

# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Rex International Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs to enhance long-term shareholder value and business performance, by embracing the tenets of good governance, including accountability, transparency and sustainability of the Group.

During the financial year under review, the Board of Directors of the Company (the “**Board**” or the “**Directors**”) has reviewed its corporate governance practices and ensured that they are in compliance with the applicable provisions of the Code of Corporate Governance 2018 (the “**Code**”) issued by the Monetary Authority of Singapore and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”). Where applicable, deviations from the Code have been explained.

This corporate governance report sets out how the Company has applied the principles of good corporate governance in a disclosure-based regime where the accountability of the Board to the Company’s shareholders and the Management to the Board provides a framework for achieving a mutually beneficial tripartite relationship aimed at creating, enhancing and growing sustainable shareholders’ value.

## GUIDELINE

General

### *Compliance to the Code*

The Company has complied with the principles and provisions as set out in the Code and the disclosure guide developed by the SGX-ST in 2018 (the “**Guide**”), where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

## BOARD MATTERS

### The Board’s Conduct of Affairs

#### *Principle 1*

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

1.1

#### *Role of the Board*

##### *Composition of the Board*

<b>Name of Director</b>	<b>Designation</b>
Dan Broström	Executive Chairman
Dr Karl Lidgren	Executive Director
Sin Boon Ann	Lead Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director
Dr Christopher Atkinson	Independent Non-Executive Director

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The Company's Board is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs to enhance long-term shareholder value and business performance, by embracing the tenets of good governance, including accountability, transparency and sustainability of the Group.

The Board sees as its role to:

- (a) Provide leadership guidance, set corporate strategic objectives and directions for Management, which should include appropriate focus on value creation, innovation and sustainability;
- (b) Set the appropriate tone-from-the-top and desired organisational culture, and to ensure proper accountability within the Company;
- (c) Ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- (d) Establish and maintain a sound risk management framework to effectively monitor and control risks;
- (e) Constructively challenge Management and review its performance;
- (f) Instil an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the culture; and
- (g) Oversee the overall corporate governance of the Group and ensure transparency and accountability to key stakeholder groups.

The Company's Board of Directors Policy sets out the principles and general guidelines for the Directors, who should abide by the policy and any applicable law, legislation, the Catalist Rules or the Companies Act. The policy covers aspects including Board composition and balance, Board diversity, tenure and number of directorships, Board member selection, and code of conduct for the avoidance of conflicts of interest and dealing in the shares of the Company.

## ***Conflicts of Interest***

Specifically, Directors facing conflicts of interest are to recuse themselves from discussions and decisions involving the issues of conflict. The Company has in place a policy on Board of Directors whereby Directors should refrain from having any conflicts of interests with the Company to ensure that their duty to act in the best interest of the Company is not jeopardised. Directors must immediately report any conflicts of interests that have occurred or may possibly occur as soon as the Directors are aware of such potential or actual conflict of interest. This ensures that Directors continually meet the stringent requirements of independence under the Code.

1.2

## ***Director Competencies***

All directors have a good understanding of the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). For future appointments, the Company will provide each newly appointed Director with a formal letter of appointment setting out the Director's role, duties, obligations and responsibilities, and the expectations of their contribution to the Company.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense.

All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management, whenever required. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST.

Except for Mr Sin Boon Ann and Mr Muhammad Sameer Yousuf Khan, the rest of the Directors of the Company do not have prior experience holding directorship(s) in public listed companies in Singapore. All of the Directors have been on the Company's board for more than five years. To prepare and familiarise themselves with the roles and responsibilities of Directors of a public listed company, Mr Dan Broström and Dr Karl Lidgren had completed the Listed Company Director courses conducted by the Singapore Institute of Directors (the "SID") in 2013 while Dr Christopher Atkinson did so in 2018, on top of a session on Director's Duties for a Listed Company conducted by Baker McKenzie in 2016.

Directors are also regularly updated with the latest professional developments in relation to the Catalist Rules and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors.

