

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. Since our incorporation on 18 May 2001 and our subsequent admission to the Official List of The Singapore Exchange Securities Trading Limited (the “SGX-ST”), we have taken steps to comply with most of the guidelines of the revised Code of Corporate Governance 2012 (the “Code”) and is working to adopt the other changes where appropriate.

This Report describes the Company’s corporate governance processes and activities with specific reference made to the principles and guidelines as set out in the Code.

BOARD MATTERS

Principle 1: THE BOARD’S CONDUCT OF AFFAIRS

The principal functions of the Board are:-

- 1.1 Approving the broad policies, strategies and financial objectives of the Company and monitoring the performance of management;
- 1.2 Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- 1.3 Approving the nominations of directors and appointment of key personnel;
- 1.4 Approving major funding proposals, investment and divestment proposals; and
- 1.5 Assuming responsibility for corporate governance.

The Board makes decisions in material transactions such as major funding proposals, acquisitions and divestments, disposal of assets, corporate or financial restructuring, share issuances, dividends, annual budgets and financial plans of the Group, quarterly and annual financial reports, internal controls and risk management strategies and execution and other matters which require Board approval as specified under the Company’s interested person transaction policy.

The Board conducts regular scheduled meetings. Ad-hoc meetings are convened when circumstances require. The Company’s Articles of Association allow 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 Audit Committee, Remuneration Committee and Nominating Committee.

The Board met 4 times in FY2014 to review the Group’s business operations and financial performance. The attendance of each Director at meetings of the Board and Board Committees during the financial year ended 31 December 2014 is disclosed as follows:-

Attendance at Board and Board Committee Meetings

Name of Directors	Board		Audit Committee (“AC”)		Nominating Committee (“NC”)		Remuneration Committee (“RC”)	
	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	-	-	-	-	-	-
David Kok Fat Keung	4	4	-	-	-	-	-	-
Kwah Thiam Hock	4	4	4	4	-	-	1	1
Sunny Wong Fook Choy	4	4	4	4	1	1	1	1
Professor Low Teck Seng	4	4	4	4	1	1	1	1

The Company is responsible for arranging and funding regular 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 decision 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 under the Code and other regulations.

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The Company will conduct briefings and orientation programmes to familiarise newly appointed directors with the various businesses, operations and processes of the Group. Further, newly appointed Directors will be provided with a formal letter setting out their duties and obligations and appropriate training to ensure that they are fully aware of their responsibilities and obligations of being a Director.

Principle 2: BOARD COMPOSITION AND GUIDANCE

The Board currently comprises three Executive Directors and three 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 consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary.

All appointments and re-elections of Directors are reviewed and recommended by the Nominating Committee ("NC") to the Board. The independence of each Independent Director is reviewed by the Nominating Committee annually in accordance with the guidelines of the Code.

The Board of Directors is as follows:-

Directors

Albert Phuai Yong Hen	(Chairman and Group Chief Executive Officer)
Alan Kwan Wai Loen	(Executive)
David Kok Fat Keung	(Executive)
Kwah Thiam Hock*	(Lead Independent)
Sunny Wong Fook Choy	(Independent)
Professor Low Teck Seng	(Independent)

* Mr. Kwah Thiam Hock was appointed as a Lead Independent Director on 28 February 2014.

The three Independent Directors represent 50% of the Board. The Board considers an Independent Director as one who has no relationship with the Company, its related companies or its officers, its 10% 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 independence of each director is reviewed annually by the Nominating Committee. Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines set out in the Code.

Although Mr. Sunny Wong Fook Choy served on the Board for more than nine years from the date of his first appointment, the NC rigorously reviewed his past contributions to the Group and considered that he is independent in character and judgement and there was no circumstance which would likely affect or appear to affect his judgement. His length of service and in-depth knowledge of the Group's business is viewed by the Board as valuable during board deliberations.

