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## CORPORATE PROFILE

### ABOUT EXCELPOINT TECHNOLOGY LTD. (Company Registration No. 200103280C)

Excelpoint Technology Ltd. (the “Company”) and its subsidiaries (“Excelpoint” or the “Group”) are one of the leading regional business-to-business platforms providing quality electronic components, engineering design services and supply chain management to original equipment manufacturers, original design manufacturers and electronics manufacturing services in the Asia Pacific region. Excelpoint Technology Ltd. has been recognised in the top 25 Global Electronics Distributors and top Global Distributors lists by EBN, an online community for global supply chain professionals and EPSNews, a US-based information and data portal and resource centre for electronics and supply industries.

Excelpoint works closely with its principals to create innovative solutions to complement its customers’ products and solutions. Aimed at improving operational efficiency and cost competitiveness, it has research and development (“R&D”) centres in Singapore, China and Vietnam helmed by a team of professional engineers.

Established in 1987 and headquartered in Singapore, Excelpoint has more than 700 employees.

### OUR POSITIONING

As a value-added partner to our principals and customers, we aim to bridge the electronics technology value chain closer together as a total solutions and service provider.

We create new value propositions for our principals and customers through R&D, bringing products to market in the shortest time possible.

We believe in creating a positive working relationship with our stakeholders and building tomorrow’s future together.

## LETTER TO SHAREHOLDERS

“2021 has been an exceptional year of growth and progress for Excelpoint, and I thank our team for the hard work and dedication. Our strong fundamentals, value-added demand generation and clear focus on engineering expertise will remain the key to reinforcing our established market positioning.”



### DEAR SHAREHOLDERS,

On behalf of our Board of Directors (the “Board”), I am pleased to provide this Annual Report of the Group’s performance for FY2021.

### SETTING THE YEAR IN CONTEXT

As we entered into 2021, the COVID-19 pandemic continued to create uncertainties in the macroeconomic environment alongside geopolitical tensions. We see the pandemic leaving profound impact around the world causing disruptions with global death toll rising constantly. Even though vaccination programmes were underway in many nations, COVID-19 resurgence and the emergence of new variants have hampered the path to economic recovery. Against this backdrop, the semiconductor industry stayed robust with accelerated technology adoption, fuelling strong demand for electronic goods in numerous segments that we, at Excelpoint, play an important role enabling. With the wisdom of hindsight, we were much more adept at being agile and nimble in the new normal. We have been watchful of headwinds and taken pre-emptive measures to protect the health and safety of our employees. I am heartened to say that while the prolonged pandemic has put our business through another round of rigorous tests, we have emerged stronger from it and delivered a strong set of results to our shareholders.

The global chip shortage gave our business a clear advantage, but it was our strong fundamentals on which we have built our business upon including the strong trusted relationships we have built with our principals and partners that once again reinforced our established market positioning known for our

REVENUE UP BY  
**44.2%**  
TO **US\$1.6B**

NET PROFIT ROSE TO  
**US\$24.5M**

Proposal of an  
ordinary dividend of  
**4.0** Singapore cents  
per share and a special  
dividend of **4.8**  
Singapore cents  
per share

## LETTER TO SHAREHOLDERS

strength in demand generation and engineering capabilities. These vital building blocks, together with our dedicated team and well-executed operational planning have enabled our Group to capture new opportunities arising from the increase in demand. The impact of the macroeconomic environment will always exist, but I believe that as long as we continue to focus on our core capabilities and enhance our positioning, we will see sustained growth for the business.

### FINANCIAL SCORECARD

2021 has been an exceptional year of growth and progress for Excelpoint. Amidst one of the most challenging periods, Excelpoint as a group has delivered record revenue of US\$1.6 billion and a net profit after tax of US\$24.5 million, with a strongest balance sheet reported to date. Overall, our sales across all our markets have surged above our expectations and have resulted in better profit margins. Our Hong Kong Business Unit reported a revenue of US\$0.9 billion and our Singapore Business Unit reported a revenue of US\$0.7 billion.

In view of our 2021 results, the Board proposes an ordinary dividend of 4.0 Singapore cents per share and a special dividend of 4.8 Singapore cents per share, subject to your approval at the forthcoming Annual General Meeting.

### MARKETS AND OUTLOOK

China is one of our leading markets and their resilience has exemplified their positioning as a manufacturing powerhouse. With the China government implementing a slew of new policies and stimulus to develop next generation infrastructure across the telecommunication networks, advanced manufacturing, data centres and artificial intelligence ("AI"), the China market is set for the next wave of growth. Through its "Made in China 2025" policy to bolster domestic production, we expect to see new opportunities arising in Industrial Robotics, 5G & Wireless Communications, Smart Home and Electric Vehicles ("EV") segments. The Renewable Energy Technologies space is nascent following China's recent declaration to achieve carbon neutrality by 2060, giving rise to emerging technologies that will contribute to our growth.

Vietnam's semiconductor industry has matured over the years and we see tremendous growth potential arising from manufacturing shifts, as well as more focus on infrastructure projects and developments. Given Vietnam's government strong push to drive technology adoption and economic transformation, we have added new growth engines to capture new opportunities in AI, Internet of Things ("IoT"), EV and Urban Development.

We continue to deepen our footprints in India as it remains one of our key emerging markets despite its slow recovery from the

impact of COVID-19. We foresee demand traction to resume with India's various infrastructural projects underway and its strong push to boost domestic production in its electronics manufacturing sector.

### EMERGING STRONGER

At Excelpoint, we have weathered another year of uncertainty from a position of strength and have proven resilient. Innovation is vital for sustainability and we need to ensure we stay relevant to market needs. We must continue to embed ourselves with partners and collaborate with them in order to transform and emerge stronger.

The prolonged pandemic has also emphasised the importance of strengthening our engineering expertise and its critical role in our long-term growth. As we expand in this area developing more technology solutions alongside our partners and investing in people and capabilities, we expect our efforts in value-adding to our businesses will continue to bear fruits.

Through the PlanetSpark Innovation Centre, we continue to make strategic investments into innovation and new technologies. We have seen traction coming in from our portfolio companies and we are also seeking out new avenues to capture new business opportunities that would enable us to take on greater responsibilities when it comes to playing a role in the supply chain.

Our people are our greatest assets and we are dedicated to investing in them. We take our duty of care to them very seriously, focusing on both their professional and personal fulfillment. Progressively, we have enriched our incentive reward scheme that would motivate them to upskill and grow both professionally and individually.

### IN APPRECIATION

On behalf of the Excelpoint team, I would like to express my gratitude to our principals, customers and partners for their unwavering support and trust in me and our Management team. On behalf of the Board, I would like to thank our Directors for their continued dedication and guidance to the Group. To our shareholders and my team, I wish to thank you for your steadfast support and standing by Excelpoint over the last year and for many years to come. Having closed FY2021 on a strong note, let us enter the new year with positivity and renewed vigour that would bring Excelpoint to greater heights.

Yours sincerely,  
**Albert Phuai Yong Hen**  
Chairman and Group Chief Executive Officer

## OPERATIONS REVIEW

### INDUSTRIAL & INSTRUMENTATION (“I&I”)

As one of Excelpoint’s major segments, I&I continues to perform well across all our markets with business growth arising mainly from infrastructure development projects, advanced manufacturing, smart energy-metering and scientific analytical applications.

The recent release of China’s 5-year smart manufacturing development plan will see China upgrading equipment and processes in the manufacturing sector. We foresee this move to create more demand for Excelpoint’s solutions and further expand our market share in this segment.

Our strong positioning in China allowed us to play a key role in various applications within factory automation, industrial IoT, environmental monitoring and medical areas. Excelpoint’s solutions have been widely used in molecular and bio-sensing, as well as in remote health monitoring during this pandemic.

In India, we are also seeing a rising demand for low-carbon technology solutions such as light-emitting diode (“LED”) streetlamps and brushless direct current (“BLDC”) industrial fans that are largely driven by government-led initiatives to reduce energy consumption and carbon emissions.

### CONSUMER

The transition towards remote work and remote learning continues to spur strong growth for the consumer electronics segment, particularly in multimedia products such as wireless headsets, personal mobile gadgets and wearables. Voice-activated devices are growing in popularity and this trend is driving the demand for Excelpoint’s reference design solutions. The increased time spent at home has also led to higher consumer spending on home theatre systems (sound and audio equipment), as well as gaming consoles and peripherals. With our excellent track record working with our principals and leading global brands in the multimedia audio space, we are well-positioned to seize new and future opportunities arising.



Wearable technologies that allow activity tracking and monitoring of health vital signs are fast gaining market traction and we see growth opportunities in the consumer gadget market. In Singapore, we recently supported our principal and local government agencies to enable our customer deliver battery-powered bluetooth wearable devices (i.e. TraceTogether token) containing microcontroller units with very low power consumption and small form factor to facilitate COVID-19 contact tracing efforts.

### MOBILE & COMPUTING

As the COVID-19 pandemic wears on for the third year running, it continues to be a key market driver for this segment as the shift towards a digital lifestyle has resulted in increased purchases of personal computing equipment, memory and solid state drives (“SSD”), as well as networking gear. The pandemic also gave boost to edge computing and micro data centres as they enable organisations to reduce latency in data transfer and improve customer experience. To complement this segment, Excelpoint has a strong portfolio of product line for wireless communication and we have secured a customer base in the telecommunications and radio equipment space by working with them on product design. India has recently launched an incentive scheme to bolster domestic manufacturing of telecommunications and networking, where we see growth opportunities.

As the 5G technology rollout timeline progresses across the markets we operate in, we believe this will further contribute to the next wave of growth for our business.

### NEW SEGMENTS

Aside from the establishment of the PlanetSpark Innovation Centre last year to gain a foothold in the fast growing AI and IoT segments, we are continuously strengthening our R&D capabilities and actively seeking out strategic partnerships for growing the business sustainably. We have embarked on new ventures with our principals and ecosystem partners in the areas of intelligent computer vision, precision location tracking sensors and education technology to meet the burgeoning demands for Smart Home, Advanced Manufacturing, Digital Automation and Urban Sustainability applications.



## OPERATIONS REVIEW

We are seeing strong market traction with the EV segment, particularly in Vietnam and we have a healthy pipeline of projects lined up for supplying charger solutions. Vietnam remains as one of our fastest growing key markets with strong semiconductor fundamental and government support to drive nation-wide technology adoption. Excelpoint is currently the lead organisation of the Vietnam Smart City Consortium leading 18 Singapore small and medium enterprises (“SMEs”) to spearhead market development efforts in Vietnam. Vietnam holds great potential for our business and we want to grow our Vietnam market in the areas of AI, IoT, industrial automation, EV, urban development and more in the next few years.

Another emerging segment is Renewable Energy Technologies as China pledges to achieve carbon neutrality by 2060. We are working with our key principals to offer technology solutions to customers such as battery management systems (“BMS”) and energy storage systems (“ESS”) for tackling the challenges of switching to 100% renewable energy. The transition to renewable energy also gives rise to opportunities in the smart grid sector, which are likely to generate demand for Excelpoint’s power conversion and transmission productline.

### NEW PRODUCT LINES

In 2021, we broadened our product range and strengthened our business presence in Asia Pacific with new partnerships.

#### Axzon

Provider of radio frequency identification (“RFID”) battery-free wireless sensor products.

#### BASiC Semiconductor

Manufacturer of 3rd generation silicon carbide (“SiC”) power components for power supply, converter, EV applications.

#### DSP Concepts

Creator of Audio Weaver, the low-code, hardware independent audio development platform.

#### Fibcom India

Manufacturer of telecommunication and datacomm modules.

#### GAIA Converter

Manufacturer of High-Reliability Direct Current to Direct Current (“DC-DC”) Converter products, power factor correction (“PFC”) Front End modules and related input protection devices.

#### LA Semiconductor

Manufacturer of analog/mixed signal standard product, custom application-specific integrated circuit (“ASIC”) and service partner for the electronics industry.

#### MiraMEMS

Manufacturer of Microelectromechanical (“MEMS”) based acceleration, pressure and gyroscope for wearables, smart phones, car digital video recorders (“DVR”) and IoT, etc.

#### Pantronics AG

Manufacturer of near field communication (“NFC”) chipsets and solutions for wireless charging, mobile security, IoT and automotive.

#### Silicon Mitus

Fabless analog semiconductor company specialising in power management integrated chips (“PMIC”), providing customised solutions for electronics applications.

#### TuyaSmart India

Leading technology company focused on offering a cloud platform that connects a range of devices via the IoT.

#### TYF LED

Manufacturer of LED chips and modules.

#### Wodposit Technology

Manufacturer of memory module and SSD for Industrial and Instrumentation, Communication and Data Processing applications.



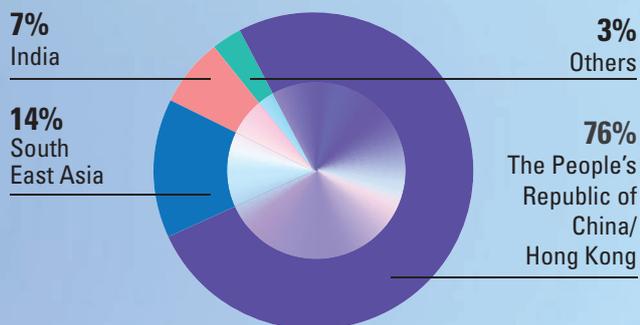
## FINANCIAL HIGHLIGHTS

Result of Operations (US\$'000)	FY2021	FY2020	FY2019	FY2018	FY2017
Total revenue	1,598,467	1,108,638	976,976	1,255,975	1,146,394
Profit before taxation	29,107	12,065	1,935	8,396	10,223
Profit after taxation attributable to equity holders	24,522	10,339	1,599	8,103	8,098
Earnings per share (US cent)	20.44	8.63	1.34	6.83	6.87
Return on equity (%)	22.53%	11.84%	2.08%	10.41%	10.97%

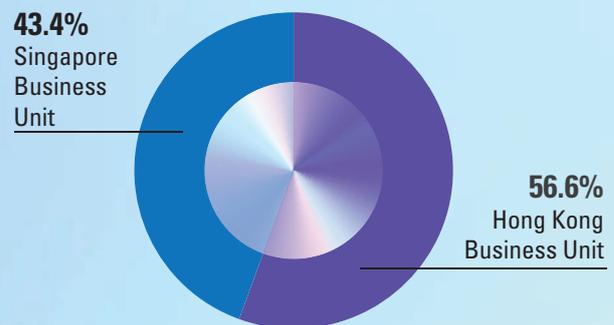
  

Balance Sheets (US\$'000) As at 31 December	2021	2020	2019	2018	2017
Shareholders' equity	108,845	87,315	76,712	77,870	73,835
Property, plant and equipment	3,818	2,794	3,202	3,411	2,621
Intangible assets	752	752	752	752	472
Current assets	465,381	391,622	320,664	377,355	384,389
Current liabilities	358,539	309,790	253,185	306,208	316,001
Net current assets	106,842	81,832	67,479	71,147	68,388
Non-current liabilities	12,328	8,310	1,306	–	–
Interest-bearing loans and borrowings	80,318	82,222	104,643	148,947	142,720
Net assets value per share (US cent)	90.46	72.82	64.06	65.33	62.31
Weighted average number of ordinary shares (share)	119,952,089	119,761,944	119,301,840	118,626,736	117,927,904
Number of ordinary shares (share)	120,318,640	119,903,140	119,757,140	119,192,840	118,502,940

### REVENUE BY GEOGRAPHICAL LOCATIONS



### REVENUE BY BUSINESS SEGMENTS



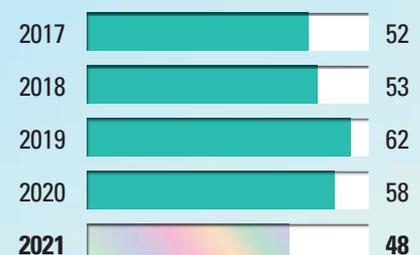
### DEBTORS' TURNOVER (DAYS)



### CREDITORS' TURNOVER (DAYS)



### STOCK TURNOVER (DAYS)



## FINANCIAL REVIEW

### REVENUE

The Group recorded revenue of US\$1,598.5 million for FY2021, an increase of 44.2% as compared to US\$1,108.6 million in FY2020.

Revenue from Hong Kong Business Unit increased by 46.8% to US\$904.3 million and revenue from Singapore Business Unit increased by 40.9% to US\$694.2 million. The increase was mainly due to the increase in demand for semiconductors on the back of accelerated technology adoption, resulting in a global chip shortage.

