BEYOND 3

Excelpoint™

EXCELPOINT TECHNOLOGY LTD.

ANNUAL REPORT 2017

CONTENTS

CORPORATE PROFILE

ABOUT EXCELPOINT TECHNOLOGY LTD.

(Company Registration No. 200103280C)

Excelpoint Technology Ltd. (the "Company") and its subsidiaries ("Excelpoint" or the "Group") are a leading regional business-to-business platform providing quality electronic components, engineering design services and supply chain management to original equipment manufacturers ("OEMs"), original design manufacturers ("ODMs") and electronics manufacturing services ("EMS") in the Asia Pacific region. EBN, a premier online community for global supply chain professionals, recognised Excelpoint Technology Ltd. as one of its Top 25 Global Electronics Distributors in 2017.

Excelpoint works closely with its principals to create innovative solutions to complement its customers' products and solutions. Aimed at improving its customers' operational efficiency and cost competitiveness, the Group has set up research and development centres in Singapore and China that are helmed by its dedicated team of professional engineers.

Established in 1987 and headquartered in Singapore, Excelpoint's business presence spans over 10 countries across Asia Pacific with a workforce of more than 650 people from different nationalities and cultural backgrounds.

LETTER TO SHAREHOLDERS

REVENUE UP BY 16.0% TO US$1.15 B

NET PROFIT AFTER TAX INCREASED 14.8% TO US$8.1 M

PROPOSAL OF AN ORDINARY DIVIDEND OF 3.0 SINGAPORE CENTS PER SHARE AND A SPECIAL DIVIDEND OF 1.5 SINGAPORE CENTS PER SHARE

Dear Shareholders,

On behalf of our Board of Directors (the "Board"), I am pleased to inform you that our team has delivered a record revenue of US$1,146.4 million in FY2017, a 16.0% increase from US$988.2 million in FY2016.

Our net profit after tax of US$8.1 million for FY2017 was an increase of 14.8% from US$7.1 million in the previous year.

In view of our 2017 results, the Board proposes an ordinary dividend of 3.0 Singapore cents per share and a special dividend of 1.5 Singapore cents per share, subject to your approval at the forthcoming Annual General Meeting.

THE YEAR IN RETROSPECT

2017 has seen some positive recovery in the economy, alongside with the increased spotlight on the electronics industry. Our team has worked hard to grow the business – our Hong Kong and Singapore business units grew by 13.4% and 19.3% respectively.

The business growth was driven primarily by growing technological trends, which increased the demand for our products and services, reinforcing our management team's long-term confidence in the business. Asia's electronics manufacturing supply chain has shown positive momentum, and we continue to see a rise in

LETTER TO SHAREHOLDERS

electronics manufacturing activities in the regions where we operate. One of the trends we continue to see is the increased requirement of electronic components in all applications as compared to the past, and this will be one of the key drivers of our growth.

This year, we celebrated a significant milestone – our 30th anniversary. We rolled out many plans to accelerate our long-term growth, both internally and externally. Apart from a joyful celebration, we also identified more beneficiaries for us to give back to society. Embracing the concept and prospects of Internet of Things ("IoT"), we built an IoT demonstration facility to showcase our research and development ("R&D") capabilities that combine cutting-edge technologies from our suppliers. We also invested in systems that would further strengthen our business efficiency and future growth.

Continuing to add value to our products and services remains a key focus for the Group, and plans and strategies are in place to strengthen this aspect. With the advent of more advanced technologies, we believe that Excelpoint is in a good position to be a technology enabler and a solutions powerhouse to all our business partners.

North Asia

At the end of FY2017, revenue contribution from our Hong Kong business unit accounted for US$625.0 million, which was 54.5% of Excelpoint's aggregated revenue.

China's economy saw growth with a stable gross domestic product ("GDP") in 2017 and a positively high Purchasing Managers Index of 51.6 in the last quarter, according to the National Bureau of Statistics of China. With initiatives such as *One Belt, One Road* and *Made in China 2025* taking flight, there will be major infrastructure developments, which will accelerate growth in this region. China remains a key driver of our growth in Asia, especially with its aim to upgrade its manufacturing chain. With our deeply etched footprints in this region, we have established strong positions in key operating markets across Asia Pacific, and the Chinese market continues to be robust in terms of its growth.

We saw growth in our key segments, especially with the strong seasonal demand coming from new innovations and updated designs in consumer electronics such as the release of new smartphones, which boosted the manufacturing sector.

In the new financial year, we remain focused at maximising our R&D efforts in our different technological applications, especially our key segments such as mobile and computing, consumer, and industrial and instrumentation.

Southeast Asia and India

Southeast Asia has been growing significantly, with many exciting developments stemming from government initiatives for infrastructure growth. At the end of FY2017, revenue contribution from our Singapore business unit accounted for US$521.4 million, which was 45.5% of Excelpoint's aggregated revenue.

Among Southeast Asian nations, Singapore has taken the lead in transforming itself into a Smart Nation, where people are empowered by advanced technology and companies are encouraged to embrace the use of technology to increase productivity. This is a window of opportunity for Excelpoint, as electronics is the foundation of many advanced technologies. With our in-house R&D support, we are capable of turning component levels into modules to support these applications, and our business development unit works closely with systems integrators to incorporate these technologies. Hence, we are confident of offering value-added solutions to our business partners.

We continue to see many prospects coming from the India market as well. In recent years, India has been in the spotlight due to its government's enterprising initiatives such as *Make in India, Digital India, Smart Cities, Start-up India*, as well as building a cashless economy. The electronics industry in this market is poised for a paradigm shift, and with Excelpoint's strong relationships with our partners, we are in a good position to support diverse requirements from local manufacturers, from component levels and modules to design solutions. We see demand for the solutions that are jointly designed with our suppliers in areas such as power and mobile phones, set-top boxes, banking cards, point-of-sale terminals, and e-vehicles.

Excelpoint remains committed to exploring new opportunities stemming from emerging markets around our region. With the stabilisation of strategies and policies coming from different governments, we believe that we are ready to grow in this region in the coming years.

LETTER TO SHAREHOLDERS

OUR JOURNEY OF 30 YEARS

As I look back on our journey, Excelpoint has always placed emphasis on building a robust foundation, especially on our value-added services. Investing in our in-house technical capabilities has allowed us to advance further to provide greater value to our suppliers and customers.

As one of the pioneers making inroads into China, our well-established presence has remained strong until today. Throughout the 30 years, China has remained a key driver of our growth. On top of that, we have seized the opportunity to venture early into emerging markets such as India, and are now seeing our efforts come to fruition.

Since our listing on the mainboard of the Singapore Exchange ("SGX") in 2004, we have been working hard to build a sustainable business, so as to provide value to our shareholders who have placed their trust in us.

Due to our strong belief in sustainable growth, we have achieved a remarkable breakthrough with a record revenue crossing US$1 billion this year. With this achievement, it will propel us to build a stronger capital and capability base for more growth in the coming years.

KEY CORPORATE MILESTONES

1980s

We built a strong foundation, and ventured into China

1990s

We established in-house R&D capabilities to provide our suppliers and customers with greater value, and entered the India market

2004

We were listed on SGX, which further enhanced our stakeholders' trust in us

2017

We crossed US$1 billion in revenue, and will continue to build capital and capability bases for future growth

LETTER TO SHAREHOLDERS

OUR BUSINESS MODEL

We strongly believe in providing more than just the traditional value chain. We work closely with our suppliers and customers through the provision of technical capabilities that allows faster time-to-market, as well as build strategic partnerships which will aid our business growth.

Moving Beyond the Traditional Value Chain

Reputable Principals / Suppliers of Components

Distributors / Business-to-Business Platforms

Brand Owners / Manufacturers

End-users / Customers

Excelpoint's Unique Market Positioning

To bridge the technology value chain closer together as a solutions and service provider

- ✔ Engages in strategic business partnerships with reputable principals / suppliers via technical collaborations
- ✔ Has a comprehensive distribution and supply chain platform in the Asia Pacific region
- ✔ Has an in-house R&D team to create reference designs for new product applications
- ✔ Provides module solutions to brand owners / manufacturers, so as to create higher value and reduce time-to-market
- ✔ Has a professional team of on-the-ground field engineers

THE FUTURE AHEAD

Moving forward, we believe that the plans we have in place will serve as building blocks for Excelpoint from 2018 and beyond. Our position in the value chain constantly requires us to be the bridge between our suppliers and customers, and we are well-prepared for this. The electronics industry will continue to see the proliferation of opportunities, especially with new developments from our suppliers at the recent Consumer Electronics Show ("CES") in Las Vegas, United States of America, in January 2018. The IoT arena continues to flourish, and we see the advent of new businesses. On our part, we have invested in the building of an IoT demonstration facility with cutting-edge technologies from our suppliers. This is a platform that allows our customers to have access to applications that showcases our technologies. With the recovery of the global economy, we believe challenges will still persist, but we will remain focused in order to ensure business sustainability and growth to bring value to all our stakeholders.

IN APPRECIATION

I would like to take this opportunity to thank our Directors for their commitment in providing guidance to the Group and propelling Excelpoint to greater heights.

On behalf of our Board, I would like to thank all our stakeholders – employees, principals, customers, bankers, business associates, and shareholders – for your continued trust and confidence in Excelpoint for the past 30 years. As we embark on the next milestone of our journey, I look forward to your ardent support. We will continue to work hard to deliver sustainable growth and performance to all of you.

Yours sincerely,

ALBERT PHUAY YONG HEN
Chairman and Group CEO

OPERATIONS REVIEW

NORTH ASIA

Mobile and Computing

Telecommunications providers in China have accelerated the deployment of 5G networks nationwide, which is expected to be fully operational to the public in 2019. We see this transformation this year, and we have been tapping on this opportunity with our products and applications.

Consumer

Driven by the demand for a quality lifestyle, consumers today are embracing wireless technology in their lives, whether at work or at home. We have identified a demand for true wireless stereo headsets and smart speakers with voice activation functions, and have been working to supply solutions and applications in these areas. In addition, we continue to see the demand for wearable devices, which uses our solutions.

Industrial and Instrumentation

We continue to see growth in this segment stemming from the rise of infrastructure projects related to IoT and Industry 4.0 (term used to indicate automation in manufacturing technologies). With more power solutions and battery management solutions from our suppliers, we believe this segment will remain one of the key drivers of our revenue growth, and we remain focused on capturing opportunities relating to this segment.

Lighting

This segment is closely related to the infrastructure developments in the region. Our strong portfolio in this area gives us the edge to participate in the projects. In particular, we see demand for our light emitting diode ("LED") drivers and lighting modules, as well as ultra violet LED for sterilisation.

SOUTHEAST ASIA AND INDIA

Mobile and Computing

In India, we foresee a strong and increasing demand in the mobile phone segment, as many smartphone brands have set up manufacturing plants in India and are adopting the use of local Printed Circuit Board Assembly processes and technology. We also see the exponential growth of the infrastructure of data centres to cater to demands fuelled by the *Digital India* initiative and cloud computing growth.

Southeast Asian manufacturers have also hopped on the mobile phone bandwagon to produce unique and functional mobile phones and carve out a niche for themselves.

OPERATIONS REVIEW

Industrial and Instrumentation

We see a tremendous potential that will remain strong over the next couple of years, given the recent tenders for smart meters in emerging markets where we operate. As we gear towards IoT-oriented applications, there will be an increasing need for sensors in Southeast Asia in this segment.

› *E-Government*

In India, we continue to see strong demand and application of smart cards for banking and transportation purposes. We are also expecting the growth of a new area, E-Passport, in 2018. In Southeast Asia, with more nations gearing towards technology, we work closely with our suppliers to partake in various e-government projects in this region.

Lighting

The lighting segment has stabilised over the years in India. In addition to LEDs and driver integrated circuits, we have increased our Bill of Materials share through multilayered ceramic chip capacitors and passive components.

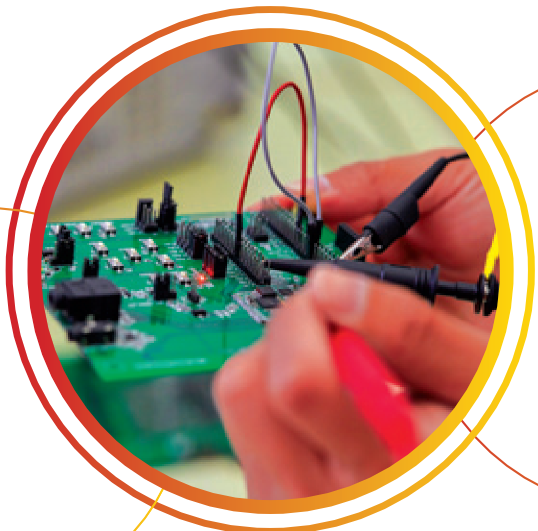
RISING SEGMENTS

The communications segment is also another potential growth driver. With the importance of communication modules due to the advent of IoT across the globe, we see the need for Narrowband-IoT applications. This is a growing area for both North Asia and Southeast Asia.