The opinion was arrived at after careful assessment by the NC and the Board (save for Mr. Sunny Wong Fook Choy). The rigorous review comprised a review of, but not limited to, the following factors: (a) the length of service of Mr. Sunny Wong Fook Choy has not compromised the objectivity of Independent Director and his commitment and ability to discharge his duties as Independent Director; (b) the ability of Independent Director to continue exercising independent judgement in the best interests of the Company, as he does not have any relationship with the Company, its related corporations, substantial shareholders or its officers which could materially impair his exercise of judgement; (c) the ability of the Independent Director to express his objective and independent view during Board and Board Committee meetings; and (d) the Independent Director, through his years of involvement with the Company, has gained valuable insight and understanding of the Group's business and together with his diverse experience and expertise, has contributed and will continue to contribute effectively as Independent Director 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 rather than lose the benefit of his contributions.

The Company has a good balance of directors with a wide range of skills, experience and qualities in the fields of operations, management, financial, legal and accounting. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business. Profiles of the Directors are found on pages 8 and 9 of this Annual Report.

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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 a majority of Independent Directors. The effectiveness of each committee is also constantly monitored by the Board.

Where necessary, the Company co-ordinates informal meeting sessions for Independent Directors to meet without the presence of the management.

Principle 3: ROLE OF CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER (“CEO”)

The Chairman and Group CEO, Albert Phuai 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 schedules Board meetings, oversees the preparation of the agenda for Board meetings 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.

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.

Mr. Kwah Thiam Hock was appointed as the Lead Independent Director of the Board with effect from 28 February 2014. He will work closely with other Independent Directors and when necessary meets with them without the presence of other Directors to discuss matters that were decided at Board meetings. He will continue to avail himself to address shareholders’ concerns and act as a counter balance on management issues in the decision making process.

Principle 4: BOARD MEMBERSHIP

Nominating Committee (“NC”)

The Nominating Committee comprises the following directors:-

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

* Mr. Kwah Thiam Hock was appointed as a member of the NC on 5 March 2015.

The NC met once in FY2014. The NC’s principal functions are to:-

- 4.1 Identify candidates and review all nominations for the appointment or re-appointment or re-election of members of the Board of Directors and the members of the various Board Committees for the purpose of proposing such nominations to the Board for its approval;
- 4.2 Determine the criteria for identifying candidates and reviewing nominations for the appointments referred to in paragraph 4.1;
- 4.3 Review regularly the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the directors as a Group;
- 4.4 Decide the manner in which the Board’s performance may be evaluated and propose objective performance criteria for the Board’s approval;
- 4.5 Assess whether or not a director is able to and has been adequately carrying out his duties as a director;
- 4.6 Assess the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board;
- 4.7 Make and review plans for succession, in particular for the Chairman of the Board and Group Chief Executive Officer;

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- 4.8 Determine on an annual basis the independence of directors;
- 4.9 Review on a yearly basis the training programmes for the Board; and
- 4.10 Recommend and review training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks.

The NC had held a meeting in February 2015 for the nomination of directors for the Fourteenth Annual General Meeting (“AGM”).

The NC has reviewed the independence of each director for FY2014 in accordance with the Code’s definition of independence and is satisfied that half of the Board comprises Independent Directors. The NC is of the view that Mr. Kwah Thiam Hock, Mr. Sunny Wong Fook Choy and Professor Low Teck Seng are independent.

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 AGM of the Company.

In accordance with Article 104 of the Company’s Articles of Association, all Directors shall retire from office at least once every three years and at each AGM, at least one-third of the Directors for the time being shall retire from office by rotation. In addition, Article 105 provides that retiring Directors shall be eligible to offer themselves for re-election.

The NC, in considering the re-election of a director, evaluates such director’s contribution and performance, such as his attendance at meeting 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 non-executive directors 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 consent for re-election, to be put forward for re-election at the forthcoming Annual General Meeting:-

Alan Kwan Wai Loen (Retiring pursuant to Article 104)
 Professor Low Teck Seng (Retiring pursuant to Article 104)

Although the Independent Directors and the Chairman and Group CEO 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 experience of the Board and give it a broader perspective.