### GROSS PROFIT MARGINS

Overall gross profit margins increased from 5.4% in FY2020 to 6.4% in FY2021, as a result of higher margin product mix.

### OTHER INCOME

Other income decreased by US\$1.7 million, mainly due to government grants received from governments in Singapore and Hong Kong to help businesses deal with the impact from COVID-19 pandemic in FY2020.

### EXPENSES

Sales and distribution expenses increased by US\$15.1 million and general and administrative expenses increased by US\$8.2 million. These were mainly attributable to higher staff cost and higher travelling expenses due to partial resumption of business travel.

Finance costs decreased by US\$0.5 million, mainly due to lower interest rate.

### NET PROFIT

The Group reported net profit after tax of US\$24.5 million, a 137.2% increase from the US\$10.3 million achieved in FY2020, mainly due to higher sales and gross profit recorded.

### ASSETS

As at 31 December 2021, the Group's property, plant and equipment ("PPE") and right-of-use assets ("ROU") decreased by US\$0.05 million, mainly due to depreciation charge for the year. This was partially offset by purchase of PPE and new ROU in FY2021.

Other investments increased by US\$0.6 million, mainly due to additional investment made in unquoted equity security and the fair value appreciation of the investments.

Trade and other debtors, increased by US\$47.1 million, mainly due to higher sales. Average turnover days for debtors decreased to 44 days in FY2021 from 54 days in FY2020.

Stock increased by US\$31.5 million due to higher purchase of stock in support of the business. Average turnover days for stock decreased to 48 days in FY2021 from 58 days in FY2020.

Cash and short-term deposits decreased by US\$5.1 million to US\$34.1 million as compared to US\$39.2 million in FY2020.

### LIABILITIES

Trade and other creditors increased by US\$51.0 million, mainly due to higher purchases in FY2021. Average turnover days for creditors decreased to 52 days in FY2021 from 56 days in FY2020.

Contract liabilities increased by US\$2.6 million, mainly due to increase in advances received from customers.

Interest-bearing loans and borrowings decreased by US\$1.9 million, mainly due to cash flows generated from operating activities used to reduce borrowings.

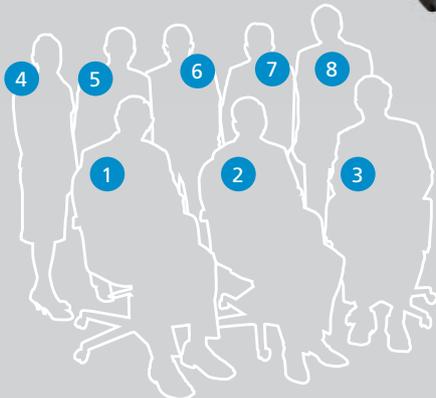
Lease liabilities decreased by US\$1.0 million, mainly due to lease payments. This was partially offset by renewal and new office leases in FY2021.

### SHAREHOLDER EQUITY

The Group's total number of issued shares as at 31 December 2021 increased by 415,500 shares to 120,318,640 shares, as part of the Excelpoint Performance Shares Scheme granted in FY2021.

Revenue reserve increased by US\$20.5 million to US\$67.9 million in FY2021, due to net profit of US\$24.5 million reported in FY2021. This was partially offset by dividend payment in FY2021.

# BOARD OF DIRECTORS



- |   |                       |   |                         |
|---|-----------------------|---|-------------------------|
| 1 | KWAH THIAM HOCK       | 5 | SUNNY WONG FOOK CHOY    |
| 2 | ALBERT PHUAY YONG HEN | 6 | HERBERT KWOK FEI LUNG*  |
| 3 | ALAN KWAN WAI LOEN    | 7 | TONNY PHUAY YONG CHOON  |
| 4 | JOANNE KHOO SU NEE    | 8 | PROFESSOR LOW TECK SENG |

\* Retired on 30 July 2021

## BOARD OF DIRECTORS



**ALBERT PHUAY YONG HEN** is the founder and was appointed Chairman and Group Chief Executive Officer (“CEO”) at Excelpoint Technology Ltd. He was appointed Executive Director on 18 May 2001 and was re-elected on 7 April 2021. He is also a member of the Nominating Committee.

Mr. Phuay oversees the general management of the business, and is also responsible for the Group’s strategic direction, planning and business development. Prior to forming Excelpoint Systems (Pte) Ltd, he held various management positions in several companies from 1977 to 1986.

Mr. Phuay holds a Technical Certificate in Electronics from the Institute of Technical Education, Singapore. With his years of dedication and experience in the electronics industry, he was named Entrepreneur of the Year in the Electrical and Electronics Industry category at the Asia Pacific Entrepreneurship Awards 2017.



**ALAN KWAN WAI LOEN** was appointed Executive Director at Excelpoint Technology Ltd. on 18 May 2001 and was re-elected on 1 June 2020. He advises and assists the business units on the Group’s strategic alliances.

Mr. Kwan holds a Diploma in Production Engineering from Singapore Polytechnic, a Diploma in Marketing Management from Ngee Ann Polytechnic, Singapore, and Diploma from the Chartered Institute of Marketing, United Kingdom (“UK”).



**TONNY PHUAY YONG CHOON** joined Excelpoint Technology Ltd. on 15 May 1996 and was re-elected on 1 June 2020. He was appointed Executive Director and Chief Operations Officer (“COO”) on 28 September 2016 and 2 August 2021, respectively. He oversees the Group’s entire operations, including the business units.

Throughout his time at Excelpoint, Mr. Phuay has headed and grown sales teams in China. With his strong expertise in the field, he is currently assisting to grow the business in Southeast Asia.

Mr. Phuay holds a Diploma in Electronics and Communications from Singapore Polytechnic and a Postgraduate Diploma in Sales and Marketing from the Chartered Institute of Marketing, UK.



**KWAH THIAM HOCK** was appointed Independent Director at Excelpoint Technology Ltd. on 18 April 2007 and was re-elected on 7 April 2021. He is the Chairman of the Audit Committee and also a member of the Remuneration Committee and Nominating Committee. He was appointed Lead Independent Director on 28 February 2014 and a member of the Nominating Committee on 5 March 2015.

Currently, Mr. Kwah also holds independent directorships at Wilmar International Limited and TEHO International Inc Ltd.

Mr. Kwah holds a Bachelor of Accountancy degree from the National University of Singapore. He is a fellow Certified Public Accountant of the Australian Society of Accountants and also a fellow member of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants, UK.

## BOARD OF DIRECTORS



**SUNNY WONG FOOK CHOY** was appointed Independent Director at Excelpoint Technology Ltd. on 13 November 2003 and was re-elected on 1 June 2020. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

He started his legal career in 1982 and is a practising advocate and solicitor of the Supreme Court of Singapore. He is currently a Consultant to the legal firm Wong Tan & Molly Lim LLC.

Mr. Wong serves as a director at Mencast Holdings Ltd., Civmec Limited, and Innotek Limited. He holds a Bachelor of Laws (Honours) degree from the National University of Singapore.



**LOW TECK SENG** was appointed Independent Director at Excelpoint Technology Ltd. on 19 April 2006 and was re-elected on 7 April 2021. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

Professor Low is currently the CEO of the National Research Foundation Singapore, an independent director at Key ASIC Berhad, UCrest Berhad and Chip Eng Seng Ltd. He is a tenured Professor at the National University of Singapore.

He received a Bachelor of Science (Electrical and Electronic Engineering) (First Class Honours) degree and a PhD degree from the University of Southampton, UK, in 1978 and 1982 respectively.



**JOANNE KHOO SU NEE** was appointed Independent Director at Excelpoint Technology Ltd. on 28 September 2016 and was re-elected on 1 June 2020. She is a member of the Audit Committee.

She has more than 25 years of experience in corporate finance and business advisory services and is currently a director at Bowmen Capital Private Limited, a company that provides business and management consultancy services. From February 2008 to October 2012, she was a director of Corporate Finance at Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited). Prior to this, she was involved in a wide range of corporate finance activities in the employment of Phillip Securities Pte Ltd and Hong Leong Finance Limited. From 2000 to 2004, she was with Stone Forest Consulting Pte Ltd where she was involved in providing consultancy services to companies seeking public listings in Singapore. From 1997 to 2000, she was with PricewaterhouseCoopers. During that period, she was involved in both the corporate finance and recovery department as well as the audit and business advisory services department.

Currently, Ms. Khoo serves as an independent director at TEHO International Inc Ltd. and ES Group (Holdings) Limited and was formerly an independent director at Kitchen Culture Holdings Ltd., companies listed on the Singapore Exchange Securities Trading Limited. In addition, she serves as an independent non-executive director at Netccentric Limited, a company listed on the Australian Securities Exchange Ltd. Ms. Khoo was also a director at PayLinks Pte Ltd, a company wholly owned by iPayLinks Limited. Ms. Khoo also serves as an independent non-executive director of JE Cleantech Holdings Ltd.

Ms. Khoo graduated with a Bachelor of Business in Accountancy from the Royal Melbourne Institute of Technology University in 1996. She was admitted as a Certified Public Accountant by the CPA Australia in 1999 and a Chartered Accountant under the Malaysian Institute of Accountants in 2000. She was also a member of Women Corporate Directors, the world's largest membership organisation and community of women corporate board directors.

## KEY MANAGEMENT



**STANLEY CHAN TUNG HONG** is the Managing Director at Excelpoint Systems (Pte) Ltd. He is responsible for the overall business activities in Southeast Asia, India, Australia and New Zealand and also assists the Group CEO in overall business strategies. Mr. Chan holds a Bachelor of Engineering (Electrical and Electronics) (Second Class Honours) degree from Nanyang Technological University, Singapore.



**CHARLES TAN RONG XI** is the Managing Director of Excelpoint Systems (H.K.) Limited. He is responsible for overall business and operations in mainland China and Hong Kong. He has over 20-year industry experience in Asia and North America. He has been Vice Chairman of China Electronic Component Application and Supply Chain Association (ECAS) since 2019.

Mr. Tan holds a Master of Business Administration degree from McGill University, Canada, a Master of Economics degree from Fudan University, China, and Bachelor of Engineering degree (Telecommunications) from Shanghai University of Technology, China.



**SAMUEL GE YI XIN** is the Senior Vice President of Field Applications at Excelpoint Systems (H.K.) Limited. He is the head of the field applications team in Hong Kong and mainland China and is responsible for providing technical design assistance, technical support and engineering consultancy services to customers.

Mr. Ge holds a Bachelor of Engineering (Automatic Manufacturing Systems) degree and a Master of Engineering degree from Shanghai University of Technology, China.



**ALAN TAN JIN TIONG** is the Vice President of Sales at Excelpoint Systems (H.K.) Limited and the Managing Director of both Synergy Electronics (H.K.) Limited and Synergy Electronics (Shenzhen) Co., Ltd. He is responsible for the overall sales performance and managing sales teams in mainland China and Hong Kong. Mr. Tan holds a Diploma in Electrical Engineering from Singapore Polytechnic.



**DAVID WANG QING SHENG** is the Vice President of Research and Development at Excelpoint Systems (Pte) Ltd. He oversees the R&D teams in Singapore, China and Vietnam for reference solutions and application designs. Mr. Wang holds a Master of Engineering (Electrical Engineering) degree from Tsinghua University, Tsinghua University, China, and is a member of the Institute of Electrical and Electronics Engineers. After his graduation, he lectured at Tsinghua University for two years. Since 1991, he has been in the electronics engineering industry and has worked for several high-tech companies to design and develop wireless products and solutions.



**PHUAY YONG HUA** is the Group Senior Vice President of Human Resources and Administration at Excelpoint Technology Ltd. Mr. Phuyay holds a Certificate in Electronics Servicing from the Institute of Technical Education, Singapore.



**IVAN LEE SEE THIAM** is the Group Chief Financial Officer at Excelpoint Technology Ltd. and oversees the overall financial activities for the Group. He is also responsible for corporate finance and treasury, reporting, tax, risk management and investor relations. Mr. Lee holds a Master of Commerce (Accounting and Finance) degree from the University of Sydney, Australia, and a Bachelor of Business Administration (Merit) degree from the National University of Singapore.



**PHUAY LI YING** is the Managing Director of PlanetSpark Pte. Ltd., the entrepreneurial and investment arm of Excelpoint Technology Ltd., and heads Corporate Development within the Group.

Her role in Excelpoint involves overseeing the Group's branding, communications and investor relations, to working on strategic projects such as corporate investments and Mergers and Acquisitions ("M&A"). In PlanetSpark, she is responsible for spearheading Excelpoint's next phase of growth in new arenas such as the IoT and AI through the development of platforms and solutions. To date, she has led the formation of strong partnerships within the ecosystem with Enterprise Singapore, local SMEs, and venture capitalists through the establishment of the PlanetSpark Innovation Centre.

Ms. Phuyay graduated with a Double Bachelors' Degree in Business and Arts from Monash University, Australia.



## BUSINESS PRESENCE

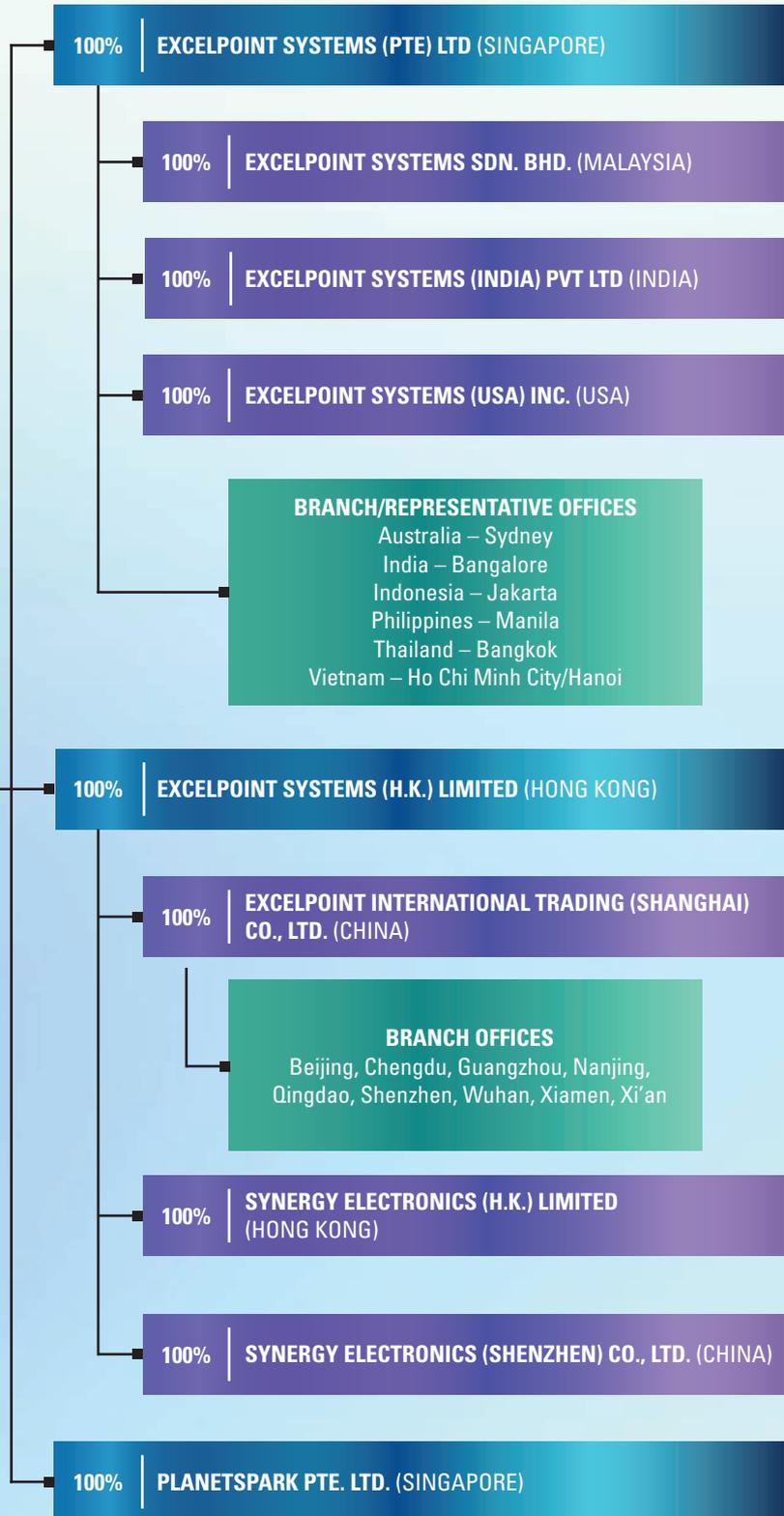
**49** CITIES IN MORE  
THAN **10** COUNTRIES



## BUSINESS PRESENCE



# CORPORATE STRUCTURE



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### EXECUTIVE

**Albert Phuai Yong Hen** (Chairman and Group CEO)

**Alan Kwan Wai Loen**

**Tonny Phuai Yong Choon**

#### NON-EXECUTIVE

**Kwah Thiam Hock** (Lead Independent)

**Sunny Wong Fook Choy** (Independent)

**Low Teck Seng** (Independent)

**Joanne Khoo Su Nee** (Independent)

#### AUDIT COMMITTEE

**Kwah Thiam Hock** (Chairman)

**Sunny Wong Fook Choy** (Member)

**Low Teck Seng** (Member)

**Joanne Khoo Su Nee** (Member)

#### NOMINATING COMMITTEE

**Low Teck Seng** (Chairman)

**Albert Phuai Yong Hen** (Member)

**Sunny Wong Fook Choy** (Member)

**Kwah Thiam Hock** (Member)

#### REMUNERATION COMMITTEE

**Sunny Wong Fook Choy** (Chairman)

**Kwah Thiam Hock** (Member)

**Low Teck Seng** (Member)

#### COMPANY SECRETARIES

**Tan Cher Liang**

**Wong Yoan Har**

#### REGISTERED OFFICE AND BUSINESS ADDRESS

15 Changi Business Park Central 1

#06-00 Singapore 486057

T +65 6741 8966 F +65 6741 8980

www.excelpoint.com

Company Registration No. 200103280C

#### SHARE REGISTRAR

**Boardroom Corporate & Advisory Services Pte. Ltd.**

1 Harbourfront Avenue

#14-07 Keppel Bay Tower

Singapore 098632

T +65 6536 5355 F +65 6536 1360

#### AUDITOR

**Ernst & Young LLP**

One Raffles Quay

North Tower Level 18

Singapore 048583

#### AUDIT PARTNER-IN-CHARGE

**Yee Woon Yim**

(Since financial year ended 31 December 2018)

# FINANCIAL CONTENTS

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# 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 2021 (“FY2021”) 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.