We have also seen the rise in the automotive segment due to the push for smart cars and automated vehicles. With the India government's push for e-vehicles and release of new tenders, we see a strong automotive market in 2018, particularly in the two-wheeled, three-wheeled and four-wheeled vehicle segments.

NEW PRODUCT LINES

To expand our product range in Southeast Asia, we signed partnerships with Paratech (for its 3D force pressure touch sensing solution) and Sensitron (for its highly reliable power electronics) in 2017. These product lines will give us an edge due to the increasing demand for sensors and power-related applications.



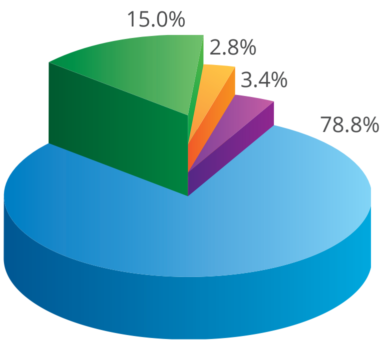
FINANCIAL HIGHLIGHTS

	2017	2016	2015	2014	2013
Result of Operations (US$'000)					
Total revenue	**1,146,394**	988,240	828,283	728,968	651,857
Profit before tax	**10,223**	8,505	5,499	7,457	7,535
Profit after tax attributable to equity holders	**8,098**	7,053	4,355	7,083	6,226
Earnings per share (US cent)	**6.87**	6.65	4.26	6.97*	1.23
Return on equity (%)	**10.97**	10.33	7.62	12.60	12.01
Balance Sheets (US$'000)					
Shareholders' equity	**73,835**	68,258	57,183	56,227	51,860
Property, plant and equipment	**2,621**	2,577	1,870	2,322	4,409
Intangible assets	**472**	519	326	326	326
Current assets	**384,389**	303,936	258,761	221,501	183,269
Current liabilities	**316,001**	240,585	205,560	170,086	137,924
Net current assets	**68,388**	63,351	53,201	51,415	45,345
Borrowings	**142,720**	123,501	99,445	80,951	59,326
Net assets value per share (US cent)	**62.31**	57.94	55.83	55.12*	10.22
Weighted average number of ordinary shares	**117,927,904**	105,999,041	102,214,069	101,573,225*	505,003,082
Number of ordinary shares	**118,502,940#**	117,810,940#	102,423,440#	102,004,440*	507,578,200

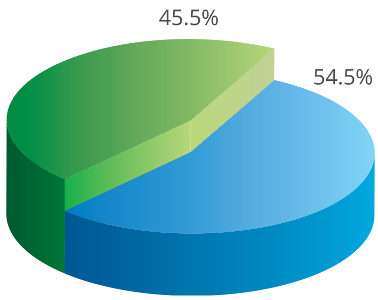
*On 11 August 2015, the Company completed the consolidation of every five existing issued shares in the capital of the Company into one ordinary share in the capital of the Company. The weighted average number of ordinary shares used for the calculation of earnings per share for the comparatives have been adjusted for the effect of the share consolidation.

#Issuance of new shares.

Revenue By Geographical Locations



Revenue By Business Segments



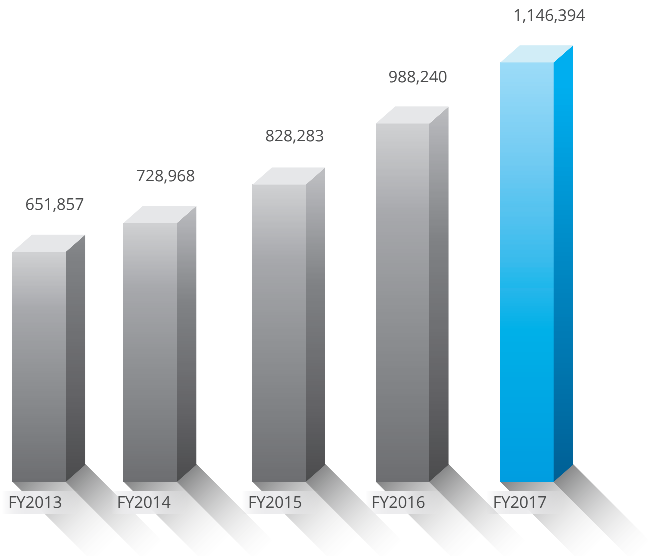
	2017	
	US$'000	%
Hong Kong and China	904,976	78.8%
Southeast Asia	172,237	15.0%
India	31,769	2.8%
Others	37,412	3.4%
	1,146,394	100.0%

	2017	
	US$'000	%
Hong Kong Business Unit	625,001	54.5%
Singapore Business Unit	521,393	45.5%
	1,146,394	100.0%

FINANCIAL REVIEW

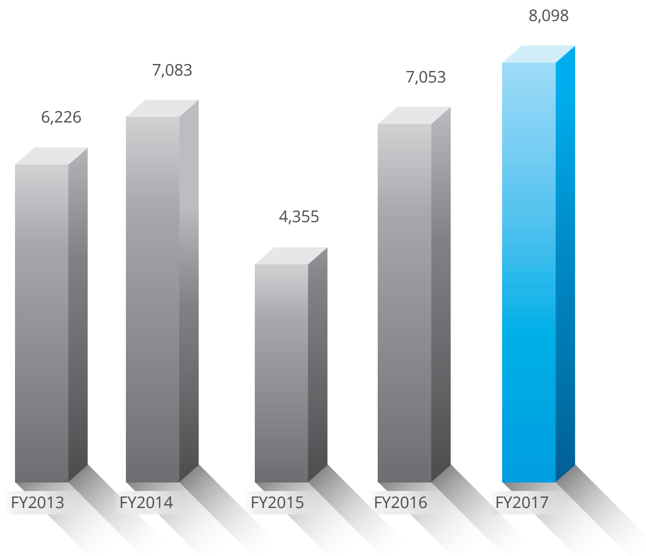
Revenue (US$'000)

The Group reported a 16.0% growth in total revenue, from US$988.2 million in FY2016 to US$1,146.4 million in FY2017. This is due to the higher revenues contributed by the Hong Kong / China markets.



Profit After Tax (US$'000)

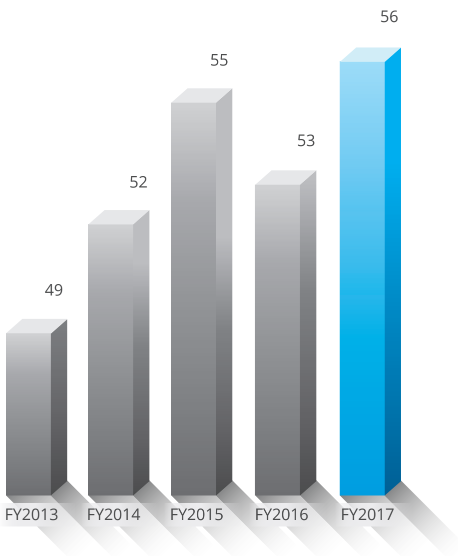
Net profit after tax amounted to US$8.1 million this year, which was higher than the US$7.1 million reported in FY2016. This was due to higher sales arising from stronger demand in FY2017.



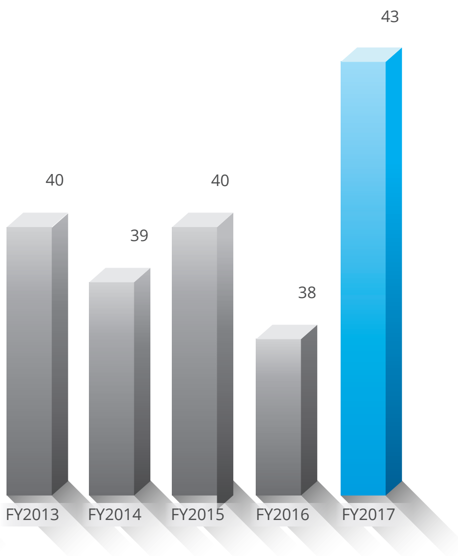
Operational Efficiency

Debtors' turnover increased from 53 days in FY2016 to 56 days in FY2017. Creditors' turnover increased from 38 days in FY2016 to 43 days in FY2017. Inventory turnover increased from 47 days to 52 days.

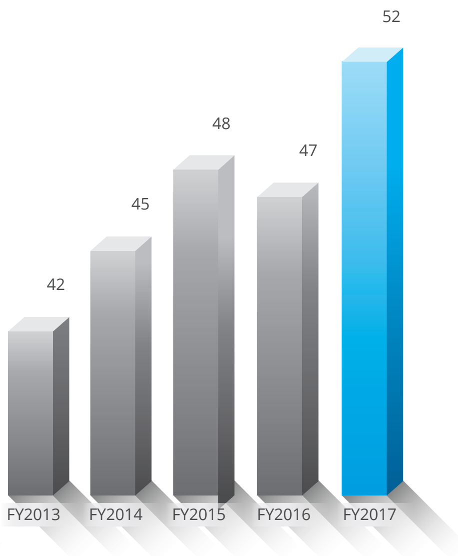
Debtors' Turnover (Days)



Creditors' Turnover (Days)



Inventory Turnover (Days)



BOARD OF DIRECTORS

1. Kwah Thiam Hock
2. Albert Phuay Yong Hen
3. Alan Kwan Wai Loen
4. Joanne Khoo Su Nee
5. Sunny Wong Fook Choy
6. Herbert Kwok Fei Lung
7. Tonny Phuay Yong Choon
8. Professor Low Teck Seng

BOARD OF DIRECTORS

ALBERT PHUAY YONG HEN is the founder, and 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 6 April 2016. He is also a member of the Nominating Committee.

Mr. Phuay oversees the general management of our business, and is also responsible for our 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. He has also received a Long Service Award certificate from the Ministry of Community Development and Sports in recognition of his voluntary contributions as a probation officer since 1985. In 2017, he was named Entrepreneur of the Year in the Electrical and Electronics Industry category at the Asia Pacific Entrepreneurship Awards.

ALAN KWAN WAI LOEN was appointed Executive Director on 18 May 2001, and was re-elected on 5 April 2017. 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 a Diploma from the Chartered Institute of Marketing, United Kingdom ("UK").

HERBERT KWOK FEI LUNG was appointed Executive Director on 28 September 2016, and was re-elected on 5 April 2017. He manages the businesses and operations in the North Asia region, which includes Hong Kong and China.

Mr. Kwok holds a Higher Diploma in Marine Electronics from the Hong Kong Polytechnic University.

TONNY PHUAY YONG CHOON was appointed Executive Director on 28 September 2016, and was re-elected on 5 April 2017. He oversees the Group's sales, and the overall businesses and operations in Southeast Asia, including India, Australia and New Zealand.

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 on 18 April 2007, and was re-elected on 6 April 2016. He is the Chairman of the Audit Committee, and also a member of the Remuneration and Nominating Committees. He was appointed Lead Independent Director on 28 February 2014, and a member of the Nominating Committee on 5 March 2015.

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

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 on 13 November 2003, and was re-elected on 5 April 2017. He is the Chairman of the Remuneration Committee, and a member of the Audit and Nominating Committees.

He started his legal career in 1982, and is a practising advocate and solicitor of the Supreme Court of Singapore. He is currently the Managing Director and shareholder of Wong Tan & Molly Lim LLC and WTML Management Services Pte Ltd.

Mr. Wong serves as a Director in the following public-listed companies in Singapore: (1) Mencast Holdings Ltd, (2) KTL Global Limited, (3) Civmec Limited, and (4) Innotek Limited. He holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

PROFESSOR LOW TECK SENG was appointed Independent Director on 19 April 2006, and was re-elected on 8 April 2015. He is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Professor Low is currently the Chief Executive Officer of the National Research Foundation, Singapore, an Independent Director at ISEC Healthcare Ltd, Key ASIC Berhad and UCrest Berhad, and a tenured professor at Nanyang Technological University, Singapore and 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 as an Independent Director on 28 September 2016, and was re-elected on 5 April 2017. She is a member of the Audit Committee.

She has more than 20 years of experience in corporate finance and business advisory services and is currently a Director of 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.

Presently, Ms. Khoo also serves as an Independent Director of Kitchen Culture Holdings Ltd and Teho International Inc Ltd, companies listed on the Singapore Exchange Securities Trading Limited. In addition, she serves as an Independent Non-Executive Director of Netccentric Limited, a company listed on the Australian Securities Exchange 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.