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 Directors.

The dates of initial appointment and last re-election of each director, together with their directorships in other listed companies are set out below:-

Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships Held over Preceding Three Financial Years
Albert Phuyay Yong Hen	Chairman & Group CEO	18 May 2001	3 April 2013	None	None
Alan Kwan Wai Loen	Executive Director	18 May 2001	3 April 2012	None	None
David Kok Fat Keung	Executive Director	5 July 2001	17 April 2014	None	None
Kwah Thiam Hock*	Lead Independent Director	18 April 2007	3 April 2013	<ul style="list-style-type: none"> • Select Group Limited • Wilmar International Limited • Teho International Inc. Ltd 	None

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Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships Held over Preceding Three Financial Years
Sunny Wong Fook Choy	Independent Director	13 November 2003	17 April 2014	<ul style="list-style-type: none"> • Albedo Limited • Mecast Holdings Ltd • KTL Global Limited • Cimtec Limited • Innotek Limited 	None
Professor Low Teck Seng	Independent Director	19 April 2006	3 April 2012	<ul style="list-style-type: none"> • Singapore Post Limited • ISEC Ltd 	<ul style="list-style-type: none"> • Innotek Ltd

* Appointed as Lead Independent Director on 28 February 2014.

Principle 5: BOARD PERFORMANCE

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 self-assessment process that required each director to assess the performance of the Board as a whole for FY2014. The self-assessment process took into consideration, inter alia, board structure, corporate strategy and planning, risk management and internal control, performance measurement 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. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention have been given to the Group by the Directors.

PRINCIPLE 6: ACCESS TO INFORMATION

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.

In addition, the Board has separate and independent access to 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 advisor 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 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.

REMUNERATION MATTERS

Principle 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 8: LEVEL AND MIX OF REMUNERATION

Principle 9: DISCLOSURE ON REMUNERATION

Remuneration Committee ("RC")

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

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

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The RC met once in FY2014. Its principal responsibilities are to:-

- 7.1 Recommend to the Board base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives, including identifying equity-based incentives such as stock options;
- 7.2 Recommend to the Board the structure of the compensation program for directors and senior management to ensure that the program is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully; and
- 7.3 Review compensation packages of directors, senior management and employees who are related to the Executive Directors and Controlling Shareholders (including the compensation package of the Chairman and Group CEO) annually and determine appropriate adjustments for approval by the Board.

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.

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 AGM.

The Executive Directors do not receive directors' fees and are paid based on their Service Agreements with the Company as disclosed in the Company's Prospectus dated 18 December 2003. The Agreements were renewed for a further period of three years from 1 January 2014. In setting the remuneration packages of the Executive Directors, the Company takes into account the performance of the Group and that of the Executive Directors which are aligned with long term interest of the Group.

Key management personnel's 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 Key Management Personnel.

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

For competitive reasons, the Company will 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 Executive Directors and top five Key Management Personnel 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 Executive Director's remuneration within appropriate bands whilst the remuneration of the top five Key Management Personnel (who are not directors of the Company) are presented only in a baseline remuneration band.

The remuneration in FY2014 of the Directors and Key Management Personnel are set out below:-

Directors' and Group CEO's Remuneration

Remuneration Bands	Name of Director	Directors' Fees %	Salary %	Bonus %	Allowance & Benefits %	Share Based %	Total %
S\$500,000 and above	Albert Phuay Yong Hen	-	78%	21%	1%	-	100%
S\$500,000 and above	Alan Kwan Wai Loen	-	75%	22%	3%	-	100%
S\$500,000 and above	David Kok Fat Keung	-	79%	21%	-	-	100%
Below S\$250,000	Kwah Thiam Hock	100%	-	-	-	-	100%
Below S\$250,000	Professor Low Teck Seng	100%	-	-	-	-	100%
Below S\$250,000	Sunny Wong Fook Choy	100%	-	-	-	-	100%