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.

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.

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.

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

## REPORT ON CORPORATE GOVERNANCE

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 FY2021 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.

The attendance of each Director at meetings of the Board and Board Committees during the financial year ended 31 December 2021 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	2	4	2*	–	–	–	–
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

@ Retired as Executive Director on 30 July 2021

## REPORT ON CORPORATE GOVERNANCE

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 interests of the Company.

Provision 1.2 of the Code:—  
Directors' duties, induction, training and development

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.

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 auditors 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 ongoing 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.

## REPORT ON CORPORATE GOVERNANCE

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.

Provision 1.7 of the Code:– Separately independent access to Management, company secretary and external advisers; Appointment and removal of the company secretary

Should Directors, whether individually or as a group, need independent professional advice, the Company Secretaries will, upon direction by the Board, appoint 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 seven Directors with three 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.

Provision 2.1 of the Code:– Director independence

The Independent Directors currently make up more than 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 interests of the Company at all times, and the Board was not unduly influenced by any individual.

Provision 2.2 of the Code:– Independent directors make up a majority of the Board.

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.

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

## REPORT ON CORPORATE GOVERNANCE

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)

@ Retired as Executive Director on 30 July 2021

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.

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.



## REPORT ON CORPORATE GOVERNANCE

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;
- 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 involvement 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 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, had obtained approvals from shareholders pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST at the Twentieth Annual General Meeting held on 7 April 2021 and being re-appointed as independent directors.

## REPORT ON CORPORATE GOVERNANCE

Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST provides that the continued appointment of an independent director who has served the Board for an aggregate period of more than nine years will be subject to the approval of: (A) all shareholders; and (B) all shareholders, excluding shareholders who are directors and chief executive officer (and their associates) (the "Two-Tier Voting"). Such resolutions approved via Two-Tier Voting remain in force for three years from the conclusion of the annual general meeting until the earlier of the following:– (I) the retirement or resignation of the director; or (II) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions.

### 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. The Board remains committed to implementing the Board Diversity Policy and continuing searching for member who has technology expertise and experiences that can assist the Group on new business segments and requirements. 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, all or the majority of whom, including chairmen, are independent. The effectiveness of each Committee is also constantly monitored by the Board.

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, skillsets, life experiences, abilities and beliefs for a better Board performance. Currently, the Company has a female director in the Board who has many years of experience in corporate finance and business advisory services.

Provision 2.4 of the Code:–  
Size and composition of the Board and Board Committee;  
Board diversity policy

# REPORT ON CORPORATE GOVERNANCE

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

## 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 Phuay 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 more than half of 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

## 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)

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

## REPORT ON CORPORATE GOVERNANCE

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.

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

The NC met once in FY2021. 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 into account Rules 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.
3. Before recommending an appointee to the Board, the NC shall ask him/her 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.



## REPORT ON CORPORATE GOVERNANCE

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/her 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.
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 January 2022 for the nomination of Directors for the Twenty-First 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.

## REPORT ON CORPORATE GOVERNANCE

The NC has reviewed the independence of each Independent Director for FY2021 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.

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 are retiring as Directors of the Company pursuant to Regulation 89 of the Company's Constitution and have given their consents for re-elections, to be put forward for re-elections at the forthcoming Twenty-First Annual General Meeting:–

Alan Kwan Wai Loen  
Tonny Phuay Yong Choon

Ms Joanne Khoo Su Nee, who is retiring as Director of the Company pursuant to Regulation 89 of the Company's Constitution, had indicated that she would not seek for re-election as Director of Company at the forthcoming Twenty-First Annual General Meeting. Her retirement from the Board will take effect upon the conclusion of the Twenty-First Annual General Meeting.

## REPORT ON CORPORATE GOVERNANCE

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 Twenty-First Annual General Meeting is disclosed below:–

Name of Director	Alan Kwan Wai Loen	Tonny Phuay Yong Choon
Date of appointment	18 May 2001	28 September 2016
Age	60	52
Country of principal residence	Singapore	Singapore
Date of last re-appointment (if applicable)	1 June 2020	1 June 2020
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and having assessed Mr. Kwan's working experiences in the Group, is of the view that Mr. Kwan has the requisite and experiences to assume the responsibilities as Executive Director of the Company.	The Board, having considered the recommendation of the Nominating Committee and having assessed Mr. Phuay's working experiences in the Group, is of the view that Mr. Phuay 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	Executive	Executive
Job title (e.g. Lead ID, AC Chairman, AC Member, etc.)	Executive Director	Executive Director
Professional qualifications	Diploma in Production Engineering from Singapore Polytechnic, a Diploma in Marketing Management from Ngee Ann Polytechnic, Singapore, and a Diploma from the Chartered Institute of Marketing, United Kingdom.	Diploma in Electronics and Communications from Singapore Polytechnic and a postgraduate Diploma in Sales and Marketing from Chartered Institute of Marketing, United Kingdom.
Any relationship (including immediate family relationships) with any existing Director, existing executive offer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	Brother of Mr. Albert Phuay Yong Hen, Chairman and Group CEO
Conflict of interest (including any competing business)	None	None

## REPORT ON CORPORATE GOVERNANCE

Name of Director	Alan Kwan Wai Loen	Tonny Phuay Yong Choon
Working experience and occupation(s) during the past 10 years	<p><u>Excelpoint Technology Ltd.</u></p> <ul style="list-style-type: none"> <li>Executive Director since 18 May 2001 to present</li> </ul>	<p><u>Excelpoint Technology Ltd.</u></p> <ul style="list-style-type: none"> <li>Vice President of Sales from 19 July 2006 to 30 June 2012</li> <li>Group Vice President of Sales from 1 July 2012 to 2 August 2015</li> <li>Executive Director since 28 September 2016 to present</li> <li>Managing Director of Excelpoint Systems (Pte) Ltd, from 3 August 2015 to 2 August 2021</li> <li>Chief Operations Officer, since 2 August 2021 to present</li> </ul>
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Yes	Yes
Shareholding details	6,258,244	144,800
Other principal commitments including directorships:–		
Past (for the last five years)	Nil	Nil
Present	As disclosed on page 35 of this Annual Report	As disclosed on page 35 of this Annual Report
(a) 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

## REPORT ON CORPORATE GOVERNANCE

Name of Director	Alan Kwan Wai Loen	Tonny Phuay Yong Choon
(b) 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
(c) Whether there is any unsatisfied judgement against him/her?	No	No
(d) 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
(e) 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

REPORT ON CORPORATE GOVERNANCE

Name of Director	Alan Kwan Wai Loen	Tonny Phuay Yong Choon
(f) 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
(g) 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
(h) 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
(i) 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



## REPORT ON CORPORATE GOVERNANCE

Name of Director	Alan Kwan Wai Loen	Tonny Phuay Yong Choon
(j) 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
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
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
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
(k) 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

## REPORT ON CORPORATE GOVERNANCE

Name of Director	Alan Kwan Wai Loen	Tonny Phuay Yong Choon
Disclosure applicable to the appointment of Director Only		
<p>Any prior experience as a Director of an issuer listed on the Exchange?</p> <p>If Yes, please provide details of prior experience.</p> <p>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.</p> <p>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)</p>	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. In support of their candidature for directorship or re-election, Directors are to provide the NC with details of their other commitments and an indication of the time involved.

Provision 4.5 of the Code:–  
Multiple listed company directorships 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.

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.

## REPORT ON CORPORATE GOVERNANCE

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 who are 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.

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	7 April 2021	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>

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)
Alan Kwan Wai Loen	Executive Director	18 May 2001	1 June 2020	None	None	None
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	7 April 2021	<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>	<ul style="list-style-type: none"> <li>• Director of Philip Private Equity Fund 6</li> </ul>
Sunny Wong Fook Choy	Independent Director	13 November 2003	1 June 2020	<ul style="list-style-type: none"> <li>• Mancast Holdings Ltd.</li> <li>• Civmec 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 (Consultant)</li> </ul>
Low Teck Seng	Independent Director	19 April 2006	7 April 2021	<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> <li>• PUB, Singapore National Water Agency (Board Member)</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>	None	<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.

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 FY2021. The 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.

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 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 FY2021.

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 FY2021. 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/she 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 FY2021, the Board and the Board Committee members are able to identify areas for improving their effectiveness.

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 discharged their duties as Directors of the Company.

The NC and the Board are generally satisfied with the FY2021 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



## REPORT ON CORPORATE GOVERNANCE

The RC met once in FY2021. Its principal responsibilities, as set in its terms of reference, are to:–

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. Provision 6.2 of the Code:–  
Composition of RC
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. Provision 6.3 of the Code:–  
RC to consider and ensure all aspects of remuneration are fair
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.
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).

## REPORT ON CORPORATE GOVERNANCE

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.

The RC members are familiar with remuneration matters as they manage their own businesses and are regularly updated of market practices. During FY2021, 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 FY2021 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 %
S\$500,000 and above	Albert Phuay Yong Hen*	–	57%	40%	3%	–	100%
S\$500,000 and above	Alan Kwan Wai Loen*	–	60%	37%	3%	–	100%
S\$500,000 and above	Herbert Kwok Fei Lung@	–	22%	78%	–	–	100%
S\$500,000 and above	Tonny Phuay Yong Choon	–	60%	38%	2%	–	100%
Below S\$250,000	Kwah Thiam Hock	100%	–	–	–	–	100%
Below S\$250,000	Low Teck Seng	100%	–	–	–	–	100%
Below S\$250,000	Sunny Wong Fook Choy	100%	–	–	–	–	100%
Below S\$250,000	Joanne Khoo Su Nee	100%	–	–	–	–	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 FY2021.

@ Retired as Executive Director on 30 July 2021.

## 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\$500,000 to below S\$750,000					
1	54%	12%	13%	21%	100%
S\$250,000 to below S\$500,000					
1	84%	10%	6%	–	100%
1	86%	10%	4%	–	100%
1	59%	13%	6%	22%	100%
1	77%	15%	8%	–	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\$2,185,900.

There are no termination, retirement and post-employment benefits granted to Directors, the Chairman and Group CEO or the top five KMP in FY2021.

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.

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 statements, 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.



## REPORT ON CORPORATE GOVERNANCE

### **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 2021, 415,500 new ordinary 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 FY2021. 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 FY2021.

### **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.

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.

## REPORT ON CORPORATE GOVERNANCE

There are four employees who are immediate family members of our Directors and whose remuneration exceeds S\$100,000 for FY2021. 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>Above S\$500,000</b>	
Tonny Phuay Yong Choon	Brother to Mr. Albert Phuay Yong Hen (Chairman and Group CEO)
<b>S\$250,000 to below S\$500,000</b>	
Phuay Yong Hua	Brother to Mr. Albert Phuay Yong Hen (Chairman and Group CEO) and Brother to Mr. Tonny Phuay Yong Choon (Executive Director)
Phuay Li Ying	Daughter of Mr. Albert Phuay Yong Hen (Chairman and Group CEO)
Ivy Chan Yuk Wah	Spouse of Mr. Herbert Kwok Fei Lung@ (Executive Director)

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

@ Retired as Executive Director on 30 July 2021.

### 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.

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 control 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.

## REPORT ON CORPORATE GOVERNANCE

The Group, with the help of the internal auditors, 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 ongoing changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process.

On an annual basis, the internal auditors 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 auditors 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 auditors 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.

The internal auditors, 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 auditors, 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 FY2021.

The Board has received assurance from the Chairman and Group CEO, the Group Chief Financial Officer (the "CFO") as well as the internal auditors 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

## REPORT ON CORPORATE GOVERNANCE

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 2021.

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 auditors 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
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 FY2021 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.



## REPORT ON CORPORATE GOVERNANCE

### Principle 10 – Audit Committee

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

#### Audit Committee

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 10.1 of  
the Code:–  
Duties of AC

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 FY2021. 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 and external auditors, 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;
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 auditors comply with the standards set by nationally or internationally recognised professional bodies;
5. Reviewing the quarterly financial information and annual financial statements and the external auditor's report on the annual 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;

## REPORT ON CORPORATE GOVERNANCE

6. Meeting with the internal 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 auditors, external auditors and the Management, including assistance given by the Management to the auditors;
9. Considering the independence and objectivity of the external auditors, 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 auditors, and the remuneration and terms of engagement of the external auditor;
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.



## REPORT ON CORPORATE GOVERNANCE

The AC has conducted 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 (including member firms of EY Global) for the financial year ended 31 December 2021 amount to US\$232,000 and US\$57,000 respectively.

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

The AC also meets with the external auditors, without the presence of the Management, at least once a year. For FY2021, the AC met once with the external auditors without presence of the Management. This meeting enabled the external auditors to raise issues encountered in the course of their work directly to the AC.

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

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 Twenty-First 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 auditors is to the AC and administratively to the Group CFO. The hiring, removal, evaluation of the internal auditors 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.

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

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 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.

## 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)).

The Company's Whistle-blowing Policy aims to: (a) provide a trusted avenue for employees, vendors, customers and other stakeholders to report serious wrongdoings or issues, particularly to fraud, governance or ethics, without fear; and (b) ensure that robust arrangements are in place to facilitate independent investigation of the reported issues with appropriate follow up actions. The Company will treat all information received confidentially and ensure that the identity of the whistle-blower is kept confidential. It is also committed to ensuring that whistle-blower will be treated fairly, and protected against detrimental or unfair treatment for whistle-blowing in good faith.

The AC, which is responsible for oversight and monitoring of whistle-blowing, reviews and ensures that independent investigations and any appropriate follow-up actions are carried out, taking into account factors such as the seriousness of the issues, the credibility of the concern and the likelihood of confirming the allegation from attributable sources. The AC will follow a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions and remediation of control weaknesses that may arise to fraud or misconduct. In addition, the AC reviews the Whistle-blowing Policy regularly to ensure that it remains current.

To date, there was no whistle-blowing reports or complaints received 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>).

## REPORT ON CORPORATE GOVERNANCE

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

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 1967). 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 auditors 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.

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 (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 Singapore Companies Act 1967. 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

## REPORT ON CORPORATE GOVERNANCE

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 information. 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.

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 FY2021, the Company declared a first and final ordinary tax exempt one-tier dividend of 4.0 Singapore cents per ordinary share and a special tax-exempt one-tier dividend of 4.8 Singapore cents per ordinary share and will table them for shareholders' approvals at the Twenty-First Annual General Meeting.

Provision 11.6 of the Code:-  
Dividend policy

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

### **Alternative Arrangements for Meetings in 2021 and 2022**

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 general meetings be published via SGXNET and the Company's website within one month from general meetings.