KEY MANAGEMENT

STANLEY CHAN TUNG HONG is the Senior Vice President of Operations at Excelpoint Systems (Pte) Ltd and Assistant to the CEO. He is responsible for the overall business activities in Southeast Asia, India, Australia and New Zealand. He also assists the CEO in overall business strategies.

Mr. Chan holds a Bachelor of Engineering (Electrical and Electronics) (Second Class Honours) degree from Nanyang Technological University, Singapore.

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 China, and is responsible for providing technical design assistance and 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, overseeing overall sales performances and managing sales teams in Hong Kong and China.

Mr. Tan holds a Diploma in Electrical Engineering from Singapore Polytechnic.

WANG QING SHENG is the Director of Research and Development ("R&D"), and oversees the R&D teams in Singapore and China who are responsible for reference solutions and application designs.

Mr. Wang holds a Master of Engineering (Electrical Engineering) degree from 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. He has been in the electronics engineering industry since 1991, 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.

Mr. Phuay holds a Certificate in Electronics Servicing from the Institute of Technical Education, Singapore.

IVAN LEE SEE THIAM is the Group Chief Financial Officer, and oversees the overall financial activities of the Group.

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.

CORPORATE STRUCTURE

Excelpoint™

Excelpoint Technology Ltd.

- **EXCELPOINT SYSTEMS (PTE) LTD (SINGAPORE)** (100%)
  - **EXCELPOINT SYSTEMS SDN. BHD. (MALAYSIA)** (100%)
  - **EXCELPOINT SYSTEMS (INDIA) PVT LTD (INDIA)** (100%)
  - **BRANCHES / REPRESENTATIVE OFFICES**
    - AUSTRALIA – SYDNEY
    - INDIA – BANGALORE
    - INDONESIA – JAKARTA
    - PHILIPPINES – MANILA
    - THAILAND – BANGKOK
    - VIETNAM – HO CHI MINH CITY
- **EXCELPOINT SYSTEMS (H.K.) LIMITED (HONG KONG)** (100%)
  - **EXCELPOINT INTERNATIONAL TRADING (SHENZHEN) CO., LTD. (CHINA)** (100%)
  - **EXCELPOINT INTERNATIONAL TRADING (SHANGHAI) CO., LTD. (CHINA)** (100%)
    - **BRANCHES / OFFICES** BEIJING, CHENGDU, GUANGZHOU, NANJING, QINGDAO, SHENZHEN, WUHAN, XIAMEN, XI'AN
- **PLANETSPARK PTE LTD (SINGAPORE)** (100%)

REGIONAL PRESENCE

SINGAPORE
Headquarters

AUSTRALIA
Sydney

INDIA
Bangalore
Chennai
Hyderabad
Mumbai
New Delhi
Pune

INDONESIA
Jakarta

MALAYSIA
Kuala Lumpur
Penang

PHILIPPINES
Manila

THAILAND
Bangkok

VIETNAM
Ho Chi Minh City
Hanoi

CHINA
Beijing
Chengdu
Guangzhou
Hong Kong
Nanjing
Qingdao
Shanghai
Shenzhen
Wuhan
Xiamen
Xi'an
Ningbo

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Albert Phuay Yong Hen
(Chairman and Group Chief Executive Officer)
Alan Kwan Wai Loen
Herbert Kwok Fei Lung
Tonny Phuay Yong Choon

Non-Executive

Kwah Thiam Hock (Lead Independent)
Sunny Wong Fook Choy (Independent)
Professor Low Teck Seng (Independent)
Joanne Khoo Su Nee (Independent)

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Tan Cher Liang
Wong Yoen Har

REGISTERED OFFICE AND BUSINESS ADDRESS

Excelpoint Technology Ltd.
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.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
T +65 6536 5355
F +65 6536 1360
www.boardroomlimited.com

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
T +65 6535 7777
F +65 6532 7662
www.ey.com/sg/en/home

AUDIT PARTNER-IN-CHARGE

Tham Chee Soon
(Since financial year ended 31 December 2014)

FINANCIAL CONTENTS

REPORT ON CORPORATE GOVERNANCE

Excelpoint Technology Ltd. is committed to having and maintaining high standards of corporate governance. The Company believes that good corporate governance inculcates an ethical environment and enhances the interest of all shareholders. Since our incorporation on 18 May 2001 and our subsequent admission to the Official List of The Singapore Exchange Securities Trading Limited (the "SGX-ST"), we have taken steps to comply with most of the guidelines of the revised Code of Corporate Governance 2012 (the "Code") and are working to adopt the other changes where appropriate.

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

BOARD MATTERS

Principle 1: THE BOARD'S CONDUCT OF AFFAIRS

The principal functions of the Board are:-

1.1 Approving the broad policies, strategies and financial objectives of the Company and monitoring the performance of management;

1.2 Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

1.3 Approving the nominations of directors and appointment of key personnel;

1.4 Approving major funding proposals, investment and divestment proposals; and

1.5 Assuming responsibility for corporate governance.

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

The Board conducts regular scheduled meetings. Ad-hoc meetings are convened when circumstances require. The Company's 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 Audit Committee, Remuneration Committee and Nominating Committee.

The Board met four times in FY2017 to review the Group's business operations and financial performance. The attendance of each Director at meetings of the Board and Board Committees during the financial year ended 31 December 2017 is disclosed as follows:-

Attendance at Board and Board Committee Meetings

	Board		Audit Committee ("AC")		Nominating Committee ("NC")		Remuneration Committee ("RC")	
Name of Director	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	–	–	–	–	–	–
Herbert Kwok Fei Lung	4	4	–	–	–	–	–	–
Tonny Phuay Yong Choon	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
Professor Low Teck Seng	4	4	4	4	1	1	1	1
Joanne Khoo Su Nee	4	4	4	4	–	–	–	–

The Company is responsible for arranging and funding regular trainings 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 under the Code and other regulations. The Company encourages directors to attend training and continuing education / courses on new legislations and/or regulations. In FY2017, directors attended the ACRA-SGX-SID Audit Committee Seminar 2017, and other courses by Singapore Institute of Directors ("SID").

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

Principle 2: BOARD COMPOSITION AND GUIDANCE

The Board currently comprises four Executive Directors and four Independent Directors. The Board has examined its size and is satisfied that it is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations. The Independent Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary.

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, qualifications, skills and experiences are extensive. Having reviewed and considered the composition of the Board and its 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 independence of each Independent Director is reviewed by the NC annually in accordance with the guidelines of the Code.

The Board of Directors is as follows:-

Directors

Albert Phuay Yong Hen	(Chairman and Group Chief Executive Officer)
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)
Professor Low Teck Seng	(Independent)
Joanne Khoo Su Nee	(Independent)

The four Independent Directors currently represent 50% of the Board. The Board considers an Independent Director as one who has no relationship with the Company, its related companies or its officers, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. The independence of each director is reviewed annually by the NC. Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines set out in the Code. All four Independent Directors are independent of the management and 10% shareholders.

Although Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng served on the Board for more than nine years from the date of their first appointments, the NC rigorously reviewed their past contributions to the Group and considered that they are independent in character and judgement and there was no circumstance which would likely affect or appear to affect their judgements. Their lengths of services and in-depth knowledge of the Group's business are viewed by the Board as valuables during board deliberations.

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). The rigorous reviews comprised reviews of, but not limited to, the following factors: (a) 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; (b) 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; (c) the abilities of the Independent Directors to express their objectives and independent views during Board and Board Committee meetings; and (d) the Independent Directors, through their years of involvements with the Company, have gained valuable insights and understandings of the Group's business and together with their diverse experiences and expertise, have contributed and will continue to contribute effectively as Independent Directors by providing impartial and autonomous views at all times.

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

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, experiences and stature and is expected to bring a valuable range of experiences and expertise to contribute to the development of the Group strategy and the performance of its business. Profiles of the Directors are found on pages 10, 11 and 12 of this 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 a majority of Independent Directors. The effectiveness of each committee is also constantly monitored by the Board.

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

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

The Chairman and Group CEO, 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.

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

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 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 counter balance on management issues in the decision making process.

REPORT ON CORPORATE GOVERNANCE

Principle 4: BOARD MEMBERSHIP

Nominating Committee

The Nominating Committee comprises the following directors:-

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

The NC met once in FY2017. The NC's principal functions are to:-

4.1 Identify candidates and review all nominations for the appointment or re-appointment or re-election of members of the Board and the members of the various Board Committees for the purpose of proposing such nominations to the Board for its approval;

4.2 Determine the criteria for identifying candidates and reviewing nominations for the appointments referred to in paragraph 4.1;

4.3 Review regularly the board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experiences, gender and knowledge of the Company and the core competencies of the directors as a group;

4.4 Decide the manner in which the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;

4.5 Assess whether or not a director is able to and has been adequately carrying out his duties as a director;

4.6 Assess the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board;

4.7 Make and review plans for succession, in particular for the Chairman of the Board and Group CEO;

4.8 Determine on an annual basis the independence of directors;

4.9 Review on a yearly basis the training programmes for the Board; and

4.10 Recommend and review training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks.

The NC had held a meeting in February 2017 for the nomination of directors for the Sixteenth Annual General Meeting ("AGM").

The NC has reviewed the independence of each director for FY2017 in accordance with the Code's definition of independence and is satisfied that half of the Board comprises Independent Directors. The NC is of the view that Mr. Kwah Thiam Hock, Mr. Sunny Wong Fook Choy, Professor Low Teck Seng and Ms. Joanne Khoo Su Nee are independent.

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

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

REPORT ON CORPORATE GOVERNANCE

In accordance with Article 108 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 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 non-executive directors is maintained and that each director has contributed to the effectiveness of the Board as a whole. The Board has accepted the NC's nomination and has recommended the following Directors, who have given their consents for re-elections, to be put forward for re-election at the forthcoming Annual General Meeting:-

Professor Low Teck Seng	(Retiring pursuant to Article 104)
Albert Phuay Yong Hen	(Retiring pursuant to Article 104)

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 duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

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

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

The Company does not have any alternate Director.

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

(a) the NC will evaluate the candidates skilled in core competencies such as technical, financial or legal expertise and experiences in a similar or related industry, determine the selection criteria in consultation with the Board, and select candidates with the appropriate expertise and experiences for the position, taking into account the value of gender diversity on the Board;

(b) the NC will source for potential candidates if needed. Directors and the Management may also make recommendations;

(c) the NC meets the shortlisted candidates to assess suitability and ensure that candidates are aware of the expectations and the level of commitment required; and

(d) the NC then makes recommendations to the Board for approval.

REPORT ON CORPORATE GOVERNANCE

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

Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships Held over Preceding Three Financial Years
Albert Phuay Yong Hen	Chairman & Group CEO	18 May 2001	6 April 2016	None	None
Alan Kwan Wai Loen	Executive Director	18 May 2001	5 April 2017	None	None
Herbert Kwok Fei Lung	Executive Director	28 September 2016	5 April 2017	None	None
Tonny Phuay Yong Choon	Executive Director	28 September 2016	5 April 2017	None	None
Kwah Thiam Hock	Lead Independent Director	18 April 2007	6 April 2016	• Wilmar International Limited • Teho International Inc Ltd • IFS Capital Ltd	Select Group Limited
Sunny Wong Fook Choy	Independent Director	13 November 2003	5 April 2017	• Mencast Holdings Ltd • KTL Global Limited • Civmec Limited • Innotek Limited	China Medical (International) Group Limited
Professor Low Teck Seng	Independent Director	19 April 2006	8 April 2015	• ISEC Healthcare Ltd • Key ASIC Berhad • UCrest Berhad	Singapore Post Limited
Joanne Khoo Su Nee	Independent Director	28 September 2016	5 April 2017	• Kitchen Culture Holdings Ltd. • Teho International Inc Ltd • Netccentric Limited	None

Principle 5: BOARD PERFORMANCE

The NC, in considering the re-appointment of any director, evaluates the performance of the director. The NC and the Chairman of the Board implemented a collective assessment process that required each director to assess the performance of the Board as a whole for FY2017. 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.

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 NC has reviewed and is satisfied with the contribution by individual Directors to the effectiveness of the Board for the financial year ended 31 December 2017.

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 of the Board Committees.

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 AGM including determining whether Directors with multiple board representatives are able to and have adequately discharge their duties as Directors of the Company.

Principle 6: ACCESS TO INFORMATION

Prior to each Board meeting, the Board is supplied with relevant information such as management reports, budgets, financial statements, material events and transactions complete with background and explanations by the management pertaining to matters to be brought before the Board for decision as well as ongoing reports relating to operational and financial performance of the Group.

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

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

At least one of the Company Secretaries attends all Board meetings and Committee meetings and is responsible to assist the Board to ensure that proper procedure and all other rules and regulations applicable to the Company are complied with.