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Remuneration of Top 5 Key Management Personnel (who are not directors or CEO)

No. of Key Management Personnel	Salary %	Bonus %	Allowance & Benefits %	Share Based %	Total %
S\$250,000 to below S\$500,000					
1	79%	12%	5%	3%	100%
1	83%	8%	9%	-	100%
1	85%	8%	7%	-	100%
1	92%	0%	8%	-	100%
1	90%	0%	10%	-	100%

The above remuneration bands include performance shares granted to employees under the Excelpoint Performance Share Scheme.

The annual aggregate amount of the total remuneration paid to top five Key Management Personnel (who are not directors or Chairman and Group CEO) is approximately S\$1,808,000.

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from the Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

There are two employees who are immediate family members of our Chairman and Group CEO and whose remuneration exceeds S\$50,000 for FY2014. They are also two of the top five Key Management Personnel as listed above. By the same token, their remunerations in incremental bands of S\$50,000 will not be disclosed.

Name of Employees	Related To
S\$300,000 to below S\$450,000	
Phuay Yong Hua	Mr. Phuay Yong Hen (Chairman and Group CEO)
Phuay Yong Choon	Mr. Phuay Yong Hen (Chairman and Group CEO)

There are no termination, retirement and post-employment benefits granted to Directors, the Chairman and Group CEO or the top Five Key Management Personnel.

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.

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 2014, a total of 2,444,000 shares had been granted and vested to employees pursuant to the EPSS and the relevant SGXNet announcements had been released accordingly.

Since the commencement of the EPSS, no shares have been granted to any Directors of the Company, controlling shareholders and their associates pursuant to the vesting of the Awards under the EPSS during FY2014. No employee in the Group has received shares which, in aggregate, represents 5% or more of the aggregate of the total number of shares available under the EPSS during FY2014.

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.

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The ESOS Committee members consist of Mr. Albert Phuyay 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 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.

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

ACCOUNTABILITY

Principle 10: ACCOUNTABILITY

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

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

Principle 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has an Enterprise Risk Management Framework in place for the Group. The said Framework has been reviewed by the AC and approved by the Board. The AC and the Board will continually assess the adequacy and effectiveness of the risk management framework and processes.

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.

The Board recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company's internal 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.

As part of the annual statutory audit on financial statements, the external auditors report to the AC and the appropriate level of 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.

The Board has received assurance from the Chairman and Group CEO, the Group Chief Financial Officer ("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.

The Board of Directors and the Audit Committee have reviewed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology and risk management systems, were adequate and effective as at 31 December 2014.

Principle 12: AUDIT COMMITTEE ("AC")

The AC comprises the following three directors, all of whom are independent directors:-

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

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All the members of the AC have had many years of experience in senior management positions in different sectors. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

The AC meets quarterly to perform the following key functions:-

- 12.1 Recommend to the Board of Directors, the external and internal auditors to be nominated, approve the remuneration of the external auditors, and review the scope and results of the audit;
- 12.2 Review all non-audit services provided by the external auditors so as to ensure that any provision of such services would not affect the independence of the external auditors;
- 12.3 Review (with the other committees, management, and the external and internal auditors) significant risks or exposures that exist and assess the steps management has taken to minimise such risk to the Company;
- 12.4 Review interested person transaction;
- 12.5 Review with the Group CFO and external auditors at the completion of the annual examination:-
 - The external auditors' audit of the annual financial statements and reports;
 - The adequacy of the Group's system of accounting controls;
 - The level of assistance and cooperation given by management to external auditors;
 - Any significant findings and recommendations of the external auditors and internal auditors and the related management's responses thereto; and
 - Any significant changes required in the external auditors' audit plan, any serious difficulties or disputes with management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit.
- 12.6 Review legal and regulatory matters that may have a material impact on the financial statements' related exchange compliance policies, and programs and reports received from regulators;
- 12.7 Report actions and resolutions of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- 12.8 Review the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls) and to report to the Board annually.