## 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 financial statements, 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.

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).

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

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

## REPORT ON CORPORATE GOVERNANCE

### 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 2022.

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

### 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 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 one month before the announcement of the Company's half-year and full-year financial statements 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.

## REPORT ON CORPORATE GOVERNANCE

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 statements.

### 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 FY2021.

### INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions during the financial year ended 31 December 2021 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 Phuay Yong Hen	Controlling Shareholder and Executive Chairman of the Company and Group CEO	US\$74,000	Rental of office premises	N.A.

## REPORT ON CORPORATE GOVERNANCE

### 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%	(3,592)	1,408
Development of New Technology and Applications	1,700	21.7%	(1,362)	338
Investments in R&D Expertise	1,125	14.4%	(1,125)	–
Total	7,825	100.0%	(6,079)	1,746

On Behalf of the Directors,

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



## REPORT OF THE AUDIT COMMITTEE

### Financial Matters

AC held four meetings in 2021 to review the quarterly financial reports prepared by the Management, including the vetting of half yearly unaudited condensed Income Statement, Statement of Comprehensive Income and interim Balance Sheet. The AC also reviewed the Group's trade debtors ageing and stock movement and provision. Other matters reviewed included: the Group's operating expenses, the top 5 product lines, as well as the availability and utilisation of the Group's banking lines. The AC reviewed the operating cycles of the Group so as to ensure that the Group operates at an efficient level. It also reviewed key financial ratios, such as Return on Assets ("ROA"), Return on Equity ("ROE"), and Total Shareholders' Return ("TSR"); the TSR determines the returns for shareholders vis-a-vis their cost of capital for investing in the Group.

### Market Risks

The Group's business is subject to the risks of market price erosion and stock obsolescence mainly due to the volatile nature of the global electronics industry. Hence, it is important for the AC to ensure that the Group does not carry excessive stocks and wherever possible stocks are only purchased when there are firmed orders on hand or are adequately backed by stock rotation and price protection arrangement with major suppliers.

### Oversight of the Internal Auditor

The AC approved the scope of audit plan presented by the internal auditor. It also reviewed the results of the audit including significant control issues and recommendations as well as the Management's responses and the enterprise risk assessment exercise. The AC held a separate meeting with the internal auditor without the presence of the Management. The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

### Oversight of the External Auditor

The AC approved the scope of audit plan presented by the external auditor. It also reviewed the results of the audit including findings relating to areas of audit emphasis, accounting policies and judgements. The AC held a separate meeting with the external auditor without the presence of the Management during which the AC was briefed on the Audit Quality Indicators achieved by the external auditor. The AC is satisfied with the external auditor's independence and that it has maintained a high standard of audit quality and controlled policies. The AC has recommended to the Board of Directors, the re-appointment of the external auditor at the forthcoming Annual General Meeting.

## REPORT OF THE AUDIT COMMITTEE

### Key Audit Matters (“KAMs”)

In respect of the KAMs highlighted by the external auditor, the AC’s comments are as follows:–

KAMs	AC’s comments
Revenue recognition	The AC concurred with the management’s methodology of revenue recognition which occurs at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.
Impairment of trade debtors	The AC reviewed the long outstanding debts to ascertain they are indeed collectable.  Overall, the AC is satisfied that the management has in-place a credit evaluation system before credits are granted to its customers and that there is close monitoring of trade debtors ageing by the management as this in turn will allow the Group to take prompt actions to recover any doubtful debts.
Allowance for slow-moving and obsolete stocks	The AC noted that major suppliers have provided the Group with price protection or stock rotation. Hence, the risks of stock obsolescence are well-controlled.

On behalf of the Audit Committee,

**Kwah Thiam Hock**

Chairman of the Audit Committee  
Singapore

## DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Excelpoint Technology Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

### 1. Opinion of the Directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### 2. Directors

The directors of the Company in office at the date of this statement are:–

Albert Phuay Yong Hen (Chairman and Group CEO)  
 Alan Kwan Wai Loen  
 Tonny Phuay Yong Choon  
 Kwah Thiam Hock  
 Sunny Wong Fook Choy  
 Professor Low Teck Seng  
 Joanne Khoo Su Nee

### 3. Arrangements to enable directors to acquire shares and debentures

Except as described in paragraph 5 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

### 4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company (other than wholly-owned subsidiaries) as stated below:–

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<b>Ordinary shares of the Company</b>				
Albert Phuay Yong Hen	47,915,204	47,915,204	2,598,168	2,598,168
Alan Kwan Wai Loen	6,258,244	6,258,244	–	–
Tonny Phuay Yong Choon	144,800	144,800	–	–
Kwah Thiam Hock	120,000	120,000	–	–
Sunny Wong Fook Choy	140,000	140,000	–	–
Low Teck Seng	120,000	120,000	–	–
Joanne Khoo Su Nee	60,000	60,000	–	–

## DIRECTORS' STATEMENT

#### 4. Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

#### 5. Share plans

##### *Options*

At an Extraordinary General Meeting held on 17 April 2014, shareholders approved the Excelpoint Share Option Scheme (the "ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible directors and group employees.

The ESOS is administered by Albert Phuay Yong Hen, Sunny Wong Fook Choy, Low Teck Seng and Kwah Thiam Hock ("ESOS Committee").

As at the date of this statement and since the commencement of the ESOS until the end of the financial year, no options have been granted under the ESOS.

##### *Eligibility*

Subject to the absolute discretion of the ESOS Committee, the following persons shall be eligible to participate in the ESOS:—

- (a) Confirmed Employees or Associated Company Employees; and
- (b) Non-Executive Directors,

who have attained the age of 21 years on or before the date of grant and are not undischarged bankrupts and who have not entered into a composition with his or her creditors.

Persons who are controlling shareholders or their associates are not eligible to participate in the ESOS.

##### *Performance shares*

The Company has adopted the Excelpoint Performance Share Scheme ("EPSS"), which was approved by the shareholders at the Extraordinary General Meeting held on 25 June 2008 and the Annual General Meeting held on 11 April 2018.

EPSS is administered by Albert Phuay Yong Hen, Kwah Thiam Hock, Sunny Wong Fook Choy and Low Teck Seng ("EPSS Committee").

##### *Eligibility*

The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the EPSS at the absolute discretion of the EPSS Committee:—

- (a) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and
- (b) Non-Executive Directors who have attained the age of 21 years on or before the date of grant of the EPSS.

## DIRECTORS' STATEMENT

### 5. Share plans (cont'd)

#### Performance shares (cont'd)

##### Eligibility (cont'd)

Controlling shareholders and their associates shall be eligible to participate in the EPSS. However, the aggregate number of shares available to controlling shareholders and their associates must not exceed 25% of the shares available under the EPSS. The number of shares available to each controlling shareholder or their associate must also not exceed 10% of the shares available under the EPSS.

During the financial year, the Company has granted 415,500 (2020: 165,400) ordinary shares to its directors and/or employees.

	(1)	(2)	(3)	(4) = (1) – (3)	(5)
Name of director	Number of ordinary shares comprised in EPSS to be issued during financial year under review (including terms)	Aggregate number of ordinary shares comprised in EPSS from commencement of EPSS to the end of financial year under review	Number of ordinary shares comprised in EPSS allotted and/or transferred during the financial year under review	Number of ordinary shares comprised in EPSS not released during financial year under review	Proportion of ordinary shares comprised in EPSS vested during financial year under review
Kwah Thiam Hock	–	120,000	–	–	–
Low Teck Seng	–	120,000	–	–	–
Sunny Wong Fook Choy	–	120,000	–	–	–
Joanne Khoo Su Nee	–	60,000	–	–	–

Since the commencement of the EPSS until the end of the financial year:–

- No performance shares have been granted to the controlling shareholders of the Company and their associates; and
- No participant has received 5% or more of the total performance shares available under the EPSS.

### 6. Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, including the following:–

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's and the Company's management to the internal and external auditors;
- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the internal and external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

## DIRECTORS' STATEMENT

### 6. Audit Committee (cont'd)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

### 7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Albert Phuay Yong Hen  
Director

Alan Kwan Wai Loen  
Director

Singapore  
28 February 2022



# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Excelpoint Technology Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### *Revenue Recognition*

The Group has recognised revenue of US\$1,598.5 million for the financial year ended 31 December 2021. Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer. As the Group uses a variety of shipment terms, incorrect determination of the point at which control of the goods is transferred to customer could affect the timing of revenue recognition. Accordingly, there is a risk that revenue could be recognised in the incorrect period for sales transactions occurring near or at the year-end. As such, we determined this to be a key audit matter.

**INDEPENDENT AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**Key Audit Matters (cont'd)***Revenue Recognition (cont'd)*

As part of our audit procedures, we evaluated the appropriateness of the Group's revenue recognition accounting policies. We obtained an understanding of management's internal controls over the revenue process and evaluated the design and tested operating effectiveness of key controls over revenue recognition. We analysed the monthly trends and compared to prior year to determine whether the analyses are in line with our expectations based on our understanding of the Group's business taking into consideration of the current economic environment. We reviewed and discussed with management any unusual sales trends near the year-end. In addition, we performed year-end sales cut-off procedures focusing on material sales transactions near or at year-end, and reviewed material credit notes issued to customers subsequent to year-end. We also considered the results of confirmations requested from a sample of customers on the outstanding debts. On a sampling basis, we tested revenue by tracing to customers' purchase orders and proof of delivery to ensure that revenue and related trade debtors were recorded in the correct period taking into account the terms and conditions of the sales, including the shipping terms. We also considered the adequacy of the disclosures in respect of revenues in Note 4.

*Impairment of Trade Debtors*

As at 31 December 2021, the Group has gross trade debtors of US\$204.2 million with allowance for expected credit loss of US\$0.5 million. The Group uses a provision matrix to calculate expected credit losses for trade debtors, which is determined based on the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information. The assessment of correlation between historical observed default rates, forecast economic conditions and expected credit losses require management to exercise significant judgement. As such, we determined that this is a key audit matter.

We obtained an understanding of the management's processes and controls relating to the monitoring of trade debtors and review of credit risks of customers. Our audit procedures included, amongst others, requesting confirmation of trade debtors' balances and tracing to cash receipts from the trade debtors after the year-end. We also tested the reasonableness of management's assumptions used to develop the provision matrix, through analyses of ageing of trade debtors and historical credit loss experience, assessment of material overdue individual trade debtors, and comparison to forward-looking macroeconomic factors affecting the recoverability of the trade debtors taking into consideration of the current economic situation. We considered the adequacy of the Group's disclosures in respect of trade debtors in Note 15 and the related risks such as credit risk in Note 26(a).

*Allowance for Slow-moving and Obsolete Stocks*

As at 31 December 2021, the Group has gross stocks of US\$215.8 million, with allowance for slow-moving and obsolete stocks of US\$4.4 million. Stocks balances comprise trading stocks. The determination of allowance for slow-moving and obsolete stocks requires management to exercise judgement in identifying slow-moving and obsolete stocks and make estimates of their realisable value to determine the appropriate level of allowance required. This process involves management to consider the different stock rotation and price protection arrangements with certain suppliers. This process is also subject to uncertainty arising from rapid technological changes given the nature of the Group's stocks. As such, we determined that this is a key audit matter.

As part of our audit procedures, we evaluated the analyses and assessments made by management with respect to the carrying value of stocks and the identification of slow-moving and obsolete stocks, and the expected demand and net realisable value of the stocks. We tested the net realisable values of the stocks on a sampling basis by comparing the carrying values of the stocks to the latest selling prices. We attended and observed management's physical stock count process at material stock locations, including their process over the identification of slow-moving and obsolete stocks. We also inquired management to obtain an understanding of the terms of the different stock rotation and price protection arrangements that the Group has with its suppliers, and corroborated against our understanding by performing a review of the significant terms and conditions in supplier contracts. The Group's disclosure relating to stocks are included in Note 16.



# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yee Woon Yim.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
28 February 2022



# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 US\$'000	Group 2020 US\$'000
Revenue	4	1,598,467	1,108,638
Cost of sales		(1,496,649)	(1,048,356)
<b>Gross profit</b>		101,818	60,282
Other income	5	980	2,701
Sales and distribution costs		(46,634)	(31,584)
General and administrative expenses		(24,615)	(16,403)
Finance costs	6	(2,383)	(2,924)
Impairment losses on financial assets	7	(59)	(7)
<b>Profit before tax</b>	7	29,107	12,065
Income tax expense	8	(4,585)	(1,726)
<b>Profit for the year attributable to equity holders of the Company</b>		24,522	10,339
<b>Basic and diluted earnings per share attributable to equity holders of the Company (cents per share)</b>	9	20.44	8.63

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group	
	2021 US\$'000	2020 US\$'000
<b>Profit for the year</b>	24,522	10,339
<b>Other comprehensive income:-</b>		
<i>Items that will not be reclassified subsequently to profit or loss:-</i>		
Net fair value gain on equity securities at FVOCI	687	19
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
Foreign currency translation	7	195
<b>Other comprehensive income for the year, net of tax</b>	694	214
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>	25,216	10,553

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	3,818	2,794	–	–
Right-of-use assets	11	5,851	6,921	–	–
Intangible assets	12	752	752	–	–
Investments in subsidiaries	13	–	–	27,878	27,878
Other investments	14	3,812	3,239	907	762
Deferred tax assets	21	98	87	–	–
		<u>14,331</u>	<u>13,793</u>	<u>28,785</u>	<u>28,640</u>
<b>Current assets</b>					
Trade and other debtors	15	219,348	172,226	9,959	8,642
Prepayments		491	315	2	2
Stocks	16	211,396	179,907	–	–
Cash and short-term deposits	18	34,146	39,174	8,224	6,157
		<u>465,381</u>	<u>391,622</u>	<u>18,185</u>	<u>14,801</u>
<b>Total assets</b>		<u>479,712</u>	<u>405,415</u>	<u>46,970</u>	<u>43,441</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other creditors	19	268,387	217,392	6,535	2,148
Contract liabilities	4	11,654	9,094	–	–
Interest-bearing loans and borrowings	20	72,034	79,023	–	–
Lease liabilities	11	2,425	2,338	–	–
Income tax payable		4,039	1,943	62	40
		<u>358,539</u>	<u>309,790</u>	<u>6,597</u>	<u>2,188</u>
<b>Net current assets</b>		<u>106,842</u>	<u>81,832</u>	<u>11,588</u>	<u>12,613</u>
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	20	8,284	3,199	–	–
Lease liabilities	11	4,044	5,111	–	–
		<u>12,328</u>	<u>8,310</u>	<u>–</u>	<u>–</u>
<b>Total liabilities</b>		<u>370,867</u>	<u>318,100</u>	<u>6,597</u>	<u>2,188</u>
<b>Net assets</b>		<u>108,845</u>	<u>87,315</u>	<u>40,373</u>	<u>41,253</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital	22	39,483	39,106	39,483	39,106
Revenue reserves		67,914	47,455	142	1,544
Other reserves	23	1,448	754	748	603
<b>Total equity</b>		<u>108,845</u>	<u>87,315</u>	<u>40,373</u>	<u>41,253</u>
<b>Total equity and liabilities</b>		<u>479,712</u>	<u>405,415</u>	<u>46,970</u>	<u>43,441</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to equity holders of the Company								
		Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Revenue reserve US\$'000	Other reserves, total US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Other capital reserve US\$'000
<b>Opening balance at 1 January 2021</b>		87,315	39,106	–	47,455	754	265	25	237	227
Profit for the year		24,522	–	–	24,522	–	–	–	–	–
<u>Other comprehensive income:–</u>										
Foreign currency translation		7	–	–	–	7	–	–	7	–
Net fair value gain on equity securities at FVOCI		687	–	–	–	687	687	–	–	–
<b>Other comprehensive income for the year, net of tax</b>		694	–	–	–	694	687	–	7	–
<b>Total comprehensive income for the year</b>		25,216	–	–	24,522	694	687	–	7	–
<u>Contributions by and distributions to owners:–</u>										
Dividends on ordinary shares	30	(4,063)	–	–	(4,063)	–	–	–	–	–
Grant of equity-settled share awards under EPSS	22(a)	377	377	–	–	–	–	–	–	–
<b>Total contributions by and distributions to owners</b>		(3,686)	377	–	(4,063)	–	–	–	–	–
<b>Closing balance at 31 December 2021</b>		<u>108,845</u>	<u>39,483</u>	<u>–</u>	<u>67,914</u>	<u>1,448</u>	<u>952</u>	<u>25</u>	<u>244</u>	<u>227</u>