REMUNERATION MATTERS

Principle 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
Principle 8: LEVEL AND MIX OF REMUNERATION
Principle 9: DISCLOSURE ON REMUNERATION

Remuneration Committee

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

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

The RC met once in FY2017. Its principal responsibilities are to:-

7.1 Recommend to the Board base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives, including identifying equity-based incentives such as stock options;

7.2 Recommend to the Board the structure of the compensation programme for Directors and senior management to ensure that the program is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully; and

7.3 Review compensation packages of Directors, senior management and employees who are related to the Executive Directors and Controlling Shareholders (including the compensation package of the Chairman and Group CEO) annually and determine appropriate adjustments for approval by the Board.

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

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

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

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

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

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

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

The remuneration in FY2017 of the Directors and Key Management Personnel are set out below:-

Directors' and Group CEO's Remuneration

Remuneration Bands	Name of Director	Directors' Fees %	Salary %	Bonus %	Allowance & Benefits %	Share-based %	Total %
S$500,000 and above	Albert Phuay Yong Hen	–	70%	28%	2%	–	100%
S$500,000 and above	Alan Kwan Wai Loen	–	68%	29%	3%	–	100%
S$500,000 and above	Herbert Kwok Fei Lung	–	74%	17%	–	9%	100%
S$500,000 and above	Tonny Phuay Yong Choon	–	72%	25%	3%	–	100%
Below S$250,000	Kwah Thiam Hock	85%	–	–	–	15%	100%
Below S$250,000	Professor Low Teck Seng	85%	–	–	–	15%	100%
Below S$250,000	Sunny Wong Fook Choy	85%	–	–	–	15%	100%
Below S$250,000	Joanne Khoo Su Nee	100%	–	–	–	–	100%

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

No. of Key Management Personnel	Salary %	Bonus %	Allowance & Benefits %	Share-based %	Total %
S$250,000 to below S$500,000					
1	84%	13%	3%	–	100%
1	94%	1%	4%	1%	100%
1	80%	12%	8%	–	100%
1	74%	9%	8%	9%	100%
1	65%	10%	15%	10%	100%

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

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

There are four employees who are immediate family members of our Directors and whose remuneration exceeds S$50,000 for FY2017. By the same token, their remunerations in incremental bands of S$50,000 will not be disclosed.

Name of Employee	Related To
Below S$750,000	
Tonny Phuay Yong Choon	Brother to Mr. Albert Phuay Yong Hen (Chairman and Group CEO)
Below S$500,000	
Phuay Yong Hua	Brother to Mr. Albert Phuay Yong Hen (Chairman and Group CEO) and Brother to Mr. Tonny Phuay Yong Choon (Executive Director)
Chan Yuk Wah Ivy	Spouse of Mr. Herbert Kwok Fei Lung (Executive Director)
Below S$250,000	
Phuay Li Ying	Daughter of Mr. Albert Phuay Yong Hen (Chairman and Group CEO)

There are no termination, retirement and post-employment benefits granted to Directors, the Chairman and Group CEO or the top five Key Management Personnel in FY2017.

Excelpoint Performance Share Scheme

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

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

On 19 May 2017, 60,000 new ordinary shares had been granted and vested to three Independent Directors and thereafter, on 16 November 2017, 632,000 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 Awards under the EPSS during FY2017. 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 FY2017.

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.

ACCOUNTABILITY

Principle 10: ACCOUNTABILITY

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

Principle 11: RISK MANAGEMENT AND INTERNAL CONTROLS

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.

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

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

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

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

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

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

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

The Board and the Audit Committee have reviewed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology and risk management systems, were adequate and effective as at 31 December 2017.

REPORT ON CORPORATE GOVERNANCE

Principle 12: AUDIT COMMITTEE

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

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

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

The AC met quarterly in FY2017. The principal functions are as follows:-

12.1 Review the independence of the external auditor annually and recommend to the Board, the external and internal auditors to be nominated, approve the remuneration of the external auditor, and review the scope and results of the audit;

12.2 Review all non-audit services provided by the external auditor so as to ensure that any provision of such services would not affect the independence of the external auditor;

12.3 Review (with the other committees, management, and the external and internal auditors) significant risks or exposures that exist and assess the steps management has taken to minimise such risk to the Company;

12.4 Review interested person transaction;

12.5 Review with the Group CFO and external auditor at the completion of the annual examination:-

- The external auditor's audit of the annual financial statements and reports;
- The adequacy of the Group's system of accounting controls;
- The level of assistance and cooperation given by management to the external auditor;
- Any significant findings and recommendations of the external auditor and internal auditor and the related management's responses thereto; and
- Any significant changes required in the external auditor's audit plan, any serious difficulties or disputes with management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit.

12.6 Review legal and regulatory matters that may have a material impact on the financial statements' related exchange compliance policies, and programmes and reports received from regulators;

12.7 Report actions and resolutions of the AC to the Board with such recommendations as the AC considers appropriate;

12.8 Review the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls) and to report to the Board annually;

12.9 Review audit plans of the external and internal auditors and evaluating the reports issued by the external and internal auditors from their examination of the Company's internal control systems;

12.10 Review the financial and operating results of the Group and the Company in compliance with accounting policies and assistance given by the Management to its auditors; and

12.11 Review quarterly and annual announcement of results of the Group and the Company before submission to the Board for approval.

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

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

In appointing the auditing firms for the Company and subsidiaries, the Company has complied with Listing Rules 712 and 715.

The AC has conducted an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before confirming their re-nomination. The audit service and non-audit service fees paid or payable to the external auditor of the Company (including member firms of EY Global) for the financial year ended 31 December 2017 amount to US$227,000 and US$135,000 respectively.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor as the non-audit fees incurred was primarily due to the transfer pricing documentation performed by a separate engagement tax team who are not involved in the audit engagement. Ernst & Young LLP has confirmed their independence to the Board.

The AC also meets with the external auditor, without the presence of management, at least once a year. For FY2017, the AC met once with the external auditor without presence of the management. This meeting enabled the external auditor to raise issues encountered in the course of their work directly to the AC.

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

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

The Company has in place a whistle-blowing framework, which provides an avenue for the staff of the Company to raise concerns about improprieties and the independent investigation of such matters by the AC. A whistle-blower email address is created for reporting suspected fraud, corruption, dishonest practices or other similar matters. Details of the whistle-blowing policies and arrangements have been made available to all employees of the Company.

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

The external auditor presents to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on the financial statements before an audit commences. During the financial year ended 31 December 2017, the changes in accounting standards did not have any significant impact on the Company's financial statements.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

REPORT ON CORPORATE GOVERNANCE

Principle 13: INTERNAL AUDIT

The Company has outsourced the internal audit function to Messrs Baker Tilly Consultancy (Singapore) Pte Ltd. The internal audit function is to review key business processes of the Company and its material subsidiaries with the primary objective of identifying significant control issues that the AC and management should focus their attention on.

The AC is satisfied that the Internal Audit is staffed by suitably qualified and experienced personnel.

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

COMMUNICATION WITH SHAREHOLDERS

Principle 14: SHAREHOLDERS RIGHTS
Principle 15: COMMUNICATION WITH SHAREHOLDERS
Principle 16: GREATER SHAREHOLDER PARTICIPATION

The Company does not practise selective disclosure of material information. Material and price-sensitive information is always released on SGXNet after trading hours. Results and annual reports are announced or issued within the mandatory periods and are available on the Company'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.

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

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 Companies Act, Chapter 50). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

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

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

REPORT ON CORPORATE GOVERNANCE

The Company does not have any dividend policy. However, depending upon the Group's operating results, financial conditions, other cash requirements including capital expenditure, terms of borrowing arrangements and other factors deemed relevant by the Directors, the Company does consider positively the payment of annual dividend. Any dividend payments are clearly communicated to shareholders via announcements on SGXNet.

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

The Company has a dedicated Investor Relations ("IR") team which regularly communicates with shareholders, analysts or investors through e-mail communication and telephone to update them on the latest corporate development and at the same time address their queries.

DEALINGS IN SECURITIES

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

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

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

In accordance with the guidelines on share purchase under the share buyback mandate, renewed annually at the Company's AGM, the Company will not undertake any purchase or acquisition of shares pursuant to the proposed share buyback mandate at any time after a price-sensitive development has occurred or has been the subject of a decision until the price-sensitive information has been publicly announced. In particular, in line with the Internal Compliance Code, the Company will not purchase or acquire any shares during the two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the release of the Company's full year financial statements and ending one trading day after the announcement of the relevant results.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the SGX-ST Listing Manual, the Company confirms that except as disclosed in the "Interested Person Transactions" below, there were no material contracts entered into by the Company or its subsidiaries involving the interest of any director or Chairman and Group CEO or controlling shareholders for the financial year ended 31 December 2017.

REPORT ON CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions during the financial year ended 31 December 2017 were as follows:-

Name of Interested Person	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	US$118,800	Rental of office premises	N.A.

USE OF PLACEMENT PROCEEDS AS AT DATE OF THIS 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 report, the status on the use of the Net Proceeds is as follows:-

Intended Uses	Approximate Amount (S$'000)	Estimated Percentage Allocation of Net Proceeds (%)	Amount Utilised as at Date of this Report (S$'000)	Balance as at Date of this Report (S$'000)
Strategic Investments and Acquisitions	5,000	63.9	–	5,000
Development of New Technology and Application	1,700	21.7	(10)	1,690
Investments in Research and Development Expertise	1,125	14.4	(309)	816
Total	7,825	100.0	(319)	7,506

On Behalf of the Directors,

Albert Phuay Yong Hen
Chairman and Group CEO
Singapore

REPORT OF THE AUDIT COMMITTEE

Financial Matters

For FY2017, the Audit Committee ("AC") held four meetings. During each of these meetings, the AC reviewed the quarterly financial accounts prepared by management, including all supporting schedules such as the Group's trade debtors ageing, movement in allowance and write back of doubtful debts, and review of customers with significant credit exposure. The AC also reviews the movement in stocks in relation to the stock provisioning policy. Other matters reviewed include: the Group's operating expenses, the top 10 product lines and top 10 customers as well as the availability and utilisation of Group's banking lines.

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 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 external auditor

The AC approved the scope of audit plan presented by the external auditor. It also reviewed the results of the audit including significant findings and recommendations as well as management's responses.

AC held a separate meeting with the external auditor without the presence of management during which the AC was briefed on the Audit Quality Indicators achieved by the external auditor. AC is satisfied with the external auditor's independence and that it has maintained a high standard of audit quality and controlled policies. AC therefore recommends to the Board of Directors the re-appointment of the external auditor at the forthcoming AGM.

Key Audit Matters

In respect of the Key Audit Matters highlighted by the external auditor, AC's comments are as follows:-

Significant Matters	AC's Comments
Revenue Recognition	AC concurred with management's methodology of revenue recognition which occurs only upon the transfer of significant risks and rewards of ownership of the goods to the customer, usually on delivery of goods.
Recoverability of Trade Debtor	At each AC meeting, the AC reviewed all slow paying debts to ascertain they are indeed collectable. Overall, the AC is satisfied that management does monitor closely the ageing of trade debtors and concurred with management that risks of doubtful debts are well controlled.
Provision for Slow-moving and Obsolete Stocks	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 2017.

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 2017 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 Chief Executive Officer)
Alan Kwan Wai Loen
Herbert Kwok Fei Lung
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, Chapter 50, an interest in shares of the Company (other than wholly-owned subsidiaries) as stated below:-

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
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	–	–
Herbert Kwok Fei Lung	343,600	441,900	229,300	281,200
Tonny Phuay Yong Choon	144,800	144,800	–	–
Kwah Thiam Hock	40,000	60,000	–	–
Sunny Wong Fook Choy	60,000	80,000	–	–
Professor Low Teck Seng	40,000	60,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018.

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, Professor Low Teck Seng and Kwah Thiam Hock.

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 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.

5. Share plans (cont'd)

Performance shares

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

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

Eligibility

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

Controlling Shareholders and their Associates shall be eligible to participate in the Award. However, the aggregate number of shares available to Controlling Shareholders and their Associates must not exceed 25% of the shares available under the Award. The number of shares available to each Controlling Shareholder or his Associate must also not exceed 10% of the shares available under the Award.

During the financial year, the Company has granted 692,000 (2016: 387,500) ordinary shares to its directors and employees.