The AC has express 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 Listing Rule 716, 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, subsidiaries and significant associated companies, the Company has complied with Listing Rules 712 and 715.

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 auditors of the Company for the financial year ended 31 December 2014 amount to US\$242,000 and US\$43,000 respectively.

The AC also meets with the external auditors, without the presence of management, at least once a year. For FY2014, the AC met once with the external auditors without presence of the management.

The AC has full access to and co-operation of the management and external and internal auditors including full discretion to invite any Director or key management personnel to attend the meetings, and has been given reasonable resources to enable it to discharge its functions and duties.

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 Auditors at the forthcoming AGM.

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The Company has in place a whistle-blowing framework, which provides an avenue for the staff of the Company to raise concerns about improprieties and the independent investigation of such matters by the AC. Contact details of AC have been made available to all staff.

The AC shall commission and review the findings of internal investigations where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/ or financial position. There was no whistle-blowing letters received during the year.

Principle 13: INTERNAL AUDITS

The Company has outsourced the internal audit function to Messrs Baker Tilly Consultancy (Singapore) Pte Ltd. 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 management should focus their attention on.

In the discharge of its functions, the internal auditors report 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.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: SHAREHOLDERS RIGHTS

Principle 15: COMMUNICATION WITH SHAREHOLDERS

Principle 16: GREATER SHAREHOLDER PARTICIPATION

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 website. When press conferences and briefings will be held on major events and financial results, the management will only meet the press and analysts after the announcement is released on SGXNet.

All shareholders of the Company receive the annual report and Notice of AGM. The Notice is also advertised in a national newspaper. At AGMs, shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company. Separate resolutions on each distinct issue are proposed at general meetings for approval. The external auditors and legal advisors (if necessary) are present to assist the Directors in addressing any queries by shareholders.

The Articles of Association allow a member of the Company to appoint one or two proxies to attend and vote in place of the member.

The participation of shareholders is encouraged at the AGM through open question and answer session. The Chairman of the Audit, Remuneration and Nominating Committees are available at the AGM to address any queries or concerns and the external auditors are also available to assist the Directors in addressing any relevant queries from the shareholders.

Voting at the annual general meeting will be by show of hands unless a poll is demanded. Voting on show of hands enables the Company and shareholders to deal with the business of the annual general meeting expeditiously. A poll may be demanded by the Chairman of the meeting or by at least two members or members representing not less than one-tenth of the total voting rights of all members having the rights to vote at a meeting.

The Company will review its Articles of Association from time to time and make amendments to the Articles of Association to be in line with the applicable requirements or rules and regulations governing the continuing obligations.

The Company does not have any dividend policy. However, depending upon the Group's operating results, financial conditions, other cash requirements including capital expenditure, terms of borrowing arrangements and other factors deemed relevant by the Directors, the Company does consider positively the payment of annual dividend.

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 management. These are available to shareholders upon their request.

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 the SGX-ST.

The Group issues quarterly 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 the period commencing two weeks before the announcement of the Company’s financial results for each of the first three quarters of its financial year, or one month before the announcement of the Company’s 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), the Internal Compliance Code forbids its officers from dealing in the Company’s securities on short-term considerations.

In accordance with the guidelines on share purchase under the share buyback mandate, renewed annually at the Company’s AGM, 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 the two weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year and one month before the release of the Company’s full year financial statements and ending one trading day after the announcement of the relevant results.

MATERIAL CONTRACTS

Pursuant to Rule 1207 (8) of the SGX-ST Listing Manual, 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 the financial year ended 31 December 2014.

INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions during the financial year ended 31 December 2014 were as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$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 \$100,000)
Albert Phuai Yong Hen	US\$123,600	Rental of office premises	N.A.

On Behalf of the Directors,

Albert Phuai Yong Hen
Chairman and Group CEO
Singapore