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to equity holders of the Company								
		Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Revenue reserve US\$'000	Other reserves, total US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Other capital reserve US\$'000
<b>Opening balance at 1 January 2020</b>		76,712	39,056	–	37,116	540	246	25	42	227
Profit for the year		10,339	–	–	10,339	–	–	–	–	–
<u>Other comprehensive income:–</u>										
Foreign currency translation		195	–	–	–	195	–	–	195	–
Net fair value gain on equity securities at FVOCI		19	–	–	–	19	19	–	–	–
<b>Other comprehensive income for the year, net of tax</b>		214	–	–	–	214	19	–	195	–
<b>Total comprehensive income for the year</b>		10,553	–	–	10,339	214	19	–	195	–
<u>Contributions by and distributions to owners:–</u>										
Purchase of treasury shares	22(b)	(5)	–	(5)	–	–	–	–	–	–
Grant of equity-settled share awards under EPSS	22(a)	55	50	5	–	–	–	–	–	–
<b>Total contributions by and distributions to owners</b>		50	50	–	–	–	–	–	–	–
<b>Closing balance at 31 December 2020</b>		<u>87,315</u>	<u>39,106</u>	<u>–</u>	<u>47,455</u>	<u>754</u>	<u>265</u>	<u>25</u>	<u>237</u>	<u>227</u>

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Attributable to equity holders of the Company						
		Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Revenue reserve US\$'000	Other reserves, total US\$'000	Fair value reserve US\$'000	Other capital reserve US\$'000
<b>Opening balance at 1 January 2021</b>		41,253	39,106	–	1,544	603	376	227
Profit for the year		2,661	–	–	2,661	–	–	–
Other comprehensive income for the year, net of tax:–								
Net fair value gain on equity securities at FVOCI		145	–	–	–	145	145	–
<b>Total comprehensive income for the year</b>		2,806	–	–	2,661	145	145	–
Contributions by and distributions to owners:–								
Dividends on ordinary shares	30	(4,063)	–	–	(4,063)	–	–	–
Grant of equity-settled share awards under EPSS	22(a)	377	377	–	–	–	–	–
<b>Total contributions by and distributions to owners</b>		(3,686)	377	–	(4,063)	–	–	–
<b>Closing balance at 31 December 2021</b>		<u>40,373</u>	<u>39,483</u>	<u>–</u>	<u>142</u>	<u>748</u>	<u>521</u>	<u>227</u>
<b>Opening balance at 1 January 2020</b>		40,911	39,056	–	1,382	473	246	227
Profit for the year		162	–	–	162	–	–	–
Other comprehensive income for the year, net of tax:–								
Net fair value gain on equity securities at FVOCI		130	–	–	–	130	130	–
<b>Total comprehensive income for the year</b>		292	–	–	162	130	130	–
Contributions by and distributions to owners:–								
Purchase of treasury shares	22(b)	(5)	–	(5)	–	–	–	–
Grant of equity-settled share awards under EPSS	22(a)	55	50	5	–	–	–	–
<b>Total contributions by and distributions to owners</b>		50	50	–	–	–	–	–
<b>Closing balance at 31 December 2020</b>		<u>41,253</u>	<u>39,106</u>	<u>–</u>	<u>1,544</u>	<u>603</u>	<u>376</u>	<u>227</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**CONSOLIDATED  
CASH FLOW STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021 US\$'000	2020 US\$'000
<b>Operating activities</b>			
Profit before tax		29,107	12,065
<u>Adjustments for:–</u>			
Interest income	5	(320)	(205)
Interest expense	6	2,383	2,924
Depreciation of property, plant and equipment	10	994	1,287
Depreciation of right-of-use assets	11	2,345	2,429
Dividend income from equity security	5	(51)	(43)
Net (gain)/loss on disposal of property, plant and equipment	7	(49)	5
Property, plant and equipment written off	7	–	6
Net gain on disposal of right-of-use asset	7	(1)	–
Net fair value loss on financial assets at fair value through profit or loss	7	219	14
Net impairment losses on trade debtors	15	59	7
Net stock written down	16	2,052	1,286
Net fair value loss on derivatives	7	–	3
Unrealised foreign exchange gain		(107)	–
Share-based payments under EPSS	7	377	55
<b>Operating cash flows before changes in working capital</b>		<b>37,008</b>	<b>19,833</b>
<u>Changes in working capital:–</u>			
Increase in stocks		(33,541)	(33,818)
Increase in trade and other debtors and prepayments		(47,357)	(13,745)
Increase in trade and other creditors and contract liabilities		53,575	82,124
<b>Cash flows generated from operations</b>		<b>9,685</b>	<b>54,394</b>
Interest received		314	205
Interest paid		(2,403)	(2,924)
Income tax paid		(2,500)	(1,534)
<b>Net cash flows generated from operating activities</b>		<b>5,096</b>	<b>50,141</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	10	(2,233)	(936)
Proceeds from disposal of property, plant and equipment		254	44
Purchase of other investments	27(d)	(150)	(250)
Dividend income from equity security		51	43
<b>Net cash flows used in investing activities</b>		<b>(2,078)</b>	<b>(1,099)</b>
<b>Financing activities</b>			
Payment of principal portion of lease liabilities	20	(2,269)	(2,003)
Proceeds from bank loans		7,489	3,782
Repayment of bank loans		(568)	(3,000)
Net repayment of bills payable		(8,658)	(23,203)
Purchase of treasury shares	22(b)	–	(5)
Dividend paid on ordinary shares	30	(4,063)	–
<b>Net cash flows used in financing activities</b>		<b>(8,069)</b>	<b>(24,429)</b>
Net (decrease)/increase in cash and cash equivalents		(5,051)	24,613
Effects of exchange rate changes on cash and cash equivalents		23	78
Cash and cash equivalents at 1 January		39,174	14,483
<b>Cash and cash equivalents at 31 December</b>	18	<b>34,146</b>	<b>39,174</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 1. Corporate information

Excelpoint Technology Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 15 Changi Business Park Central 1, #06-00, Singapore 486057.

The principal activities of the Company are that of an investment holding company and the provision of support services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 13.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollar ("USD" or "US\$") and all values in the tables are rounded to the nearest thousand ("US\$'000") except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:–

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 1-1 and FRS Practice Statement 2 – <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8 – <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12 – <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 – <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Summary of significant accounting policies (cont'd)

### 2.4 Basis of consolidation and business combinations

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

#### (b) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Summary of significant accounting policies (cont'd)

#### 2.5 Foreign currency

The financial statements are presented in USD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

##### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

##### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

#### 2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:–

Furniture and fittings	–	3 – 5 years
Office equipment	–	3 – 5 years
Motor vehicles	–	4 – 10 years
Computers and IT equipment	–	1 – 3 years
Renovations	–	the shorter of remaining lease term and 5 years

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Computers and IT equipment which are under development are included in property, plant and equipment. These items are not depreciated.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Summary of significant accounting policies (cont'd)

### 2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

#### *Club memberships*

Club memberships were acquired separately. The useful lives of the memberships are estimated to be indefinite because these are lifetime memberships with no dates of expiry.

### 2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Summary of significant accounting policies (cont'd)

#### 2.10 Financial instruments

##### (a) Financial assets

###### Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade debtors are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade debtors do not contain a significant financing component at initial recognition.

###### Subsequent measurement

###### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement categories for classification of debt instruments are:-

###### (i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

###### (ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss ("FVPL"). A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

###### Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

###### Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Summary of significant accounting policies (cont'd)

### 2.10 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

#### (b) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a "lifetime ECL").

For trade debtors, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Summary of significant accounting policies (cont'd)

#### 2.11 *Impairment of financial assets (cont'd)*

The Group considers a financial asset in default when contractual payment is 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### 2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits.

#### 2.13 *Stocks*

Stocks are stated at the lower of cost and net realisable value. Costs incurred in bringing the stocks to their present location and condition are accounted for at purchase costs on a first-in first-out basis for trading stocks.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of stocks to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

#### 2.14 *Provisions*

##### *General*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.15 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

#### 2.16 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.11 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Summary of significant accounting policies (cont'd)

### 2.17 *Employee benefits*

#### (a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore and Hong Kong companies in the Group make contributions to the Central Provident Fund scheme in Singapore and the Mandatory Provident Fund scheme in Hong Kong, respectively which are defined contribution pension schemes. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

#### (c) *Equity-settled share-based payment transactions*

Employees of the Group receive remuneration in the forms of share options and performance shares as consideration for services rendered.

In the case of share options granted, the cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

In the case of performance shares awarded, the cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the performance shares at the date on which the performance shares are awarded. This cost is recognised in profit or loss on the award date as the performance shares awarded vest immediately.

### 2.18 *Borrowing costs*

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.19 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *As a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**2. Summary of significant accounting policies (cont'd)**

**2.19 Leases (cont'd)**

***As a lessee (cont'd)***

(i) ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:–

Buildings	–	2 – 8 years
Office equipment	–	2 – 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.8.

(ii) ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Summary of significant accounting policies (cont'd)

### 2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (a) *Sale of electronics equipment, electrical components and accessories*

The Group supplies electronics equipment, electrical components and accessories for manufacturers and distributions channels.

Revenue is recognised when the control of goods is transferred to the customer, generally on delivery of goods to the customer. Certain goods are sold with retrospective volume discounts based on the aggregate sales over a period of time.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price and net of the estimated volume discounts and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises the expected volume discounts payable to customer where consideration have been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.

#### Consignment arrangements

In consignment arrangements, although the good has been delivered to the customer, the Group retains control of the good and satisfies its performance obligation only upon the utilisation of the good by the customer.

#### (b) *Commission income*

The Group acts as an agent to provide a service of arranging for another party to transfer goods or services to a customer. The Group recognises a commission fee, being the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that entity.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Summary of significant accounting policies (cont'd)

#### 2.21 Taxes

##### (a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### (b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:-

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:-

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. Summary of significant accounting policies (cont'd)

### 2.21 Taxes (cont'd)

#### (b) *Deferred tax (cont'd)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

#### (c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:–

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.22 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 2.23 *Treasury shares*

The Group's own equity instruments, which are reacquired ("treasury shares") are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

### 2.24 *Contingencies*

A contingent liability is:–

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) A present obligation that arises from past events but is not recognised because:–
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### 3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### (a) Provision for expected credit losses of trade debtors

The Group uses a provision matrix to calculate ECLs for trade debtors. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade debtors is disclosed in Note 26(a).

The carrying amount of trade debtors at the end of the reporting period is disclosed in Note 15.

##### (b) Allowance for slow-moving and obsolete stocks

The Group carries out stocks review on a product-by-product basis to determine the allowance for slow-moving and obsolete stocks and whether stocks are stated at the lower of cost and net realisable value. For the purpose of determining whether stocks are stated at the lower of cost and net realisable value, management's estimates of the net realisable value of the stocks at the end of the reporting period are based primarily on the latest selling prices and the market conditions. The carrying amount of the Group's stocks stated at net realisable value at the end of the reporting period is disclosed in Note 16.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. Revenue

### (a) Disaggregation of revenue

	Hong Kong Business Unit		Singapore Business Unit		Total revenue	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Primary geographical markets:–</b>						
Hong Kong/The People's Republic of China	904,297	615,947	304,371	238,530	1,208,668	854,477
Southeast Asia	–	–	228,872	167,806	228,872	167,806
India	–	–	111,126	35,479	111,126	35,479
Others	–	–	49,801	50,876	49,801	50,876
	<u>904,297</u>	<u>615,947</u>	<u>694,170</u>	<u>492,691</u>	<u>1,598,467</u>	<u>1,108,638</u>
<b>Major product or service lines:–</b>						
Electronics equipment, electrical components and accessories for manufacturers and distribution channels	904,296	615,943	694,170	492,686	1,598,466	1,108,629
Commission income	1	4	–	5	1	9
	<u>904,297</u>	<u>615,947</u>	<u>694,170</u>	<u>492,691</u>	<u>1,598,467</u>	<u>1,108,638</u>
<b>Timing of transfer of goods or services:–</b>						
At a point in time	<u>904,297</u>	<u>615,947</u>	<u>694,170</u>	<u>492,691</u>	<u>1,598,467</u>	<u>1,108,638</u>

### (b) Judgement and methods used in estimating revenue

#### Estimating variable consideration of sale of electronics equipment, electrical components and accessories

In estimating the variable consideration, the Group uses the most likely amount method to predict the volume discounts by the different product types.

Management has exercised judgement in applying the constraint on the estimated variable consideration that can be included in the transaction price.

### (c) Contract balances

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:–

	Note	Group	
		2021 US\$'000	2020 US\$'000
Receivables from contracts with customers	15	203,706	162,751
Contract liabilities		<u>11,654</u>	<u>9,094</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**4. Revenue (cont'd)**

(c) **Contract balances (cont'd)**

The Group has recognised net impairment losses on receivables arising from contracts with customers amounting to US\$59,000 (2020: US\$7,000) for the financial year ended 31 December 2021.

Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers. Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant changes in contract liabilities are explained as follows:–

	Group	
	2021 US\$'000	2020 US\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	7,364	2,932

**5. Other income**

The following items have been included in arriving at other income:–

	Group	
	2021 US\$'000	2020 US\$'000
Government grants	528	2,206
Interest income from debt instruments at amortised cost	314	205
Interest income from debt security at FVPL	6	–
Dividend income from equity security at FVOCI	51	43

Government grants mainly relate to cash grants received from the governments in Singapore and Hong Kong to help businesses deal with the impact from COVID-19.

**6. Finance costs**

	Group	
	2021 US\$'000	2020 US\$'000
Interest expense on bank loans and borrowings, carried at amortised cost	(2,142)	(2,748)
Interest expense on lease liabilities, carried at amortised cost	(241)	(176)
	<u>(2,383)</u>	<u>(2,924)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 7. Profit before tax and impairment losses on financial assets

The following items have been included in arriving at profit before tax:–

	Note	Group	
		2021 US\$'000	2020 US\$'000
Stocks recognised as an expense in cost of sales	16	(1,494,673)	(1,047,009)
Net gain/(loss) on disposal of property, plant and equipment		49	(5)
Net gain on disposal of right-of-use asset		1	–
Property, plant and equipment written off		–	(6)
Depreciation of property, plant and equipment	10	(994)	(1,287)
Depreciation of right-of-use assets	11	(2,345)	(2,429)
Net fair value loss on financial assets at FVPL	27(d)	(219)	(14)
Net foreign exchange gain		806	1,138
Net fair value loss on derivatives		–	(3)
Impairment losses on financial assets – trade debtors	15	(59)	(7)
Employee benefits expenses (including directors):–			
– Salaries and bonuses		(48,078)	(30,108)
– Contributions to defined contribution plans		(4,841)	(2,841)
– Other short-term benefits		(1,366)	(1,540)
– Share-based payments under EPSS		(377)	(55)
Audit fees:–			
– Auditor of the Company		(120)	(100)
– Member firms of EY Global		(112)	(106)
– Other auditors		(2)	(4)
Non-audit fees:–			
– Auditor of the Company		(56)	(55)
– Member firms of EY Global		(1)	–
– Other auditors		(83)	(7)
Expense relating to short-term leases	11	(176)	(177)
Expense relating to low-value assets	11	(35)	(155)

## 8. Income tax expense

### (a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2021 and 2020 are:–

	Note	Group	
		2021 US\$'000	2020 US\$'000
<b>Consolidated income statement:–</b>			
Current income tax			
Current year		(4,808)	(2,079)
Over provision in respect of previous years		212	353
		(4,596)	(1,726)
Deferred income tax			
Origination and reversal of temporary differences	21	11	–
Income tax expense recognised in profit or loss		(4,585)	(1,726)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**8. Income tax expense (cont'd)**

(b) ***Relationship between income tax expense and accounting profit***

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rate for the financial years ended 31 December 2021 and 2020 is as follows:–

	Group	
	2021 US\$'000	2020 US\$'000
Profit before tax	29,107	12,065
Tax at the tax rate of 17% (2020: 17%)	(4,948)	(2,051)
Adjustments:–		
Non-deductible expenses	(674)	(447)
Income not subject to taxation	102	347
Effect of partial tax exemption, tax relief, tax rebates and tax incentives	541	13
Difference in tax rates of subsidiaries*	(81)	(175)
Over provision in respect of previous years	212	353
Benefits from previously unrecognised deferred tax assets	432	667
Deferred tax assets not recognised	(205)	(434)
Others	36	1
Income tax expense recognised in profit or loss	(4,585)	(1,726)

\* The Group is subjected to income taxes in Singapore and numerous jurisdictions, including Hong Kong (16.5%) and China (25%).