Name of director	(1) Number of ordinary shares comprised in Award to be issued during financial year under review (including terms)	(2) Aggregate number of ordinary shares comprised in Award from commencement of Award to the end of financial year under review	(3) Number of ordinary shares comprised in Award allotted and/ or transferred during the financial year under review	(4) = (1) – (3) Number of ordinary shares comprised in Award not released during financial year under review	(5) Proportion of ordinary shares comprised in Award vested during financial year under review
Kwah Thiam Hock	20,000 *	60,000	20,000	–	20,000
Professor Low Teck Seng	20,000 *	60,000	20,000	–	20,000
Sunny Wong Fook Choy	20,000 *	60,000	20,000	–	20,000

* The Award was granted on 19 May 2017 made pursuant to a resolution passed at the Annual General Meeting of the Company held on 6 April 2016 wherein an aggregate number of 60,000 ordinary shares in the capital of the Company would be granted to the Independent Directors of the Company under EPSS as part of their respective remuneration for the financial year from 1 January 2016 to 31 December 2016.

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

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

DIRECTORS' STATEMENT

6. Audit committee

The audit committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, 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 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 external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- 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 external auditor, 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.

DIRECTORS' STATEMENT

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 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Excelpoint Technology Ltd. for the financial year ended 31 December 2017

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 2017, 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, and 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, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") 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 2017 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$1.1 billion for the financial year ended 31 December 2017. Revenue from the sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, usually on delivery of goods. The Group uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a higher risk that revenue could be recognised in the incorrect period for sales transactions occurring near the year-end. As such, we determined that this is a key audit matter.

INDEPENDENT AUDITOR'S REPORT

To the Members of Excelpoint Technology Ltd. for the financial year ended 31 December 2017

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 performed data analytics by performing trend analyses on a monthly basis 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. We reviewed and discussed with management any unusual sales trends near year-end. In addition, we performed year-end sales cut-off procedures and reviewed credit notes issued to customers subsequent to year-end to establish that revenue was properly recorded in the correct period. We also requested confirmations from major debtors on a sampling basis. Where appropriate, we tested revenue by tracing to customers' purchase orders and proof of delivery based on a sampling of revenue transactions to ensure that revenue and related trade debtors were recorded appropriately taking into account the terms and conditions of the sales orders, including shipping terms. We also considered the adequacy of the disclosures in respect of revenues in Note 4.

Recoverability of Trade Debtors

As at 31 December 2017, the Group has gross trade debtors of US$196.2 million with allowance for doubtful debts of US$0.1 million. The collectability of trade debtors is a key element of the Group's working capital management, which is managed on an ongoing basis by local management of the subsidiaries. The Group's management oversees the setting of credit limits for the customers and approval of credit limits that are above certain thresholds. The assessment of the recoverability of trade debtors requires significant judgement in assessing the customers' ability to pay, which in turn impacts the recoverability of the Group's trade debtors. As such, we determined that this is a key audit matter.

We evaluated the Group's processes and controls relating to the monitoring of trade debtors and review of credit risks of customers. Our audit procedures included, amongst others, evaluating management's assessment of the credit review procedures of trade debtors, requesting confirmation of trade debtors' balances, and tracing to cash receipts from the customers after the year-end. We also evaluated management's assumptions used to determine the amount of allowance for doubtful debts, through analyses of ageing of trade debtors, assessment of material overdue individual trade debtors and risks specific to the trade debtors. We assessed the adequacy of the Group's disclosures in respect of trade debtors in Note 14 and the related risks such as credit risk and liquidity risk in Notes 25(a) and 25(b).

Provision for Slow-moving and Obsolete Stocks

As at 31 December 2017, the Group has gross stocks of US$177.2 million, with provision for slow-moving and obsolete stocks of US$2.2 million. Stocks balances comprise finished products. The determination of provision for slow-moving and obsolete stocks requires management to exercise judgement in identifying slow-moving and obsolete stocks and make estimates of the net realisable value to determine the appropriate level of provision required. This process also involves management to consider the different stock rotation and price protection arrangements with certain suppliers, adding complexity to the process. 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 of the carrying value of stocks, we evaluated the analyses and assessments made by management with respect to the carrying value 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 sample 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 identification of slow-moving and obsolete stocks. We also inquired of 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 our understanding by performing a review of the significant terms and conditions in supplier contracts. We also assessed the adequacy of the disclosures in respect of stocks in Note 15.

INDEPENDENT AUDITOR'S REPORT

To the Members of Excelpoint Technology Ltd. for the financial year ended 31 December 2017

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 FRSs, 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

To the Members of Excelpoint Technology Ltd. for the financial year ended 31 December 2017

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 that subsidiary corporation 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 Tham Chee Soon.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

28 February 2018

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2017

	Note	Group 2017 US$'000	Group 2016 US$'000
Revenue	4	1,146,394	988,240
Cost of sales		(1,085,487)	(933,128)
Gross profit		60,907	55,112
Other income	5	483	531
Sales and distribution costs		(29,181)	(29,832)
General and administrative expenses		(17,403)	(15,664)
Interest expense	6	(4,107)	(2,472)
Other expenses, net		(476)	830
Profit before tax	7	10,223	8,505
Income tax expense	8	(2,125)	(1,452)
Profit for the year attributable to equity holders of the Company		8,098	7,053
Basic and diluted earnings per share attributable to equity holders of the Company (cents per share)	9	6.87	6.65

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 2017

	Group	
	2017	**2016**
	US$'000	US$'000
Profit for the year	8,098	7,053
Other comprehensive income:-		
Items that may be reclassified subsequently to profit or loss:-		
Foreign currency translation	6	(14)
Reclassification of foreign currency translation reserve to profit or loss upon strike-off of subsidiary	–	107
Net gain on fair value changes of available-for-sale financial assets	540	1
Other comprehensive income for the year, net of tax	546	94
Total comprehensive income for the year attributable to equity holders of the Company	8,644	7,147

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

BALANCE SHEETS

As at 31 December 2017

	Note	Group 2017 US$'000	Group 2016 US$'000	Company 2017 US$'000	Company 2016 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	2,621	2,577	–	–
Intangible assets	11	472	519	–	–
Investments in subsidiaries	12	–	–	9,878	9,878
Investment securities	13	2,354	1,793	2,354	1,793
Deferred tax assets	20	–	18	–	–
		5,447	4,907	12,232	11,671
Current assets					
Trade and other debtors	14	199,055	155,379	–	6
Prepayments		375	353	2	2
Stocks	15	174,980	131,598	–	–
Amounts due from subsidiaries	16	–	–	30,071	26,551
Cash and short-term deposits	17	9,979	16,606	718	2,841
		384,389	303,936	30,791	29,400
Total assets		389,836	308,843	43,023	41,071
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other creditors	18	169,278	113,863	1,558	900
Interest-bearing loans and borrowings	19	142,720	123,501	–	–
Income tax payable		4,003	3,221	149	16
Total liabilities		316,001	240,585	1,707	916
Net current assets		68,388	63,351	29,084	28,484
Net assets		73,835	68,258	41,316	40,155
Equity attributable to equity holders of the Company					
Share capital	21	38,553	38,244	38,553	38,244
Revenue reserves		35,323	30,601	1,732	1,420
Other reserves	22	(41)	(587)	1,031	491
Total equity		73,835	68,258	41,316	40,155
Total equity and liabilities		389,836	308,843	43,023	41,071

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 2017

2017 Group	Note	Equity, total US$'000	Share capital US$'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
		Attributable to equity holders of the Company							
Opening balance at 1 January 2017		68,258	38,244	30,601	(587)	264	25	(1,103)	227
Profit for the year		8,098	–	8,098	–	–	–	–	–
Other comprehensive income:-									
Foreign currency translation		6	–	–	6	–	–	6	–
Net gain on fair value changes of available-for-sale financial assets		540	–	–	540	540	–	–	–
Other comprehensive income for the year, net of tax		546	–	–	546	540	–	6	–
Total comprehensive income for the year		8,644	–	8,098	546	540	–	6	–
Contributions by and distributions to equity holders:-									
Grant of share awards under EPSS	21	309	309	–	–	–	–	–	–
Dividends on ordinary shares	29	(3,376)	–	(3,376)	–	–	–	–	–
Total contributions by and distributions to equity holders, representing total transactions with equity holders in their capacity as owners		(3,067)	309	(3,376)	–	–	–	–	–
Closing balance at 31 December 2017		73,835	38,553	35,323	(41)	804	25	(1,097)	227

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 2017

2016 Group	**Note**	**Equity, total** US$'000	**Share capital** US$'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
		Attributable to equity holders of the Company							
Opening balance at 1 January 2016		57,183	32,410	25,454	(681)	263	25	(1,196)	227
Profit for the year		7,053	–	7,053	–	–	–	–	–
Other comprehensive income:-									
Foreign currency translation		(14)	–	–	(14)	–	–	(14)	–
Reclassification of foreign currency translation reserve to profit or loss upon strike-off of a subsidiary		107	–	–	107	–	–	107	–
Net gain on fair value changes of available-for-sale financial assets		1	–	–	1	1	–	–	–
Other comprehensive income for the year, net of tax		94	–	–	94	1	–	93	–
Total comprehensive income for the year		7,147	–	7,053	94	1	–	93	–
Contributions by and distributions to equity holders:-									
Grant of share awards under EPSS	21	100	100	–	–	–	–	–	–
Issuance of new shares	21	5,734	5,734	–	–	–	–	–	–
Dividends on ordinary shares	29	(1,906)	–	(1,906)	–	–	–	–	–
Total contributions by and distributions to equity holders, representing total transactions with equity holders in their capacity as owners		3,928	5,834	(1,906)	–	–	–	–	–
Closing balance at 31 December 2016		68,258	38,244	30,601	(587)	264	25	(1,103)	227

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 2017

2017 Company	**Note**	**Equity, total** US$'000	**Share capital** US$'000	**Revenue reserve** US$'000	**Other reserves, total** US$'000	**Fair value reserve** US$'000	**Other capital reserve** US$'000
		Attributable to equity holders of the Company					
Opening balance at 1 January 2017		40,155	38,244	1,420	491	264	227
Profit for the year		3,688	–	3,688	–	–	–
Other comprehensive income for the year, net of tax:-							
Net gain on fair value changes of available-for-sale financial assets		540	–	–	540	540	–
Total comprehensive income for the year		4,228	–	3,688	540	540	–
Contributions by and distributions to equity holders:-							
Grant of share awards under EPSS	21	309	309	–	–	–	–
Dividends on ordinary shares	29	(3,376)	–	(3,376)	–	–	–
Total contributions by and distributions to equity holders, representing total transactions with equity holders in their capacity as owners		(3,067)	309	(3,376)	–	–	–
Closing balance at 31 December 2017		41,316	38,553	1,732	1,031	804	227

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 2017

2016 Company	**Note**	**Equity, total**	**Share capital**	**Revenue reserve**	**Other reserves, total**	**Fair value reserve**	**Other capital reserve**
		Attributable to equity holders of the Company					
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Opening balance at 1 January 2016		33,887	32,410	987	490	263	227
Profit for the year		2,339	–	2,339	–	–	–
Other comprehensive income for the year, net of tax:-							
Net loss on fair value changes of available-for-sale financial assets		1	–	–	1	1	–
Total comprehensive income for the year		2,340	–	2,339	1	1	–
Contributions by and distributions to equity holders:-							
Grant of share awards under EPSS	21	100	100	–	–	–	–
Issuance of new shares	21	5,734	5,734	–	–	–	–
Dividends on ordinary shares	29	(1,906)	–	(1,906)	–	–	–
Total contributions by and distributions to equity holders, representing total transactions with equity holders in their capacity as owners		3,928	5,834	(1,906)	–	–	–
Closing balance at 31 December 2016		40,155	38,244	1,420	491	264	227

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 2017

	Note	Group 2017 US$'000	Group 2016 US$'000
Operating activities			
Profit before tax		10,223	8,505
Adjustments for:-			
Interest income	5	(31)	(26)
Interest expense	6	4,107	2,472
Depreciation of property, plant and equipment	10	853	755
Dividend income from investment securities	5	(181)	(177)
Loss on disposal of property, plant and equipment	7	9	23
Property, plant and equipment written off	7	4	–
Reclassification of foreign currency translation reserve to profit or loss upon strike-off of a subsidiary		–	107
Gain on disposal of intangible assets	7	(1)	–
Net allowance for/(write-back of) doubtful trade debts	14	476	(830)
Net stocks written down	15	1,034	93
Share based payments under EPSS	21	309	100
Operating cash flows before changes in working capital		16,802	11,022
Changes in working capital:-			
Increase in stocks		(44,416)	(20,078)
Increase in trade and other debtors and prepayments		(44,174)	(18,478)
Increase in trade and other creditors		55,424	10,540
Cash flows used in operations		(16,364)	(16,994)
Interest received		31	26
Interest paid		(4,107)	(2,472)
Income tax paid		(1,329)	(1,011)
Net cash flows used in operating activities		(21,769)	(20,451)
Investing activities			
Purchase of property, plant and equipment	10	(905)	(1,601)
Proceeds from disposal of property, plant and equipment		5	118
Purchase of intangible assets	11	–	(193)
Proceeds on disposal of intangible assets		48	–
Dividend income from investment securities		160	140
Net cash flows used in investing activities		(692)	(1,536)
Financing activities			
Proceeds from interest-bearing loans and borrowings	19	19,219	24,056
Dividend paid on ordinary shares	29	(3,376)	(1,906)
Proceeds from issuance of ordinary shares	21	–	5,734
Net cash flows generated from financing activities		15,843	27,884
Net (decrease)/increase in cash and cash equivalents		(6,618)	5,897
Effects of exchange rate changes on cash and cash equivalents		(9)	(15)
Cash and cash equivalents at 1 January		16,606	10,724
Cash and cash equivalents at 31 December	17	9,979	16,606

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 2017

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 12.

