates. The Board believes that to grow sustainably, we need to engage with our stakeholders to identify material aspects that guide our decision making. We focus on initiatives that will improve quality, our people, the environment and the community. The Group's efforts to employ eco-friendly and sustainable value chain processes, training programmes for employees, interaction and welfare of employees and other sustainability issues will be released in a stand-alone report to its shareholders by 31 May 2021.

Excelpoint's sustainability report adopts Reporting Principles and Standard Disclosures in accordance with Global Reporting Initiatives ("GRI") G4 Reporting Guidelines.

The Group takes opportunities to engage our stakeholders and welcomes feedback on our sustainability report. For more information on the Company's stakeholder engagement, please refer to the Company's Sustainability Report.

Provisions 13.1 and 13.2 of the Code:- Engagement with material stakeholder groups

Stakeholders who wish to know more about the Group and our business and governance practices can visit our website at [www.excelpoint.com](http://www.excelpoint.com). Our website includes an investor relations section containing the Company's financial highlights, annual report, corporate announcements, whistle-blowing policy and investor relations policy.

Provision 13.3 of the Code:- Corporate website to engage stakeholders

# REPORT ON CORPORATE GOVERNANCE

## DEALINGS IN SECURITIES

The Company has adopted an Internal Compliance Code on Securities Transactions ("Internal Compliance Code") to Directors and key employees (including employees with access to price-sensitive information to the Company's shares) of the Group setting out the code of conduct on transactions in the Company's shares by these persons in compliance with the Rule 1207(19) of the Listing Manual of SGX-ST.

The Group issues half yearly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group. The Company and its Directors and officers are advised and informed via email that they are not allowed to deal in the Company's shares during one month before the announcement of the Company's half-year and full-year financial results and ending one trading day after the announcement of the relevant results or when they are in possession of any unpublished price-sensitive information of the Group.

In compliance with Rule 1207(19)(b) of the Listing Manual of SGX-ST, the Internal Compliance Code forbids its officers from dealing in the Company's securities on short-term considerations.

The Company has adopted a Share Buyback Mandate which will provide the Directors with the flexibility to utilise the shares which were purchased and held as treasury shares for any long-term share incentive schemes such as ESOS and EPSS to be initiated by the Company as a means to reward and improve the long-term performance of the employees and in turn the Company and the Group at large. The Company in utilising treasury shares instead of new issuance of shares would provide greater flexibility to manage and minimise the dilution impact arising from the long-term share incentive schemes.

In accordance with the guidelines on share purchase under the Share Buyback Mandate, renewed annually at the Company's annual general meeting, the Company will not undertake any purchase or acquisition of shares pursuant to the proposed Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision until the price-sensitive information has been publicly announced. In particular, in line with the Internal Compliance Code, the Company will not purchase or acquire any shares during one month before the release of the Company's half-year and full-year financial results.

## MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of SGX-ST, the Company confirms that except as disclosed in the "Interested Person Transactions" below, there were no material contracts entered into by the Company or its subsidiaries involving the interest of any Director or Chairman and Group CEO or controlling shareholders for FY2020.



# REPORT ON CORPORATE GOVERNANCE

## INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions during the financial year ended 31 December 2020 was as follows:-

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Description of the transaction entered into with the interested person during the financial year under review	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Albert Phuai Yong Hen	Controlling Shareholder and Executive Chairman of the Company and Group CEO	US\$74,000	Rental of office premises	N.A.

## USE OF PLACEMENT PROCEEDS AS AT DATE OF THIS ANNUAL REPORT

The Company refers to the net proceeds of approximately S\$7,825,000 raised from the placement of 15 million new ordinary shares at S\$0.525 each in the issued and paid-up share capital of the Company on 5 October 2016 (the "Net Proceeds") (as defined in the Company's announcement dated 2 September 2016).

As at date of this Annual Report, the status on the use of the Net Proceeds is as follows:-

Intended Uses	Approximate Amount (S\$'000)	Estimated Percentage Allocation of Net Proceeds	Amount Utilised as at Date of this Annual Report (S\$'000)	Balance as at Date of this Annual Report (S\$'000)
Strategic Investments and Acquisitions	5,000	63.9%	(3,054)	1,946
Development of New Technology and Application	1,700	21.7%	(1,059)	641
Investments in Research and Development Expertise	1,125	14.4%	(1,125)	-
Total	7,825	100.0%	(5,238)	2,587

On Behalf of the Directors,

**Albert Phuai Yong Hen**  
Chairman and Group CEO  
Singapore