A subsidiary has been granted a tax incentive under the Singapore Global Trader Programme (“GTP”) for a period of five years from 1 January 2019 to 31 December 2023. The qualifying income derived by the subsidiary from qualifying transactions is taxed at concessionary tax rate of 10%.

**9. Earnings per share**

Basic earnings per share are calculated by dividing profit, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

As there were no share options and warrants granted, the basic and diluted earnings per share are the same.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December 2021 and 2020:–

	Group	
	2021	2020
Profit for the year attributable to equity holders of the Company used in the computation of basic and diluted earnings per share (US\$'000)	24,522	10,339
Weighted average number of ordinary shares for basic and diluted earnings per share computation* ('000)	119,952	119,762

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares and other share issuance transactions.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. Property, plant and equipment

Group	Furniture and fittings US\$'000	Office equipment US\$'000	Motor vehicles US\$'000	Computers and IT equipment <sup>(1)</sup> US\$'000	Renovations US\$'000	Total US\$'000
<b>Cost:–</b>						
At 1 January 2020	755	3,033	2,010	4,285	2,854	12,937
Additions	3	96	–	387	450	936
Write-offs	(3)	(17)	(16)	(88)	(39)	(163)
Disposals	(65)	(183)	(64)	(8)	(197)	(517)
Exchange differences	–	(1)	–	(2)	(4)	(7)
At 31 December 2020 and 1 January 2021	690	2,928	1,930	4,574	3,064	13,186
Additions	23	68	1,600	453	89	2,233
Write-offs	–	(5)	–	(286)	(8)	(299)
Disposals	–	–	(1,139)	(2)	–	(1,141)
Exchange differences	–	(2)	–	(1)	(13)	(16)
At 31 December 2021	713	2,989	2,391	4,738	3,132	13,963
<b>Accumulated depreciation:–</b>						
At 1 January 2020	577	2,695	956	3,193	2,314	9,735
Depreciation charge for the year	66	149	202	632	238	1,287
Write-offs	(3)	(16)	(12)	(88)	(38)	(157)
Disposals	(62)	(178)	(23)	(8)	(197)	(468)
Exchange differences	–	–	–	(1)	(4)	(5)
At 31 December 2020 and 1 January 2021	578	2,650	1,123	3,728	2,313	10,392
Depreciation charge for the year	50	162	212	281	289	994
Write-offs	–	(5)	–	(286)	(8)	(299)
Disposals	–	–	(935)	(1)	–	(936)
Exchange differences	–	(1)	–	(1)	(4)	(6)
At 31 December 2021	628	2,806	400	3,721	2,590	10,145
<b>Net carrying amount:–</b>						
At 31 December 2020	112	278	807	846	751	2,794
At 31 December 2021	85	183	1,991	1,017	542	3,818

<sup>(1)</sup> At the end of the reporting period, US\$442,000 (2020: US\$313,000) included in computers and IT equipment are not depreciated as these assets are under development.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**11. Leases**

***As a lessee***

The Group has lease contracts for various items of buildings and office equipment used in its operations. Leases of building and office equipment generally have lease terms between one month and 8 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are lease contracts that include extension options, which are further discussed below.

The Group also has certain leases of buildings and office equipment with lease terms of 12 months or less and with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:-

Group	Buildings US\$'000	Office equipment US\$'000	Total US\$'000
At 1 January 2020	3,617	27	3,644
Additions	5,668	49	5,717
Depreciation expense	(2,415)	(14)	(2,429)
Exchange differences	(11)	-	(11)
At 31 December 2020 and 1 January 2021	6,859	62	6,921
Additions	1,298	-	1,298
Disposals	(8)	-	(8)
Depreciation expense	(2,332)	(13)	(2,345)
Exchange differences	(15)	-	(15)
At 31 December 2021	5,802	49	5,851

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:-

	Note	Group	
		2021 US\$'000	2020 US\$'000
At 1 January		7,449	3,735
Additions		1,298	5,717
Accretion of interest	6	241	176
Payments		(2,510)	(2,179)
Disposal		(9)	-
At 31 December		6,469	7,449

	Maturity	Group	
		2021 US\$'000	2020 US\$'000
Current	2022	2,425	2,338
Non-current	2023 – 2031	4,044	5,111
Total lease liabilities		6,469	7,449

The maturity analysis of lease liabilities is disclosed in Note 26(b).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 11. Leases (cont'd)

### As a lessee (cont'd)

Lease liabilities denominated in foreign currencies as at 31 December are as follows:-

	Group	
	2021 US\$'000	2020 US\$'000
Singapore Dollar	1,523	2,308
Hong Kong Dollar	653	326
Chinese Renminbi	3,577	4,469
Indian Rupee	620	236
	1,523	2,308

The following are the amounts recognised in profit or loss:-

	Note	Group	
		2021 US\$'000	2020 US\$'000
Depreciation of right-of-use assets		2,345	2,429
Interest expense on lease liabilities	6	241	176
Expense relating to short-term leases (included in sales and distribution costs and general and administrative expenses)	7	176	177
Expense relating to leases of low-value assets (included in sales and distribution costs and general and administrative expenses)	7	35	155
Total amount recognised in profit or loss		2,797	2,937

The Group had total cash outflows for leases of US\$2,721,000 (2020: US\$2,511,000) in 2021. The Group also had non-cash additions to right-of-use assets and lease liabilities of US\$1,298,000 (2020: US\$5,717,000) in 2021.

The Group has lease contracts that include extension options. These options provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:-

	Group	
	2021 US\$'000	2020 US\$'000
<b>Within five years</b>		
Extension options expected not to be exercised	2,338	2,389

## 12. Intangible assets

Group	Club memberships US\$'000
<b>Cost:-</b>	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	752

During the financial years ended 31 December 2021 and 2020, there has been no impairment loss recognised to write-down the carrying amount of club memberships.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**13. Investments in subsidiaries**

	Company	
	2021 US\$'000	2020 US\$'000
Unquoted equity shares, at cost	27,878	27,878

There was no change in investments in subsidiaries held by the Company in 2021 and 2020.

The Group has the following investments in subsidiaries.

Name	Principal place of business	Principal activities	Proportion of ownership interest	
			2021 %	2020 %
<b><i>Held by the Company</i></b>				
Excelpoint Systems (Pte) Ltd <sup>(1)</sup>	Singapore	Trading of electronic components	100	100
Excelpoint Systems (H.K.) Limited <sup>(2)</sup>	Hong Kong	Trading of electronic components	100	100
PlanetSpark Pte. Ltd. <sup>(1)</sup>	Singapore	Electronics-related industrial design services and investment holding company	100	100
<b><i>Held by Excelpoint Systems (Pte) Ltd</i></b>				
Excelpoint Systems Sdn. Bhd. <sup>(3)</sup>	Malaysia	Trading of electronic components	100	100
Excelpoint Systems (India) Private Limited <sup>(2)</sup>	India	Provision of marketing support services and technical support services	100	100
Excelpoint Systems (USA) Inc. <sup>(5)</sup>	United States of America	Provision of marketing support services and technical support services	100	100
<b><i>Held by Excelpoint Systems (H.K.) Limited</i></b>				
Excelpoint International Trading (Shanghai) Co., Ltd. <sup>(2)</sup>	The People's Republic of China	Trading of electronic components	100	100
Synergy Electronics (Shenzhen) Co., Ltd. <sup>(4)</sup>	The People's Republic of China	Trading of electronic components	100	100
Synergy Electronics (H.K.) Limited <sup>(2)</sup>	Hong Kong	Trading of electronic components	100	100

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore.

<sup>(2)</sup> Audited by member firms of EY Global in the respective countries.

<sup>(3)</sup> Audited by Yong & Leonard Chartered Accountants, Malaysia.

<sup>(4)</sup> Audited by Shenzhen Yida Certified Public Accountants Co., Ltd, The People's Republic of China.

<sup>(5)</sup> Not required to be audited by the laws of country of incorporation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. Other investments

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>At fair value through profit or loss:-</b>				
– Debt securities (unquoted)	–	477	–	–
<b>At fair value through other comprehensive income:-</b>				
– Equity security (quoted)	907	762	907	762
– Equity security (unquoted)	2,905	2,000	–	–
Total financial assets at FVOCI	3,812	2,762	907	762
Total other investments	3,812	3,239	907	762

### *Investments in equity instruments designated at fair value through other comprehensive income*

The Group has elected to measure its equity securities at FVOCI due to the Group's intention to hold the equity instruments for long-term appreciation.

During the financial year, the Group converted US\$250,000 (2020: US\$Nil) of unquoted debt securities and invested additional US\$156,000 (2020: US\$Nil) in unquoted equity security. There was no disposal of investment in equity instruments in 2021 and 2020.

The Group recognised a dividend income of US\$51,000 (2020: US\$43,000) (Note 5) from quoted equity security during the financial year.

## 15. Trade and other debtors

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Trade debtors		203,706	162,751	–	–
Bills receivable		10,674	4,952	–	–
Deposits		3,534	668	–	–
Staff loans		6	9	–	–
Loans to subsidiaries		–	–	7,900	7,000
Amounts due from subsidiaries		–	–	2,059	1,642
Other debtors		1,428	3,846	–	–
Total trade and other debtors		219,348	172,226	9,959	8,642
<i>Add:</i> Cash and short-term deposits	18	34,146	39,174	8,224	6,157
<i>Less:</i> Non-refundable deposits		(5)	(15)	–	–
<i>Less:</i> Other taxes receivable		(1,126)	(1,149)	–	–
Total financial assets carried at amortised cost		252,363	210,236	18,183	14,799

**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. Trade and other debtors (cont'd)**

**Trade debtors**

Trade debtors are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

At the end of the reporting period, trade debtors arising from export sales amounting to US\$10,859,000 (2020: US\$1,051,000) are arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based.

**Bills receivable**

Bills receivable have an average maturity of one to six months (2020: One to six months) from the end of the reporting period.

**Related party balances and staff loans**

- Loans to subsidiaries are unsecured, bear interest ranging from 1.14% to 1.99% (2020: 1.34% to 1.99%) per annum, repayable on demand and are to be settled in cash. Loans to subsidiaries are denominated in USD.
- Amounts due from subsidiaries are non-trade related, repayable on demand, unsecured, non-interest bearing and are to be settled in cash. Amounts due from subsidiaries are denominated in USD.
- Staff loans are unsecured, non-interest bearing and have fixed repayment schedule.

Trade and other debtors denominated in foreign currencies as at 31 December are as follows:–

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Singapore Dollar	718	1,188	–	–
Hong Kong Dollar	126	127	–	–
Chinese Renminbi	37,575	26,018	–	–
Indian Rupee	129	202	–	–
Others	70	89	–	–

**Expected credit losses ("ECL")**

The movement in allowance for expected credit losses of trade debtors computed based on lifetime ECL are as follows:–

	Group	
	2021 US\$'000	2020 US\$'000
<u>Movement in allowance accounts:–</u>		
At 1 January	(863)	(916)
Charge for the financial year	(75)	(406)
Reversals	16	399
Write-offs	421	60
At 31 December	(501)	(863)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 16. Stocks

	Note	Group 2021 US\$'000	Group 2020 US\$'000
<b>Balance sheet:-</b>			
Trading stocks		211,396	179,907
<b>Consolidated income statement:-</b>			
Stocks recognised as an expense in cost of sales	7	(1,494,673)	(1,047,009)
Inclusive of the following credit/(charge):-			
– Stocks written down		(6,334)	(3,252)
– Reversal of stocks written down		4,282	1,966

The reversal of stocks written down were made when the related stocks were sold above their carrying amounts in 2021 and 2020.

## 17. Derivatives

	Note	Group 2021		Group 2020	
		Contract/ Notional amount US\$'000	Assets US\$'000	Contract/ Notional amount US\$'000	Assets US\$'000
Interest rate cap contracts		–	–	20,000	–
Add: Debt securities at FVPL	14		–		477
Total financial assets at FVPL			–		477

Interest rate cap contracts are used to hedge interest rate risk arising from the Group's interest-bearing loans and borrowings. The interest rate cap contracts receive interest monthly when the interest rate exceeds the agreed strike price and mature in May 2021.

## 18. Cash and short-term deposits

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Cash at bank and on hand	32,734	37,258	8,224	6,157
Short-term deposits	1,412	1,916	–	–
Cash and short-term deposits, representing cash and cash equivalents per consolidated cash flow statement	34,146	39,174	8,224	6,157

Cash at banks earns interest at floating rates based on daily bank deposit rates.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**18. Cash and short-term deposits (cont'd)**

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2021 for the Group were 1.1% (2020: 1.1%) per annum.

Cash and cash equivalents of US\$10,096,000 (2020: US\$9,312,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported.

Cash and short-term deposits denominated in foreign currencies as at 31 December are as follows:-

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Singapore Dollar	188	737	40	194
Hong Kong Dollar	415	836	-	-
Chinese Renminbi	10,106	9,334	-	-
Others	854	468	3	3

**19. Trade and other creditors**

	Note	Group		Company	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Trade creditors		233,414	198,351	-	-
Other creditors		7,648	4,183	67	54
Accrued operating expenses		27,325	14,858	6,468	2,094
Total trade and other creditors		268,387	217,392	6,535	2,148
Add: Interest-bearing loans and borrowings	20	80,318	82,222	-	-
Add: Lease liabilities	11	6,469	7,449	-	-
Less: Other taxes payable		(4,148)	(3,164)	(44)	(44)
Total financial liabilities carried at amortised cost		351,026	303,899	6,491	2,104

**Trade creditors/other creditors**

Trade creditors/other creditors are non-interest bearing and are normally settled on 30 to 90 days' terms.

Trade and other creditors denominated in foreign currencies as at 31 December are as follows:-

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Singapore Dollar	10,521	4,696	6,535	2,148
Hong Kong Dollar	9,154	2,524	-	-
Chinese Renminbi	8,017	7,525	-	-
Indian Rupee	4,360	3,249	-	-
Others	127	168	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 20. Interest-bearing loans and borrowings

	Maturity	Group	
		2021 US\$'000	2020 US\$'000
<b>Current:–</b>			
Bills payable, unsecured	2022	69,782	78,440
Temporary bridging loan, unsecured	2022	2,252	583
		<u>72,034</u>	<u>79,023</u>
<b>Non-current:–</b>			
Temporary bridging loan, unsecured	2026	8,284	3,199
Total interest-bearing loans and borrowings		<u>80,318</u>	<u>82,222</u>

### ***Bills payable, unsecured***

Bills payables are unsecured, denominated in USD and bear interest ranging from 0.75% to 1.9% (2020: 0.75% to 2.0%) above the banks' cost of funds or interbank offer rates per annum.

### ***Temporary bridging loan***

Temporary bridging loan is unsecured, bears interest of 2.00% (2020: 2.00%) per annum and is fully repayable in 2026. This loan is denominated in Singapore Dollar.

A reconciliation of liabilities arising from the Group's financing activities is as follows:–

Group	Note	1.1.2021 US\$'000	Cash flows US\$'000	Non-cash changes				31.12.2021 US\$'000
				New leases US\$'000	Disposal US\$'000	Exchange differences US\$'000	Others US\$'000	
Interest-bearing loans and borrowings (excluding lease liabilities)								
– Current		79,023	(9,226)	–	–	(122)	2,359	72,034
– Non-current		3,199	7,489	–	–	(45)	(2,359)	8,284
Lease liabilities								
– Current	11	2,338	(2,269)	411	(9)	–	1,954	2,425
– Non-current	11	5,111	–	887	–	–	(1,954)	4,044
Total liabilities from financing activities		<u>89,671</u>	<u>(4,006)</u>	<u>1,298</u>	<u>(9)</u>	<u>(167)</u>	<u>–</u>	<u>86,787</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**20. Interest-bearing loans and borrowings (cont'd)**

Group	Note	1.1.2020 US\$'000	Cash flows US\$'000	Non-cash changes			31.12.2020 US\$'000
				New leases US\$'000	Exchange differences US\$'000	Others US\$'000	
Interest-bearing loans and borrowings (excluding lease liabilities)							
– Current		104,643	(26,203)	–	–	583	79,023
– Non-current		–	3,782	–	–	(583)	3,199
Lease liabilities							
– Current	11	2,429	(2,003)	70	–	1,842	2,338
– Non-current	11	1,306	–	5,647	–	(1,842)	5,111
Total liabilities from financing activities		<u>108,378</u>	<u>(24,424)</u>	<u>5,717</u>	<u>–</u>	<u>–</u>	<u>89,671</u>

The “Others” column includes the effect of reclassification of non-current portion of lease liabilities to current due to the passage of time. The Group classifies interest paid as cash flows from operating activities.