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 ("FRS").

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$") and all values are rounded to the nearest thousand ("US$'000") except when otherwise indicated.

<u>Convergence with International Financial Reporting Standards</u>

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

On transition to the new financial reporting framework, the Group expects to elect the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group expects to reclassify an amount of US$1,103,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

Other than the effects of the matter as described above and the adoption of the new standards that are effective on 1 January 2018, the Group expects that the adoption of the new framework will have no material impact on the financial statements in the year of initial application. The Group expects that the impact of adopting the new standards that are effective on 1 January 2018 will be similar to that as disclosed in Note 2.3.

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 period beginning on 1 January 2017, including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

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

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 FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 is described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018.

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach. For completed contracts, the Group plans not to restate completed contracts that begin and end within the same year or are completed contracts on 1 January 2017.

The Group is in a business of trading of electronics equipment, sale and distribution of electronic components and dealers of all types of electronic and electrical components and accessories. The Group expects the following impact upon adoption of FRS 115:-

Variable consideration

For the sale of electronics equipment, some contracts with customers provide trade discounts or volume rebates. Such provisions give rise to variable consideration under FRS 115. The Group currently recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Under FRS 115, variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved.

On the adoption of FRS 115, the Group does not expect any significant impact to arise.

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

2.3 ***Standards issued but not yet effective (cont'd)***

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2018.

(a) ***Classification and measurement***

For equity securities, the Group will continue to measure its currently available-for-sale quoted equity securities of US$2,354,000 at fair value through other comprehensive income. The Group does not expect any significant impact on the accounting for its investment in equity securities arising from adoption of FRS 109.

(b) ***Impairment***

FRS 109 requires the Group and the Company to record expected credit losses on all of its loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects that, due to the unsecured nature of its loans and receivables, the loss allowance would increase.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets, total liabilities and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:-

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition dates. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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:-

Leasehold building	-	40 years (or remaining lease period of the land)
Furniture and fittings	-	5 years
Office equipment	-	3 – 5 years
Motor vehicles	-	4 – 10 years
Computers	-	3 – 5 years
Renovations	-	the lower of remaining lease period and 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

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.

The useful lives of intangible assets are assessed as indefinite.

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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Club memberships

Club memberships were acquired separately and the useful lives of the memberships are estimated to be indefinite because they are lifetime memberships and have 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 separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

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 financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:-

(i) ***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) ***Available-for-sale financial assets***

Available-for-sale financial assets include equity securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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 consideration received and any cumulative gain or loss that has been recognised in other comprehensive income 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.

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

2.10 *Financial Instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

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

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

(b) ***Available-for-sale financial assets***

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank 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.

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

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 recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

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 ordinary 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 earning upon expiry of the share option.

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

2.18 *Borrowing costs*

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. Summary of significant accounting policies (cont'd)

2.19 *Leases*

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.20 *Revenue*

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) ***Sale of goods***

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) ***Commission income***

Commission income is recognised as and when services are rendered.

(c) ***Interest income***

Interest income is recognised using the effective interest method.

(d) ***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established.

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.

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

2.21 *Taxes (cont'd)*

(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, 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.

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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

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, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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. Significant accounting judgements and estimates (cont'd)

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the consolidated financial statements:-

Income taxes

The Group has exposure to income taxes in a number of jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax assets at the end of the reporting period was US$4,003,000 (2016: US$3,221,000) and nil (2016: US$18,000) respectively.

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) ***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and the timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 14.

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

The Group carried out stocks review on a product-by-product basis to determine the allowance for slow-moving 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 15.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

4. Revenue

	Group	
	2017	**2016**
	US$'000	US$'000
Sale of goods	1,146,357	988,208
Commission income	37	32
	1,146,394	988,240

5. Other income

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

	Group	
	2017	**2016**
	US$'000	US$'000
Interest income on bank deposits	31	26
Grant and subsidy income	98	204
Dividend income from investment securities	181	177
Gain from disposal of business activities in the research and development division in 2014	–	100

6. Interest expense

	Group	
	2017	**2016**
	US$'000	US$'000
Interest expense on bank loans and borrowings	(4,107)	(2,472)

7. Profit before tax

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

		Group	
	Note	**2017**	**2016**
		US$'000	US$'000
Stocks recognised as an expense in cost of sales	15	(1,084,374)	(931,877)
Loss on disposal of property, plant and equipment		(9)	(23)
Property, plant and equipment written off		(4)	–
Depreciation of property, plant and equipment	10	(853)	(755)
Gain on disposal of intangible assets		1	–
Net foreign exchange gain/(loss)		1,131	(1,855)
Other expenses, net:-			
- Allowance for doubtful trade debts	14	(1,878)	(143)
- Allowance for doubtful trade debts written back	14	1,402	973
Employee benefits expenses (including directors):-			
- Salaries and bonuses		(26,197)	(24,759)
- Contributions to defined contribution plans		(3,696)	(3,346)
- Other short-term benefits		(1,745)	(2,436)
- Share-based payments under EPSS		(309)	(100)
Audit fees:-			
- Auditor of the Company		(118)	(120)
- Member firms of EY Global		(109)	(90)
- Other auditors		(2)	(2)
Non-audit fees:-			
- Auditor of the Company		(79)	(11)
- Member firms of EY Global		(56)	(6)
- Other auditors		(1)	(1)
Operating lease expense	24(a)	(3,517)	(3,362)

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 2017 and 2016 are:-

	Group	
	2017	**2016**
	US$'000	US$'000
Consolidated income statement:-		
Current income tax		
- Current income taxation	(2,063)	(1,427)
- Under provision in respect of previous years	(44)	(13)
	(2,107)	(1,440)
Deferred income tax		
- Origination and reversal of temporary differences	(18)	(12)
Income tax expense recognised in profit or loss	(2,125)	(1,452)

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 2017 and 2016 is as follows:-

	Group	
	2017	**2016**
	US$'000	US$'000
Profit before tax	10,223	8,505
Tax at the tax rate of 17% (2016: 17%)	(1,738)	(1,446)
Adjustments:-		
Non-deductible expenses	(394)	(477)
Income not subject to taxation	32	174
Effect of partial tax relief, tax rebates and tax incentives	117	182
Difference in tax rates of subsidiaries	(27)	(3)
Under provision in respect of previous years	(44)	(13)
Losses of foreign subsidiaries not available for set-off against profits of other companies within the Group	(1)	(56)
Benefits from previously unrecognised tax losses	–	171
Deferred tax assets not recognised	(25)	–
Others	(45)	16
Income tax expense recognised in profit or loss	(2,125)	(1,452)

A subsidiary has been granted a tax incentive under the Singapore Global Trader Programme for a period of 3 years from 1 January 2016 to 31 December 2018. The qualifying income derived by the subsidiary from qualifying transactions is taxed at concessionary tax rate of 10%. The recognition of the benefits of this tax incentive is pending finalisation of the tax computations by the tax authorities.

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 2017 and 2016:-

	Group	
	2017	**2016**
Profit for the year attributable to equity holders of the Company used in the computation of basic and diluted earnings per share (US$'000)	8,098	7,053
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	117,928	105,999

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

10. Property, plant and equipment

Group	Furniture and fittings	Office equipment	Motor vehicles	Computers	Renovations	Leasehold building	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:-							
At 1 January 2016	614	2,914	1,934	2,285	1,500	355	9,602
Additions	153	105	382	390	571	–	1,601
Written off	–	(1)	–	(42)	–	–	(43)
Disposals	(55)	(170)	(298)	(11)	(64)	–	(598)
Exchange differences	–	(2)	–	2	(5)	–	(5)
At 31 December 2016 and 1 January 2017	712	2,846	2,018	2,624	2,002	355	10,557
Additions	114	71	18	310	330	62	905
Written off	(1)	(52)	(16)	(202)	(87)	–	(358)
Disposals	(19)	(224)	(1)	(30)	(24)	–	(298)
Exchange differences	–	4	–	5	12	–	21
At 31 December 2017	806	2,645	2,019	2,707	2,233	417	10,827
Accumulated depreciation:-							
At 1 January 2016	524	2,750	1,096	1,761	1,266	335	7,732
Depreciation charge for the year	36	83	207	255	161	13	755
Written off	–	(1)	–	(42)	–	–	(43)
Disposals	(54)	(152)	(177)	(10)	(64)	–	(457)
Exchange differences	–	(3)	–	–	(4)	–	(7)
At 31 December 2016 and 1 January 2017	506	2,677	1,126	1,964	1,359	348	7,980
Depreciation charge for the year	59	72	171	297	191	63	853
Written off	(1)	(52)	(16)	(201)	(84)	–	(354)
Disposals	(19)	(214)	(1)	(26)	(24)	–	(284)
Exchange differences	–	3	–	–	8	–	11
At 31 December 2017	545	2,486	1,280	2,034	1,450	411	8,206
Net carrying amount:-							
At 31 December 2016	206	169	892	660	643	7	2,577
At 31 December 2017	261	159	739	673	783	6	2,621

11. Intangible assets

Group	Club memberships US$'000
Cost:-	
At 1 January 2016	347
Additions	193
At 31 December 2016 and 1 January 2017	540
Disposal	(68)
At 31 December 2017	472
Accumulated impairment:-	
At 1 January 2016, 31 December 2016 and 1 January 2017	(21)
Disposal	21
At 31 December 2017	–
Net carrying amount:-	
At 31 December 2016	519
At 31 December 2017	472

As explained in Note 2.7, the useful life of club memberships is estimated to be indefinite.

During the financial years ended 31 December 2017 and 2016, there has been no impairment loss recognised to write-down the carrying amount of club memberships.

12. Investments in subsidiaries

	Company	
	2017 US$'000	**2016** US$'000
Unquoted shares, at cost	9,878	9,878

The Group has the following investments in subsidiaries.

Name	Principal place of business	Principal activities	Proportion of ownership interest 2017 %	Proportion of ownership interest 2016 %
Held by the Company				
Excelpoint Systems (Pte) Ltd [(1)]	Singapore	Trading of electronic components	100	100
Excelpoint Systems (H.K.) Limited [(2)]	Hong Kong	Trading of electronic components	100	100
Lights Electronics Pte Ltd [(6)]	Singapore	Dormant	–	100
PlanetSpark Pte. Ltd. [(5)]	Singapore	Dormant	100	100

12. Investments in subsidiaries (cont'd)

Name	Principal place of business	Principal activities	Proportion of ownership interest	
			2017	2016
			%	%
Held by Excelpoint Systems (Pte) Ltd				
Excelpoint Systems Sdn. Bhd. (3)	Malaysia	Trading of electronic components	100	100
Excelpoint Systems (India) Private Limited (2)	India	Provision of marketing support services and technical support services	100	100
Held by Excelpoint Systems (H.K.) Limited				
Excelpoint International Trading (Shanghai) Co., Ltd. (2)	The People's Republic of China	Trading of electronic components	100	100
Excelpoint International Trading (Shenzhen) Co., Ltd. (4)	The People's Republic of China	Dormant	100	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firms of EY Global in the respective countries.

(3) Audited by Yong & Leonard Chartered Accountants, Malaysia.

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

(5) Not required to be audited by the laws of country of incorporation.

(6) Deregistered on 9 March 2017.

13. Investment securities

	Group and Company	
	2017	**2016**
	US$'000	US$'000
Available-for-sale financial assets:-		
- Equity securities (quoted)	2,354	1,793

14. Trade and other debtors

	Note	Group		Company	
		2017	2016	2017	2016
		US$'000	US$'000	US$'000	US$'000
Trade debtors		196,144	154,236	–	6
Deposits		2,144	795	–	–
Staff loans		9	10	–	–
Others		758	338	–	–
Total trade and other debtors		199,055	155,379	–	6
Add: Cash and short-term deposits	17	9,979	16,606	718	2,841
Add: Amounts due from subsidiaries	16	–	–	30,071	26,551
Less: Non-refundable deposits		(1,093)	–	–	–
Less: Sales tax receivables		(2,957)	(796)	–	(6)
Total loan and receivables		204,984	171,189	30,789	29,392

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$1,216,000 (2016: Nil) are arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based.

Staff loans

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	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Chinese Renminbi	24,485	17,958	–	–
Singapore Dollar	3,252	897	–	6
Hong Kong Dollar	1,290	269	–	–
Euro	369	86	–	–
Others	95	65	–	–

Includes in trade debtors are bills receivable of US$3,855,000 (2016: US$2,675,000) with an average maturity of one to six months (2016: One to six months) from the end of the reporting period.

14. Trade and other debtors (cont'd)

Receivables that are past due but not impaired

The Group has trade debtors amounting to US$39,003,000 (2016: US$38,696,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:-

	Group	
	2017	**2016**
	US$'000	US$'000
Trade debtors past due but not impaired:-		
Less than 30 days	33,383	22,026
30 to 60 days	3,661	9,075
61 to 90 days	477	2,408
More than 90 days	1,482	5,187
	39,003	38,696

Receivables that are impaired

The Group's trade debtors that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:-

	Group Individually impaired	
	2017	**2016**
	US$'000	US$'000
Trade debtors – nominal amounts	98	87
Less: Allowance for impairment	(98)	(87)
	–	–
Movement in allowance accounts:-		
At 1 January	(87)	(1,166)
Charge for the financial year	(1,878)	(143)
Written back	1,402	973
Written off	466	248
Exchange differences	(1)	1
At 31 December	(98)	(87)

Trade debtors that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15. Stocks

	Group	
	2017	**2016**
	US$'000	US$'000
Balance sheet:-		
Trading stocks	174,980	131,598
Consolidated income statement:-		
Stocks recognised as an expense in cost of sales	(1,084,374)	(931,877)
Inclusive of the following (charge)/credit:-		
Stocks written down	(3,285)	(2,793)
Reversal of stocks written down	2,251	2,700

The reversal of stocks written down was made when the related stocks were sold above their carrying amounts in 2017 and 2016.

16. Amounts due from subsidiaries

	Company	
	2017	**2016**
	US$'000	US$'000
Amounts due from subsidiaries:-		
Loans	28,500	26,000
Non-trade	1,571	551
	30,071	26,551

Loans due from subsidiaries are unsecured, bear interest ranging from 1.58% to 2.18% (2016: 1.29% to 2.02%) per annum and are to be settled in cash. Non-trade amounts due from subsidiaries are repayable on demand, unsecured and are to be settled in cash. Amounts due from subsidiaries are denominated in USD.

17. Cash and short-term deposits

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Cash at bank and on hand	9,979	15,020	718	2,841
Short-term deposits	–	1,586	–	–
Cash and short-term deposits, representing cash and cash equivalents per consolidated cash flow statement	9,979	16,606	718	2,841

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits were made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earned interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2016 for the Group was 1.10% per annum.

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

Cash and cash equivalents of US$1,879,000 (2016: US$5,030,000) 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	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Chinese Renminbi	1,874	4,843	–	–
Singapore Dollar	203	4,117	73	135
Euro	62	47	–	–
Hong Kong Dollar	471	403	–	–
Others	489	474	5	157

18. Trade and other creditors

		Group		Company	
	Note	**2017**	**2016**	**2017**	**2016**
		US$'000	US$'000	US$'000	US$'000
Trade creditors		142,706	93,475	–	–
Accruals		8,228	6,617	1,549	882
Advances from customers		7,679	6,599	–	–
Other creditors		5,711	2,876	–	–
Sundries		4,954	4,296	9	18
Total trade and other creditors		169,278	113,863	1,558	900
Add: Interest-bearing loans and borrowings	19	142,720	123,501	–	–
Less: Advances from customers		(7,679)	(6,599)	–	–
Total financial liabilities carried at amortised cost		304,319	230,765	1,558	900

Trade creditors/other creditors

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

18. Trade and other creditors (cont'd)

Sundries

Sundries include accruals for sales rebates, shipping and freight costs and miscellaneous costs.

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Chinese Renminbi	5,804	4,813	–	–
Singapore Dollar	4,251	3,452	1,558	896
Hong Kong Dollar	490	236	–	–
Euro	1,598	53	–	–
Others	34	242	–	–

19. Interest-bearing loans and borrowings

		Group	
	Maturity	**2017**	**2016**
		US$'000	US$'000
Current:-			
Bills payable, unsecured	2018	142,720	120,501
Revolving short-term bank loan	–	–	3,000
Total interest-bearing loans and borrowings		142,720	123,501

Bills payable, unsecured

Bills payables are unsecured, denominated in USD and bear interest ranging from 0.90% to 2.25% (2016: 0.90% to 2.25%) above the banks' cost of funds or interbank offer rates per annum.

Revolving short-term bank loan

Revolving short-term bank loan was unsecured, denominated in USD and carried interest at 2.30% per annum. The short-term bank loan was repaid in January 2017.

A reconciliation of liabilities arising from financing activities is as follows:-

		Group	
	2016	**Cash flows**	**2017**
	US$'000	US$'000	US$'000
Bills payable, unsecured	120,501	22,219	142,720
Revolving short-term bank loan	3,000	(3,000)	–
Total	123,501	19,219	142,720

20. Deferred tax assets

	Group			
	Balance sheet		Consolidated income statement	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Deferred tax liabilities:-				
Differences in depreciation for tax purposes	(93)	(81)	(12)	(51)
Deferred tax assets:-				
Accrual for employee leave entitlement	21	78	(57)	36
Others	72	21	51	3
Net deferred tax assets	–	18		
Deferred tax expense			(18)	(12)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately US$1,901,000 (2016: US$1,756,000) 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.

Tax consequences of proposed dividends

There are no income tax consequences (2016: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 29).

21. Share capital

	Group and Company			
	2017		2016	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Issued and fully paid ordinary shares:-				
At 1 January	117,811	38,244	102,423	32,410
Grant of share awards under EPSS	692	309	388	100
Issuance of new shares	–	–	15,000	5,734
At 31 December	118,503	38,553	117,811	38,244

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.

On 5 October 2016, the Company completed the private share placement of the Company's 15,000,000 ordinary shares, which were allotted and issued to the Placee at a price of US$0.385 (S$0.525) per share, net of incremental costs of US$41,000 directly attributable to the issuance of ordinary shares.

21. Share capital (cont'd)

Excelpoint Performance Share Scheme ("EPSS")

In February 2016, the Company issued and allotted 60,000 ordinary shares in the share capital of the Company at the Market Price of US$0.200 (S$0.280) under the EPSS.

In November 2016, the Company issued and allotted 327,500 ordinary shares in the share capital of the Company at the Market Price of US$0.269 (S$0.375) under the EPSS.

In May 2017, the Company issued and allotted 60,000 ordinary shares in the share capital of the Company at the Market Price of US$0.430 (S$0.60) under the EPSS.

In November 2017, the Company issued and allotted 632,000 ordinary shares in the share capital of the Company at the Market Price of US$0.448 (S$0.61) under the EPSS.

22. Other reserves

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

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(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.

23. 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	
	2017	**2016**
	US$'000	US$'000
Rental expense paid/payable to a director	119	109

(b) *Compensation of key management personnel*

	Group	
	2017	**2016**
	US$'000	US$'000
Short-term employee benefits	5,160	4,477
Contributions to defined contribution plans	102	93
Share-based payments under EPSS	144	25
	5,406	4,595
Comprise amounts paid to:-		
Directors of the Company	3,652	3,174
Other key management personnel	1,754	1,421
	5,406	4,595

24. Commitments and contingencies

(a) *Operating lease commitments – as lessee*

The Group leases certain properties under lease arrangements that are non-cancellable. The leases have an average tenure of between monthly and nine years with renewal options and escalation clauses included in the contracts. The Group is restricted from subleasing the leased properties.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to US$3,517,000 (2016: US$3,362,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:-

	Group	
	2017	**2016**
	US$'000	US$'000
Not later than one year	3,381	3,124
Later than one year but not later than three years	5,511	2,828
Later than three years	1,046	–
	9,938	5,952

24. Commitments and contingencies (cont'd)

(b) ***Contingent liabilities***

As at 31 December 2017, the Company has provided corporate guarantees to banks and institutions in connection with credit facilities provided to its subsidiaries, of which US$144,806,000 (2016: US$126,385,000) of the credit facilities have been utilised.

25. 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 cash and short-term deposits, the Group and the Company manage 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.

<u>Exposure to credit risk</u>

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 an amount of US$144,806,000 (2016: US$126,385,000) relating to the corporate guarantees provided by the Company to banks and institutions for credit facilities provided to its subsidiaries.

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

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

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade debtors on an ongoing basis. The credit risk concentration profile of the Group's trade debtors at the end of the reporting period is as follows:-

	Group			
	2017		**2016**	
	US$'000	% of total	US$'000	% of total
Hong Kong/The People's Republic of China	146,181	74.5	117,404	76.1
Singapore	24,525	12.5	11,312	7.3
Malaysia	8,851	4.5	6,880	4.5
India	6,320	3.2	6,621	4.3
United States of America	2,269	1.2	1,854	1.2
Indonesia	2,182	1.1	294	0.2
Thailand	1,646	0.8	1,890	1.1
Philippines	362	0.2	2,747	1.8
Australia	207	0.1	1,284	0.8
Others	3,601	1.9	3,950	2.7
	196,144	100.0	154,236	100.0

At the end of the reporting period, approximately 19% (2016: 13%) of the Group's trade debtors were due from two (2016: two) major customers located in Hong Kong/The People's Republic of China (2016: Singapore and Hong Kong/The People's Republic of China).

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14.

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

(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 less than one year (2016: Less than one year).

All the Company's financial guarantee contracts have contractual expiry by maturity of less than one year (2016: Less than one year). The financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

(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. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2016: Less than 6 months) from the end of the reporting period.

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 (2016: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been US$74,000 (2016: US$123,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(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 Euro ("EUR").

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

(d) ***Foreign currency risk (cont'd)***

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 EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:-

		Group	
		2017	**2016**
		Profit before tax	**Profit before tax**
		US$'000	US$'000
RMB/USD	- strengthened 5% (2016: 5%)	1,028	899
	- weakened 5% (2016: 5%)	(1,028)	(899)
SGD/USD	- strengthened 5% (2016: 5%)	(40)	78
	- weakened 5% (2016: 5%)	40	(78)
HKD/USD	- strengthened 5% (2016: 5%)	64	22
	- weakened 5% (2016: 5%)	(64)	(22)
EUR/USD	- strengthened 5% (2016: 5%)	(58)	4
	- weakened 5% (2016: 5%)	58	(4)

(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 securities. These securities are quoted on the Taiwan Stock Exchange and are classified as available-for-sale financial assets. 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 5% (2016: 5%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been US$118,000 (2016: US$90,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity securities classified as available-for-sale.

26. Fair value of assets and liabilities

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

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

Fair value hierarchy (cont'd)

- 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.

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:-

	Note	Group 2017	Group 2016
		Fair value measurements at the end of the reporting period using	
		Quoted prices in active markets for identical instruments (Level 1)	
		US$'000	US$'000
Financial assets measured at fair value			
Available-for-sale financial assets			
Quoted equity securities	13	2,354	1,793

27. Capital management

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

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios 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 2017 and 2016.

As disclosed in Note 22(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 2017 and 2016.

27. Capital management (cont'd)

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, 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.

		Group	
	Note	**2017**	**2016**
		US$'000	US$'000
Interest-bearing loans and borrowings	19	142,720	123,501
Less: Cash and short-term deposits	17	(9,979)	(16,606)
Net debt		132,741	106,895
Equity attributable to equity holders of the Company		73,835	68,258
Less: Statutory reserve fund	22(b)	(25)	(25)
Total capital		73,810	68,233
Capital and net debt		206,551	175,128
Gearing ratio		64%	61%

28. 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 provides design-in and distribution services. This segment covers the business entities located in Hong Kong and The People's Republic of China.

(ii) ***Singapore Business Unit***

The Singapore Business Unit segment provides design-in and distribution services. This 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, and other dormant companies.

Design-in services relate to product sales that include field application services and design and development services which require a higher level of technical expertise and involve research and development.

Distribution services include value-added distribution and supply chain management which primarily involve the provision of electronic components and related logistics to customers.

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.

28. Segment information (cont'd)

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

The following table presents segment information regarding the Group's operating segments for the years ended 31 December 2017 and 2016.