**21. Deferred tax assets**

Deferred tax as at 31 December relates to the following:–

	Balance sheet		Group Consolidated income statement	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Deferred tax liabilities:–</b>				
Differences in depreciation for tax purposes	44	–	44	66
<b>Deferred tax assets:–</b>				
Differences in depreciation for tax purposes	16	76	(60)	76
Provisions	(33)	–	(33)	(27)
Others	71	11	60	(115)
Net deferred tax assets	<u>98</u>	<u>87</u>		
Deferred tax expense			<u>11</u>	<u>–</u>

**Unrecognised tax losses**

At the end of the reporting period, the Group has tax losses of approximately US\$3,698,000 (2020: US\$4,951,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date except for amount of US\$566,000 (2020: US\$1,806,000) which will expire between 2024 and 2025.

**Tax consequences of proposed dividends**

There are no income tax consequences (2020: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 22. Share capital and treasury shares

### (a) *Share capital*

	Group and Company			
	2021		2020	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
<b>Issued and fully paid ordinary shares:-</b>				
At 1 January	119,903	39,106	119,757	39,056
Grant of share awards under EPSS	416	377	146	50
At 31 December	<u>120,319</u>	<u>39,483</u>	<u>119,903</u>	<u>39,106</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

#### Excelpoint Performance Share Scheme ("EPSS")

In November 2021, the Company issued and allotted 415,500 ordinary shares in the share capital of the Company at the market price of US\$0.907 (S\$1.220) under the EPSS.

In November 2020, the Company issued and allotted 146,000 ordinary shares in the share capital of the Company at the market price of US\$0.337 (S\$0.460) under the EPSS.

### (b) *Treasury shares*

	Group and Company			
	2021		2020	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
At 1 January	-	-	-	-
Acquired during the year	-	-	19	5
Reissued pursuant to EPSS	-	-	(19)	(5)
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Treasury shares relate to ordinary shares of the Company that is held by the Company.

In 2020, the Company acquired 19,400 shares in the Company in the open market. The total amount paid to acquire the shares was US\$5,000 and this was presented as a component within shareholder's equity.

The Company re-issued 19,400 treasury shares pursuant to its EPSS in 2020.

The Company did not hold any treasury shares as at 31 December 2021 and 2020.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. Other reserves**

(a) ***Fair value reserve***

Fair value reserve represents the cumulative fair value changes, net of tax, of equity securities at FVOCI.

(b) ***Statutory reserve fund***

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China ("PRC"), a subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after-tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(c) ***Foreign currency translation reserve***

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) ***Other capital reserve – Gain or loss on reissuance of treasury shares***

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

**24. Related party transactions**

(a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:–

	Group	
	2021 US\$'000	2020 US\$'000
Rental expense paid/payable to a director	74	74

(b) ***Compensation of key management personnel***

	Group	
	2021 US\$'000	2020 US\$'000
Short-term employee benefits	7,071	3,766
Contributions to defined contribution plans	107	70
Share-based payments under EPSS	171	29
	<u>7,349</u>	<u>3,865</u>
Comprise amounts paid/payable to:–		
– Directors of the Company	5,350	2,470
– Other key management personnel	1,999	1,395
	<u>7,349</u>	<u>3,865</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 25. Contingencies

At the end of the reporting period, the Company has provided corporate guarantees to banks and institutions in connection with credit facilities provided to its subsidiaries, of which US\$92,550,000 (2020: US\$84,223,000) of the credit facilities have been utilised.

## 26. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other debtors. For other financial assets (including cash and short-term deposits, other investments and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtor balances are monitored on an ongoing basis and appropriate measures to mitigate credit risk exposures are undertaken to ensure that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:—

- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**26. Financial risk management objectives and policies (cont'd)**

(a) **Credit risk (cont'd)**

The Group determined that its financial assets are credit-impaired when:–

- There is significant difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade debtors

The Group provides for lifetime expected credit losses for all trade debtors using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on business operating unit. The loss allowance provision at 31 December 2021 and 2020 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions, where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade debtors using provision matrix, grouped by business operating unit:–

Group	Hong Kong Business Unit				Singapore Business Unit			
	2021		2020		2021		2020	
	Gross carrying amount US\$'000	Loss allowance provision US\$'000						
Current	82,595	–	78,547	–	84,392	–	55,551	–
Past due:								
– 1 to 30 days	19,877	–	14,037	–	8,718	–	9,055	–
– 31 to 60 days	4,315	–	1,825	–	1,530	(8)	2,943	(13)
– 61 to 90 days	855	–	440	–	860	(44)	88	–
– More than 90 days	835	(248)	544	(374)	230	(201)	584	(476)
	<u>108,477</u>	<u>(248)</u>	<u>95,393</u>	<u>(374)</u>	<u>95,730</u>	<u>(253)</u>	<u>68,221</u>	<u>(489)</u>

Information regarding loss allowance movement of trade debtors is disclosed in Note 15.

During the financial year, the Group wrote-off US\$421,000 (2020: US\$60,000) (Note 15) of trade debtors which are more than 180 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. Financial risk management objectives and policies (cont'd)

### (a) *Credit risk (cont'd)*

#### Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets and a nominal amount of US\$92,550,000 (2020: US\$84,223,000) relating to the corporate guarantees provided by the Company to banks and institutions for credit facilities provided to its subsidiaries.

#### Credit risk concentration profile

The credit risk concentration profile of the Group's trade debtors at the end of the reporting period is as follows:-

	Group			
	2021		2020	
	US\$'000	% of total	US\$'000	% of total
Hong Kong/The People's Republic of China	124,446	61.1	121,243	74.5
India	28,247	13.9	6,818	4.2
Singapore	22,462	11.0	12,753	7.8
Malaysia	17,876	8.8	12,023	7.4
Thailand	3,477	1.7	2,011	1.3
Vietnam	1,976	1.0	1,182	0.7
United States of America	935	0.5	1,296	0.8
Indonesia	603	0.3	282	0.2
Other countries	3,684	1.7	5,143	3.1
	203,706	100.0	162,751	100.0

At the end of the reporting period, approximately 15% (2020: 17%) of the Group's trade debtors were due from two (2020: two) major customers located in Hong Kong/The People's Republic of China and India (2020: Hong Kong/The People's Republic of China).

### (b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors its liquidity risk and maintains adequate liquid financial assets and stand-by credit facilities with different banks to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

#### Analysis of financial instruments by the remaining contractual maturities

All the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on the contractual repayment obligations have maturity profile of One year or less (2020: One year or less), except for non-current interest-bearing loans and borrowings and non-current lease liabilities that have maturity profile of more than one year.

All the Company's financial guarantee contracts have contractual expiry by maturity of one year or less (2020: One year or less). The financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

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**26. Financial risk management objectives and policies (cont'd)**

(c) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings with floating interest rates.

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. Surplus funds are placed with reputable banks.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if USD interest rates had been 100 (2020: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been US\$124,000 (2020: US\$137,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(d) **Foreign currency risk**

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily USD. The foreign currencies in which these transactions are denominated are mainly in Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Chinese Renminbi ("RMB") and Indian Rupee ("INR").

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are disclosed in Note 18.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD, HKD, RMB and INR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:-

		<b>Group</b>	
		<b>2021</b>	<b>2020</b>
		<b>Increase/(decrease) in</b>	
		<b>profit before tax</b>	
		<b>US\$'000</b>	<b>US\$'000</b>
SGD/USD	– Strengthened 2% (2020: 2%)	(433)	(172)
	– Weakened 2% (2020: 2%)	433	172
HKD/USD	– Strengthened 1% (2020: 1%)	(56)	(9)
	– Weakened 1% (2020: 1%)	56	9
RMB/USD	– Strengthened 2% (2020: 6%)	722	1,401
	– Weakened 2% (2020: 6%)	(722)	(1,401)
INR/USD	– Strengthened 2% (2020: 2%)	(91)	(62)
	– Weakened 2% (2020: 2%)	91	62

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. Financial risk management objectives and policies (cont'd)

### (e) *Market price risk*

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted security. This security is quoted on the Taiwan Stock Exchange and is classified as financial asset at FVOCI. The Group does not have exposure to commodity price risk.

#### Sensitivity analysis for equity price risk

At the end of the reporting period, if the price of the shares held had been 16% (2020: 8%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been US\$145,000 (2020: US\$61,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity security classified as financial asset at FVOCI.

## 27. Fair value of assets and liabilities

### (a) *Fair value hierarchy*

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:–

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There has been no transfer between Level 1 and Level 2 and no transfers into or out of Level 3 during the financial years ended 2021 and 2020.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**27. Fair value of assets and liabilities (cont'd)**

(b) **Assets measured at fair value**

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:–

Group	Note	Fair value measurements at the end of the reporting period using			Total US\$'000
		Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
<b>Financial assets measured at fair value:–</b>					
Equity securities at FVOCI	14				
Quoted equity security		907	–	–	907
Unquoted equity security		–	–	2,905	2,905
<b>Debt securities at fair value through profit or loss</b>					
Unquoted debt securities	14	–	–	–	–
<b>Financial assets as at 31 December 2021</b>		<b>907</b>	<b>–</b>	<b>2,905</b>	<b>3,812</b>
<b>Financial assets measured at fair value:–</b>					
Equity securities at FVOCI	14				
Quoted equity security		762	–	–	762
Unquoted equity security		–	–	2,000	2,000
<b>Debt securities at fair value through profit or loss</b>					
Unquoted debt securities	14	–	–	477	477
<b>Financial assets as at 31 December 2020</b>		<b>762</b>	<b>–</b>	<b>2,477</b>	<b>3,239</b>
Company	Note	Fair value measurements at the end of the reporting period using			Total US\$'000
		Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
<b>Financial assets measured at fair value as at 31 December 2021:–</b>					
Equity security at FVOCI	14				
Quoted equity security		907	–	–	907
<b>Financial assets measured at fair value as at 31 December 2020:–</b>					
Equity security at FVOCI	14				
Quoted equity security		762	–	–	762

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 27. Fair value of assets and liabilities (cont'd)

### (c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:-

#### *Derivatives*

Interest rate cap contracts are valued using a valuation technique with market observable inputs. The Group uses a variety of models and make assumptions that are based on market conditions existing at each reporting date. The models incorporate various inputs including the credit quality of counterparties and observable yield curves. The valuation techniques apply present value calculations.

### (d) Level 3 fair value measurements

#### Information about significant unobservable inputs used in Level 3 fair value measurements

The Group invests in private companies that are not quoted in an active market. The fair value of unquoted equity security and debt securities as disclosed in Note 14, are based on performance of individual investments taking into consideration of financial results and or recently executed transaction prices in the securities of the issuer. The Group does not intend to dispose of these investments in the foreseeable future.

#### Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for assets measured at fair value based on significant unobservable inputs (Level 3):-

Group	Fair value measurements using significant unobservable inputs (Level 3)		
	Unquoted equity security US\$'000	Unquoted debt securities US\$'000	Total US\$'000
At 1 January 2021	2,000	477	2,477
Purchases	156 <sup>(1)</sup>	–	156
Conversion of debt security	250	(250)	–
Net fair value gain recognised in OCI	542	–	542
Net fair value loss recognised in profit or loss	–	(219)	(219)
Exchange differences	(43)	(8)	(51)
At 31 December 2021	2,905	–	2,905
At 1 January 2020	2,000	220	2,220
Purchases	–	250	250
Net fair value loss recognised in OCI	(111)	–	(111)
Net fair value loss recognised in profit or loss	–	(14)	(14)
Exchange differences	111	21	132
At 31 December 2020	2,000	477	2,477

<sup>(1)</sup> Part of the purchase of US\$6,000 related to interest income from debt security at FVPL.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**27. Fair value of assets and liabilities (cont'd)**

- (e) ***Fair value of financial assets and liabilities not measured at fair value and whose carrying amounts are reasonable approximation of fair value***

The carrying amounts of cash and short-term deposits, trade and other debtors, trade and other creditors, contract liabilities and loans and borrowings approximate their respective fair values due to the relatively short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

**28. Capital management**

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 2020.

As disclosed in Note 23(b), subsidiaries in the PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt over total capital plus net debt. The Group's policy is to maintain a healthy gearing ratio. The Group includes within net debt, interest-bearing loans and borrowings and lease liabilities, less cash and short-term deposits. Capital includes equity attributable to the equity holders of the Company less the above-mentioned restricted statutory reserve fund.

	Note	Group 2021 US\$'000	Group 2020 US\$'000
Interest-bearing loans and borrowings	20	80,318	82,222
Lease liabilities	11	6,469	7,449
Less: Cash and short-term deposits	18	(34,146)	(39,174)
Net debt		<u>52,641</u>	<u>50,497</u>
Equity attributable to equity holders of the Company		108,845	87,315
Less: Statutory reserve fund	23(b)	(25)	(25)
Total capital		<u>108,820</u>	<u>87,290</u>
Capital and net debt		<u>161,461</u>	<u>137,787</u>
Gearing ratio		<u>33%</u>	<u>37%</u>

**29. Segment information**

For management purposes, the Group is organised into business units based on geographical area, and has three reportable operating segments as follows:-

- (i) ***Hong Kong Business Unit***

The Hong Kong Business Unit segment covers the business entities located in The People's Republic of China and Hong Kong.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 29. Segment information (cont'd)

### (ii) *Singapore Business Unit*

The Singapore Business Unit segment covers the business entities located in South East Asia and India.

### (iii) *Corporate Unit*

The Corporate Unit segment comprises the corporate services, treasury functions, investment securities, innovation centre and other dormant companies.

Except as indicated above, no operating segments have been aggregated to form the above operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Hong Kong Business Unit		Singapore Business Unit		Corporate Unit		Adjustment and eliminations		Per consolidated financial statements	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Revenue:-</b>										
External customers	904,297	615,947	694,170	492,691	-	-	-	-	1,598,467	1,108,638
Inter-segment	10,198	820	5,876	1,524	5	-	(16,079)	(2,344)	-	-
Total revenue	914,495	616,767	700,046	494,215	5	-	(16,079)	(2,344)	1,598,467	1,108,638
<b>Income/(expense):-</b>										
Interest income	114	85	200	111	6	9	-	-	320	205
Interest expense	(1,330)	(1,560)	(997)	(1,361)	(56)	(3)	-	-	(2,383)	(2,924)
Net gain/(loss) on disposal of property, plant and equipment and ROU	13	(8)	37	3	-	-	-	-	50	(5)
Property, plant and equipment written off	-	-	-	(6)	-	-	-	-	-	(6)
Depreciation expenses	(1,728)	(2,438)	(1,263)	(1,205)	(348)	(73)	-	-	(3,339)	(3,716)
Other non-cash expenses:-										
- Stocks written down	(2,515)	(2,477)	(3,819)	(775)	-	-	-	-	(6,334)	(3,252)
- Reversal of stocks written down	1,685	1,225	2,597	741	-	-	-	-	4,282	1,966
- (Impairment losses)/reversal of impairment losses on financial assets	(3)	(147)	(56)	140	-	-	-	-	(59)	(7)
- Net fair value loss on financial assets at FVPL	-	-	-	-	(219)	(14)	-	-	(219)	(14)
Segment profit/(loss) before tax	23,458	11,810	7,168	308	(1,520)	(54)	1	1	29,107	12,065
Income tax (expenses)/credit	(3,759)	(1,717)	(764)	25	(62)	(34)	-	-	(4,585)	(1,726)
<b>Assets:-</b>										
Additions to non-current assets	1,032	3,475	2,475	2,091	24	1,087	-	-	3,531	6,653
Segment assets	276,240	263,727	190,459	130,660	13,013	11,027	-	1	479,712	405,415
<b>Liabilities:-</b>										
Segment liabilities	(207,248)	(208,161)	(152,363)	(106,503)	(11,256)	(3,436)	-	-	(370,867)	(318,100)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**29. Segment information (cont'd)**

***Geographical information***

The Group's revenue by geographical areas is disclosed under Note 4(a).

Non-current assets information based on the geographical location of customers and assets respectively are as follows:–

	<b>Group</b>	
	<b>Non-current assets</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
The People's Republic of China/Hong Kong	4,645	5,374
Southeast Asia	5,079	4,781
India	671	286
Others	26	26
	10,421	10,467

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheet.

Information about major customer

There was no major customer who contributed more than 10% of the Group's total revenue for the years ended 31 December 2021 and 2020.