	Hong Kong Business Unit		Singapore Business Unit		Corporate Unit		Adjustment and eliminations		Per consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue										
External customers	625,001	551,086	521,393	437,154	–	–	–	–	1,146,394	988,240
Inter-segment	468	922	39,911	47,886	–	–	(40,379)	(48,808)	–	–
Total revenue	625,469	552,008	561,304	485,040	–	–	(40,379)	(48,808)	1,146,394	988,240
Results										
Interest income	21	21	8	4	2	1	–	–	31	26
Interest expense	(2,648)	(1,753)	(2,014)	(1,118)	–	–	555	399	(4,107)	(2,472)
Loss on disposal of property, plant and equipment	(9)	(23)	–	–	–	–	–	–	(9)	(23)
Property, plant and equipment written off	–	–	(1)	–	–	–	(3)	–	(4)	–
Depreciation of property, plant and equipment	(414)	(390)	(439)	(365)	–	–	–	–	(853)	(755)
Other non-cash expenses:-										
- Reversal of stocks written down	974	991	1,277	1,709	–	–	–	–	2,251	2,700
- Stocks written down	(2,152)	(1,297)	(1,133)	(1,496)	–	–	–	–	(3,285)	(2,793)
- Allowance for doubtful trade debts written back	1,365	858	37	115	–	–	–	–	1,402	973
- Allowance for doubtful trade debts	(1,845)	(40)	(33)	(103)	–	–	–	–	(1,878)	(143)
Segment profit/(loss) before tax	5,820	4,036	3,842	4,415	505	223	56	(169)	10,223	8,505
Income tax expenses	(1,114)	(739)	(874)	(695)	(137)	(18)	–	–	(2,125)	(1,452)
Assets										
Additions to non-current assets	423	979	482	815	–	–	–	–	905	1,794
Segment assets	222,329	187,406	164,433	116,796	3,074	4,641	–	–	389,836	308,843
Segment liabilities	(165,981)	(129,876)	(148,312)	(109,792)	(1,708)	(917)	–	–	(316,001)	(240,585)

The nature of the adjustments and eliminations to arrive at amounts reported in the consolidated financial statements relates to inter-segment revenues that are eliminated on consolidation.

28. Segment information (cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Hong Kong/The People's Republic of China	904,976	757,768	1,596	1,601
Southeast Asia	172,237	181,549	1,326	1,345
India	31,769	27,284	171	150
Others	37,412	21,639	–	–
	1,146,394	988,240	3,093	3,096

Non-current assets information presented above consist of property, plant and equipment 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 2017 and 2016.

29. Dividends

	Group and Company	
	2017	**2016**
	US$'000	US$'000
Declared and paid during the financial year:-		
Dividends on ordinary shares:-		
- Final exempt (one-tier) dividend for 2016: S$0.025 (2015: S$0.025) per share	2,110	1,906
- Final exempt (one-tier) special dividend for 2016: S$0.015 (2015: Nil) per share	1,266	–
	3,376	1,906
Proposed but not recognised as a liability as at 31 December:-		
Dividends on ordinary shares subject to shareholders' approval at the AGM:-		
- Final exempt (one-tier) dividend for 2017: S$0.030 (2016: S$0.025) per share	2,659	2,066
- Final exempt (one-tier) special dividend for 2017: S$0.015 (2016: S$0.015) per share	1,330	1,239
	3,989	3,305

30. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 28 February 2018.

STATISTICS OF SHAREHOLDINGS

As at 28 February 2018

Number of Issued Shares	:	118,502,940
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	9	0.45	391	0.00
100 - 1,000	538	27.34	252,800	0.21
1,001 - 10,000	1,018	51.73	4,504,840	3.80
10,001 - 1,000,000	391	19.87	21,525,553	18.17
1,000,001 AND ABOVE	12	0.61	92,219,356	77.82
TOTAL	**1,968**	**100.00**	**118,502,940**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST	%	DEEMED INTEREST	%
Albert Phuay Yong Hen	47,915,204[1]	40.43	2,598,168[2]	2.19
Alonim Investments Inc	15,000,000	12.66	–	–
Alan Kwan Wai Loen	6,258,244	5.28	–	–

Notes:-

[1] Includes 400,000 shares held by Maybank Kim 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 2018

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHUAY YONG HEN	47,515,204	40.10
2	RAFFLES NOMINEES (PTE) LIMITED	15,303,380	12.91
3	KWAN WAI LOEN	6,258,244	5.28
4	CHNG SENG CHYE @ CHNG HUNG SENG	5,212,020	4.40
5	ANSWER TECHNOLOGY CO LTD	4,800,000	4.05
6	DBS NOMINEES (PRIVATE) LIMITED	2,630,500	2.22
7	HAN JIAK SIEW	2,432,168	2.05
8	OCBC SECURITIES PRIVATE LIMITED	2,390,540	2.02
9	BRUCE DOUGLAS MOULIN	2,092,200	1.77
10	UOB KAY HIAN PRIVATE LIMITED	1,387,400	1.17
11	CITIBANK NOMINEES SINGAPORE PTE LTD	1,118,400	0.94
12	PHILLIP SECURITIES PTE LTD	1,079,300	0.91
13	LAI WENG KAY	848,000	0.72
14	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	692,469	0.58
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	612,700	0.52
16	KOK FAT KEUNG	515,924	0.44
17	TEO YOU XIAO	484,000	0.41
18	KWOK FEI LUNG HERBERT	395,900	0.33
19	LEE JUI-SI	390,000	0.33
20	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	389,600	0.33
	TOTAL	**96,547,949**	**81.48**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information provided, to the best of the Directors and Substantial Shareholders of the Company, 38.46% of the Company's Shares are held in the hands of the public as at 28 February 2018. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of Excelpoint Technology Ltd. ("the Company") will be held at Grand Mercure Roxy Singapore, 50 East Coast Road, Roxy Square, Meyer & Frankel Room, Level 3, Singapore 428769 on Wednesday, 11 April 2018 at 3.00 p.m. 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 2017 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final ordinary tax exempt one-tier dividend of 3.0 Singapore cents per ordinary share for the financial year ended 31 December 2017 (FY2016: first and final ordinary tax exempt one-tier dividend of 2.5 Singapore cents per ordinary share). **(Resolution 2)**

3. To declare a special tax exempt one-tier dividend of 1.5 Singapore cents per ordinary share for the financial year ended 31 December 2017 (FY2016: special tax exempt one-tier dividend of 1.5 Singapore cents per ordinary share). **(Resolution 3)**

4. To re-elect the following Directors of the Company retiring pursuant to Article 104 of the Constitution of the Company:

   Professor Low Teck Seng **(Resolution 4)**

   Mr. Albert Phuay Yong Hen **(Resolution 5)**

   Professor Low Teck Seng will, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent.

   Mr. Albert Phuay Yong Hen will, upon re-election as Director of the Company, remain as Chairman and Group CEO, a member of the Nominating Committee and will be considered non-independent.

5. To approve the payment of Directors' Fees to the Independent Directors for the financial year from 1 January 2018 to 31 December 2018 comprising:

   (a) The payment of S$248,000 in cash (FY2017: S$248,000); and

   (b) The award of an aggregate number of 80,000 ordinary shares in the share capital of the Company to the Independent Directors under the Excelpoint Performance Share Scheme as part of their respective remuneration for the financial year from 1 January 2018 to 31 December 2018 as follows (FY2017: aggregate number of 80,000 ordinary shares in the share capital of the Company pursuant to Excelpoint Performance Share Scheme):

      (i) 20,000 ordinary shares to Mr. Kwah Thiam Hock;

      (ii) 20,000 ordinary shares to Mr. Sunny Wong Fook Choy;

      (iii) 20,000 ordinary shares to Professor Low Teck Seng; and

      (iv) 20,000 ordinary shares to Ms. Joanne Khoo Su Nee.

   [See Explanatory Note (i)] **(Resolution 6)**

6. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF SEVENTEENTH 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:

8. **Authority to issue shares in the share capital of the Company**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), 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

(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 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 (ii)] **(Resolution 8)**

9. **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, Chapter 50, 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 earlier.

[See Explanatory Note (iii)] **(Resolution 9)**

10. **Renewal of the Excelpoint Performance Share Scheme**

That:

(a) the details and rules of the Excelpoint Performance Share Scheme (the "Scheme") as set out in the Appendix of the Circular to Shareholders of the Company pursuant to the renewal of the Scheme for a further period of 10 years from 25 June 2018 to 24 June 2028, under which awards (the "Awards") of fully-paid ordinary shares in the capital of the Company (the "Shares") in the form of existing Shares held as treasury shares and/or new Shares will be delivered free of charge to selected employees of the Company and its subsidiaries and other selected participants, be and are hereby approved and adopted;

(b) the Directors of the Company be and are hereby authorised:

(i) to administer the Scheme;

(ii) to modify and/or amend the Scheme from time to time provided that such modification and/ or amendment is effected in accordance with the provisions of the Scheme and to do all such acts and enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme;

(iii) to grant Awards in accordance with the rules of the Scheme and, pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore, to allot and issue or deliver from time to time 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 Scheme; and

(iv) to complete and do all things (including executing such documents as they may be required) as they may consider necessary, desirable or expedient for the purposes of or to give effect to this resolution as they think fit and in the interests of the Company

[See Explanatory Note (iv)] **(Resolution 10)**

11. **Participation of Mr. Albert Phuay Yong Hen in the Excelpoint Performance Share Scheme**

That pursuant to Rule 853 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") and subject to and contingent upon the passing of Ordinary Resolution 10:

(a) the participation of Mr. Albert Phuay Yong Hen, a Controlling Shareholder (as defined in the Listing Manual) of the Company, in the Scheme be and is hereby approved; and

(b) each grant of Award to Mr. Albert Phuay Yong Hen may only be effected with the specific prior approval of Shareholders in a separate resolution. **(Resolution 11)**

12. **Renewal of Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Singapore Companies Act (Chapter 50) 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 and subsidiary holdings) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price (as defined in Section 2.3.4 of the Circular to Shareholders of the Company ("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 (v)] **(Resolution 12)**

By Order of the Board

Tan Cher Liang
Wong Yoen Har
Company Secretaries
Singapore, 27 March 2018

Explanatory Notes:

(i) Subject to the approval of Ordinary Resolution 6 in item 5 above, share awards will be granted to the Independent Directors as part of their Directors' Fees which will consist of the grant of fully-paid shares under the Excelpoint Performance Share Scheme with no performance and vesting conditions attached. The Company will announce details of the share awards in accordance with Rule 704(29) of the Listing Manual of the SGX-ST. The relevant directors and their respective associates will abstain from exercising any voting rights on Ordinary Resolution 6 in item 5 above.

(ii) The Ordinary Resolution 8 in item 8 above, 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 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 which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or sub-division of shares.

(iii) The Ordinary Resolution 9 in item 9 above, 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 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.

(iv) The Ordinary Resolution 10 proposed in item 10 above, 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 Scheme, provided always that the aggregate number of Shares to be issued in respect of the Scheme, 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.

(v) The Ordinary Resolution 12 proposed in item 12 above, 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 and subsidiary holdings) 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 statements of the Group for the financial year ended 31 December 2017 are set out in greater detail in Section 2 of the Circular.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 15 Changi Business Park Central 1, #06-00, Singapore 486057 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (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.

EXCELPOINT TECHNOLOGY LTD.

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

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the 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 the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of Excelpoint Technology Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting (the "Meeting") of the Company to be held at Grand Mercure Roxy Singapore, 50 East Coast Road, Roxy Square, Meyer & Frankel Room, Level 3, Singapore 428769 on Wednesday, 11 April 2018 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion, PROVIDED ALWAYS that the Chairman of the Meeting shall in any event abstain from voting on Ordinary Resolutions 10,11 and 12. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	Number of Votes For(1)	Number of Votes Against(1)
	Ordinary Business		
1	Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2017		
2	Payment of proposed first and final ordinary tax exempt one-tier dividend		
3	Payment of proposed special tax exempt one-tier dividend		
4	Re-election of Professor Low Teck Seng as Director		
5	Re-election of Mr. Albert Phuay Yong Hen as Director		
6	Approval of Directors' Fees to the Independent Directors for the financial year from 1 January 2018 to 31 December 2018 comprising payment of S$248,000 in cash and the award of 80,000 ordinary shares under the Excelpoint Performance Share Scheme		
7	Re-appointment of Messrs Ernst & Young LLP as Auditor		
	Special Business		
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	Renewal of the Excelpoint Performance Share Scheme		
11	Participation of Mr. Albert Phuay Yong Hen in the Excelpoint Performance Share Scheme		
12	Renewal of Share Buyback Mandate		

If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ____________________ 2018

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

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 Section 81SF of the Securities and Futures Act, Chapter 289), 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 or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) 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 licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), 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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 15 Changi Business Park Central 1, #06-00, Singapore 486057 not less than 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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 or proxies 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.

8. 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 Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:-

By 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 Seventeenth Annual General Meeting dated 27 March 2018.

General:-

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 or proxies. 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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