**30. Dividends**

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Declared and paid during the financial year:–</b>		
<i>Dividends on ordinary shares:–</i>		
– Final exempt (one-tier) dividend for 2020: S\$0.030 (2019: S\$Nil) per share	2,709	–
– Final exempt (one-tier) special dividend for 2020: S\$0.015 (2019: S\$Nil) per share	1,354	–
	4,063	–
<b>Proposed but not recognised as a liability as at 31 December:–</b>		
<i>Dividends on ordinary shares subject to shareholders' approval at the AGM:–</i>		
– Final exempt (one-tier) dividend for 2021: S\$0.040 (2020: S\$0.030) per share	3,562	2,721
– Final exempt (one-tier) special dividend for 2021: S\$0.048 (2020: S\$0.015) per share	4,275	1,360
	7,837	4,081

**31. Authorisation of financial statements for issue**

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 28 February 2022.



# STATISTICS OF SHAREHOLDINGS

AS AT 28 FEBRUARY 2022

Numbers of Issued Shares	:	120,318,640
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share
Number of Treasury Shares and Subsidiary Holdings	:	Nil

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	11	0.64	512	0.00
100 – 1,000	479	27.82	226,660	0.19
1,001 – 10,000	874	50.75	3,952,340	3.29
10,001 – 1,000,000	348	20.21	24,125,992	20.05
1,000,001 AND ABOVE	10	0.58	92,013,136	76.47
<b>TOTAL</b>	<b>1,722</b>	<b>100.00</b>	<b>120,318,640</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST	%	DEEMED INTEREST	%
Albert Phuay Yong Hen	47,915,204 <sup>(1)</sup>	39.82	2,598,168 <sup>(2)</sup>	2.16
Alonim Investment Inc	15,000,000	12.47	–	–
Alan Kwan Wai Loen	6,258,244	5.20	–	–

Notes:–

(1) Includes 400,000 shares held by Maybank Kin Eng Securities Pte. Ltd.

(2) Deemed to be interested as follows:–

- (i) 166,000 shares held by AP21 Holdings Pte. Ltd.; and
- (ii) 2,432,168 shares held by his spouse.

## STATISTICS OF SHAREHOLDINGS

AS AT 28 FEBRUARY 2022

### TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHUAY YONG HEN	47,515,204	39.49
2	RAFFLES NOMINEES (PTE.) LIMITED	16,523,380	13.73
3	KWAN WAI LOEN	6,258,244	5.20
4	CHNG SENG CHYE @ CHNG HUNG SENG	5,106,120	4.24
5	ANSWER TECHNOLOGY CO LTD	4,800,000	3.99
6	DBS NOMINEES (PRIVATE) LIMITED	2,763,820	2.30
7	LAI WENG KAY	2,509,200	2.09
8	HAN JIAK SIEW	2,432,168	2.02
9	BRUCE DOUGLAS MOULIN	2,172,100	1.81
10	OCBC SECURITIES PRIVATE LIMITED	1,932,900	1.61
11	CHEN YUK FU	900,000	0.75
12	LEE ENG KHIAN	900,000	0.75
13	MAYBANK SECURITIES PTE. LTD.	881,200	0.73
14	CITIBANK NOMINEES SINGAPORE PTE LTD	823,700	0.68
15	HSBC (SINGAPORE) NOMINEES PTE LTD	573,900	0.48
16	KOK FAT KEUNG	515,924	0.43
17	UOB KAY HIAN PRIVATE LIMITED	505,100	0.42
18	PEH SEOK HOON	495,200	0.41
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	454,800	0.38
20	PHILLIP SECURITIES PTE LTD	430,140	0.36
	<b>TOTAL</b>	<b>98,493,100</b>	<b>81.87</b>

### PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information provided, to the best of the Directors and Substantial Shareholders of the Company, 39.04% of the Company's Shares are held in the hands of the public as at 28 February 2022. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

## NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-First Annual General Meeting of Excelpoint Technology Ltd. (the “Company”) will be convened and held by electronic means on **Friday, 8 April 2022 at 3.00 p.m.** (of which there will be a live webcast) for the following purposes:–

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To declare a first and final ordinary tax exempt one-tier dividend of 4.0 Singapore cents per ordinary share for the financial year ended 31 December 2021 (FY2020: First and final ordinary tax exempt one-tier dividend of 3.0 Singapore cents per ordinary share). **(Resolution 2)**
3. To declare a special tax exempt one-tier dividend of 4.8 Singapore cents per ordinary share for the financial year ended 31 December 2021 (FY2020: Special tax exempt one-tier dividend of 1.5 Singapore cents per ordinary share). **(Resolution 3)**
4. To note the retirement of Ms. Joanne Khoo Su Nee who is retiring as Director of the Company pursuant to Regulation 89 of the Constitution of the Company.  
**[See Explanatory Note (i)]**
5. To re-elect Mr. Alan Kwan Wai Loen as Director of the Company retiring pursuant to Regulation 89 of the Constitution of the Company.  
**[See Explanatory Note (ii)]** **(Resolution 4)**
6. To re-elect Mr. Tonny Phuay Yong Choon as Director of the Company retiring pursuant to Regulation 89 of the Constitution of the Company.  
**[See Explanatory Note (iii)]** **(Resolution 5)**
7. To approve the payment of S\$244,429 as Directors’ Fees to the Independent Directors for the financial year from 1 January 2022 to 31 December 2022 (FY2021: S\$248,000 with award of an aggregate number of 80,000 ordinary shares in the share capital of the Company under the Excelpoint Performance Share Scheme) **(Resolution 6)**
8. To re-appoint Messrs Ernst & Young LLP as Independent Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
9. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions with or without any modifications:–

10. Authority to issue shares in the share capital of the Company

That pursuant to Section 161 of the Singapore Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:–

- (i) Issue shares in capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) Make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible or exchangeable into shares; and/or

## NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

- (iii) (Notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Ordinary Resolution was in force,

provided that:—

- (a) The aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of the Instruments made or granted pursuant to the Ordinary Resolution and including shares which may be issued pursuant to any adjustment effected under any relevant Instruments) shall not exceed fifty per centum (50%) (or such other limit or limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per centum (20%) (or such other limit or limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company;
- (b) For the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for:—
- (i) New shares arising from the conversion or exercise of convertible securities or employee share options on issue or vesting of share awards as at the date of the passing of the Ordinary Resolution; and
- (ii) Any subsequent consolidation or sub-division of shares.
- (c) In exercising the power to make or grant Instruments (including the making of any adjustment under any relevant Instrument), the Company shall comply with the listing rules and regulations of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and
- (d) Unless revoked or varied by the Company in General Meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company following passing of the Ordinary Resolution, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 8)

11. **Authority to offer and grant options and to allot and issue shares under the Excelpoint Share Option Scheme 2014**

That pursuant to Section 161 of the Singapore Companies Act 1967, the Directors of the Company be authorised and empowered to offer and grant options in accordance with the provisions of the Excelpoint Share Option Scheme 2014 (the “ESOS”) and (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the exercise of options under the ESOS provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the ESOS, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time, and provided also that, subject to such adjustments as may be made to the ESOS as a result of any variation in the capital structure of the Company, and that such authority shall, unless revoked or varied by the Company in General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (v)]

(Resolution 9)



## NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

### 12. Authority to offer and grant awards and to allot and issue shares under the Excelpoint Performance Share Scheme

That pursuant to Section 161 of the Singapore Companies Act 1967, the Directors of the Company be authorised to offer and grant awards in accordance with the provisions of the prevailing Excelpoint Performance Share Scheme (the “EPSS”) and (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the EPSS, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the EPSS, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (vi)]

(Resolution 10)

### 13. Proposed Renewal of the Share Buyback Mandate

That for the purposes of Sections 76C and 76E of the Singapore Companies Act 1967 of Singapore, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of the passing of this resolution) at the price of up to but not exceeding the Maximum Price (as defined in Section 2.3.4 of the Circular to the Notice of the Annual General Meeting to Shareholders of the Company (the “Circular”)) in accordance with the Terms of the Share Buyback Mandate set out in the Circular, and this mandate shall, unless revoked or varied by the Company in General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (vii)]

(Resolution 11)

### BY ORDER OF THE BOARD

Excelpoint Technology Ltd.

Tan Cher Liang  
Wong Yoen Har  
Company Secretaries

Singapore  
24 March 2022

## NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

### Explanatory Notes:–

- (i) Ms. Joanne Khoo Su Nee who is retiring as Director of the Company pursuant to Regulation 89 of the Constitution of the Company, had indicated that she would not seek for re-election as Director of the Company at this Annual General Meeting.
- (ii) Ordinary Resolution 4 is to re-elect Mr. Alan Kwan Wai Loen who is retiring as Director of the Company pursuant to Regulation 89 of the Constitution of the Company. Mr. Alan Kwan Wai Loen will, upon re-election as Director of the Company, remain as Executive Director of the Company and will be considered non-independent.
- (iii) Ordinary Resolution 5 is to re-elect Mr. Tonny Phuay Yong Choon who is retiring as Director of the Company pursuant to Regulation 89 of the Constitution of the Company. Mr. Tonny Phuay Yong Choon will, upon re-election as Director of the Company, remain as Executive Director of the Company and Chief Operations Officer of the Group and will be considered non-independent.
- (iv) Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a General Meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent consolidation or sub-division of shares.

- (v) Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a General Meeting, whichever is the earlier, to offer and grant options and to allot and issue shares pursuant to the ESOS, the details of the ESOS and a summary of the rules of which are set out in the Company's circular to shareholders dated 2 April 2014, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the ESOS, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company (if any), shall not exceed fifteen per centum (15%) of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.
- (vi) Ordinary Resolution 10, if passed, will empower the Directors of the Company effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, to issue shares in the Company pursuant to the vesting of awards granted or to be granted under the EPSS, provided always that the aggregate number of shares to be issued in respect of the EPSS, the Excelpoint Share Option Scheme 2014 and any other share-based incentive scheme of the Company collectively shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (vii) Ordinary Resolution 11, if passed, will empower the Directors of the Company effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in the Circular. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2021 are set out in greater detail in Section 2 of the Circular.

The following documents can be assessed at Excelpoint's Investor Relations website ([https://excelpoint.listedcompany.com/agm\\_egm.html](https://excelpoint.listedcompany.com/agm_egm.html)) or on the SGX website (<https://www.sgx.com/securities/company-announcements>):–

1. 2021 Annual Report
2. Circular to Shareholders
3. Notice of Twenty-First Annual General Meeting
4. Proxy Form

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

## **Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus (“COVID-19”)**

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendments No. 2 & 3) Order 2020 (the “Order”), the Twenty-First Annual General Meeting will be conducted by electronic means and Shareholders will not be able to attend the Twenty-First Annual General Meeting physically.

In light of the above developments, the Company is arranging for a live webcast of the Twenty-First Annual General Meeting proceedings (the “Live AGM Webcast”) which will take place on **Friday, 8 April 2022 at 3.00 p.m.** (“AGM”).

Shareholders will be able to participate in the AGM in following manner set out in the paragraphs below.

### **Live Webcast:-**

1. Shareholders may watch the AGM proceedings through the Live AGM Webcast. To do so, shareholders will need to register at <https://online.meetings.vision/excelpoint-agm-registration> (the “Registration Link”) by **3.00 p.m. on 5 April 2022** (the “Registration Deadline”) to enable the Company to verify their status.
2. Following verification, authenticated shareholders will receive an email by 10.00 a.m. on 7 April 2022 containing a link to access the live audio-visual webcast of the AGM proceedings as well as a toll-free telephone number to access the live audio-only stream of the AGM proceedings.
3. Shareholders must not forward the abovementioned link or telephone number to other persons who are not shareholders of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.
4. Shareholders who register by the Registration Deadline but do not receive an email response by 10.00 a.m. on 7 April 2022 may contact the Company by email to [srs.teamd@boardroomlimited.com](mailto:srs.teamd@boardroomlimited.com).

### **Submission of Proxy Forms to Vote:-**

1. Shareholders who wish to vote at the AGM may submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf.
2. The proxy form (a copy of which is also attached hereto), duly completed and signed, must be submitted by:
  - (a) mail to the Company’s appointed polling agent at 456 Alexandra Road #14-01, Fragrance Empire Building, Singapore 119962; or
  - (b) email to [proxyform@trustedservices.com.sg](mailto:proxyform@trustedservices.com.sg).

**by no later than 3.00 p.m. on 5 April 2022, being 72 hours before the time fixed for the AGM.**
3. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM **by 3.00 p.m. on 28 March 2022** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.
4. **Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

### **Submission of Questions:-**

1. Shareholders may submit questions relating to the items on the agenda of the AGM via the Registration Link. All questions must be submitted by 3.00 p.m. on **31 March 2022**.
2. The Company will endeavour to address substantial and relevant questions received from Shareholders via publication on SGXNET and the Company’s website **by 3 April 2022**. The Company will publish the minutes of the AGM on SGXNET and the Company’s website within one (1) month after the date of AGM.

## NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

**Note:–**

1. The instrument appointing a proxy or proxies must either be (a) deposited at the Company's appointed polling agent at 456 Alexandra Road #14-01, Fragrance Empire Building, Singapore 119962; or (b) submitted by email to [proxyform@trustedservices.com.sg](mailto:proxyform@trustedservices.com.sg), not later than 72 hours before the time set for the AGM.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

**Personal data privacy:–**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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## EXCELPOINT TECHNOLOGY LTD.

(Company Registration No. 200103280C)  
(Incorporated in the Republic of Singapore)

### PROXY FORM

(Please see notes overleaf before completing this Form)

#### IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Twenty-First Annual General Meeting and vote (please see Note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We\*, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)

of \_\_\_\_\_ (Address)

being a member/members of **Excelpoint Technology Ltd.** (the "Company"), hereby appoint the Chairman of the Twenty-First Annual General Meeting of the Company, being Mr. Albert Phuai Yong Hen, Executive Chairman and Group CEO of the Company ("**Chairman of the Meeting**"), as my/our proxy, to vote for me/us on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held by electronic means on **Friday, 8 April 2022 at 3.00 p.m.** and at any adjournment thereof. I/We direct my/our proxy to vote for or against or abstain from voting on the resolutions to be proposed at the Twenty-First Annual General Meeting in the spaces provided hereunder. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

No.	Resolutions relating to:-	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
<b>Ordinary Business</b>				
1	Approval of Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2021			
2	Approval of payment of proposed first and final ordinary tax exempt one-tier dividend for the financial year ended 31 December 2021			
3	Approval of payment of proposed special tax exempt one-tier dividend for the financial year ended 31 December 2021			
4	Re-election of Mr. Alan Kwan Wai Loen as Director pursuant to Regulation 89 of the Constitution of the Company			
5	Re-election of Mr. Tonny Phuai Yong Choon as Director pursuant to Regulation 89 of the Constitution of the Company			
6	Approval of S\$244,429 as Directors' Fees to the Independent Directors for the financial year from 1 January 2022 to 31 December 2022			
7	Re-appointment of Messrs Ernst & Young LLP as Independent Auditor			
<b>Special Business</b>				
8	Authority to issue shares in the share capital of the Company			
9	Authority to offer and grant options and to allot and issue shares under the Excelpoint Share Option Scheme 2014			
10	Authority to offer and grant awards and to allot and issue shares under the Excelpoint Performance Share Scheme			
11	Proposed Renewal of the Share Buyback Mandate			

\*\* Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided if you wish to exercise all your votes. Alternatively, please indicate the number of votes as appropriate. If you mark "Abstain", you are directing your proxy not to vote.

**Note:-** Voting will be conducted by poll.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total number of Shares in:-	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

\* Delete where inapplicable

**Important:- Please read notes overleaf**



**Notes:–**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in the Securities and Futures Act, 2001 of Singapore ("SFA")), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the Shares held by you.
2. The instrument appointing a proxy must either be (a) submitted by mail to the Company's appointed polling agent at 456 Alexandra Road #14-01, Fragrance Empire Building, Singapore 119962; or (b) submitted by email to [proxyform@trustedservices.com.sg](mailto:proxyform@trustedservices.com.sg), not later than 72 hours before the time set for the Twenty-First Annual General Meeting (the "AGM") **by 3.00 p.m. on 5 April 2022.**

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

3. The instrument appointing a proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which this proxy form shall be treated as invalid.
4. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM **by 3.00 p.m. on 28 March 2022** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

"Relevant intermediary" means:–

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services license to provide custodial services for securities under the SFA and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

**PERSONAL DATA PRIVACY:–**

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

**General:–**

The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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Excelpoint<sup>®</sup>

**EXCELPOINT TECHNOLOGY LTD.**

Company Registration No. 200103280C

15 Changi Business Park Central 1

#06-00 Singapore 486057

T +65 6741 8966

F +65 6741 8980

[www.excelpoint.com](http://www.excelpoint.com)