In 2019, the Directors attended the following:

<b>Dan Broström</b>	(1)	SGX Oil & Gas Seminar
	(2)	SID-ACRA-SGX Audit Committee Seminar 2019
	(3)	SGX Regulatory Symposium - The Market You Want; A Regulatory Perspective
<b>Sin Boon Ann</b>	(1)	Singapore Management University (SMU): Non-Delegable Duty, Vicarious Liability and Agency: Moving Towards Convergence?
	(2)	Singapore-Israel: Growing Capital Markets Together by Israeli Economic and Trade Mission to Singapore
	(3)	NUS Pracademic Legal Update Seminar Series on "A Round Up of Competition Law Developments in the ASEAN Region"
<b>Muhammad Sameer Yousuf Khan</b>	(1)	SID-ACRA-SGX Audit Committee Seminar 2019
	(2)	SGX Regulatory Symposium - The Market You Want; A Regulatory Perspective
	(3)	SID - Financial Reporting: Fraud in China

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## 1.3 *Material Transactions Requiring Board Approval*

Matters that require the Board's approval include, amongst others, the following:

- Overall Group business and budget strategy;
- Annual and quarterly financial reports;
- Capital expenditures exceeding certain material limits;
- Investments or divestments;
- All capital-related matters including capital issuance;
- Significant policies governing the operations of the Company;
- Corporate strategic development and restructuring;
- Interested person transactions exceeding a S\$100,000 threshold; and
- Risk management strategies.

## 1.4 *Board Committees*

The Board has delegated certain responsibilities to the Audit Committee (the “**AC**”), the Remuneration Committee (the “**RC**”) and the Nominating Committee (the “**NC**”) (collectively, the “**Board Committees**”). The composition of the Board Committees are as follows:

Board Committee Designation	AC	NC	RC
Chairman	<ul style="list-style-type: none"> <li>• Muhammad Sameer Yousuf Khan</li> </ul>	<ul style="list-style-type: none"> <li>• Sin Boon Ann</li> </ul>	<ul style="list-style-type: none"> <li>• Sin Boon Ann</li> </ul>
Member	<ul style="list-style-type: none"> <li>• Sin Boon Ann</li> </ul>	<ul style="list-style-type: none"> <li>• Muhammad Sameer Yousuf Khan</li> </ul>	<ul style="list-style-type: none"> <li>• Muhammad Sameer Yousuf Khan</li> </ul>
Member	<ul style="list-style-type: none"> <li>• Dan Broström</li> </ul>	<ul style="list-style-type: none"> <li>• Dr Karl Lidgren</li> </ul>	<ul style="list-style-type: none"> <li>• Dan Broström</li> </ul>

Each Board Committee has clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board.

## 1.5 *Board Meetings and Attendance*

The Board meets on a quarterly basis, and as and when circumstances require. In the financial year ended 31 December 2019 (“**FY2019**”), the number of Board and Board Committee meetings held and the attendance of each Board member at such meetings as well as at the Annual General Meeting (“**AGM**”) and the Extraordinary General Meeting (“**EGM**”) held on 26 April 2019 are shown below:

<i>Board, Board Committee and General Meetings in FY2019</i>						
	Board	AC	NC	RC	AGM	EGM
Number of Meetings Held	5	4	2	2	1	1
Name of Director	Number of Meetings Attended					
Dan Broström	5	4	–	2	1	1
Dr Karl Lidgren	5	–	2	–	–	–
Sin Boon Ann	5	4	2	2	1	1
Muhammad Sameer Yousuf Khan	5	4	2	2	1	1
Dr Christopher Atkinson	5	–	–	–	–	–

To ensure that meetings are held regularly with maximum Directors' participation, the Company's Constitution allows for meetings to be held through telephone conference. The Company ensures that telephonic and screen sharing facilities are made available for directors to attend the board meetings.

Regular meetings are held by the Board to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results. The Board will also convene additional meetings for particular matters as and when they are deemed necessary.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion which the Board uses to measure Directors' contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

The responsibility of day-to-day management, administration and operation of the Group are delegated to the Executive Chairman, the Executive Director and the Chief Executive Officer of the Group (the "CEO"). The CEO does not sit on the Board. The CEO has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties can be carried out in an effective and efficient manner.

1.6

#### ***Complete, adequate and timely information***

Management ensures that all Directors are furnished on an on-going basis with relevant, complete, adequate and timely information concerning the Company, to enable them to make informed decisions and discharge their duties and responsibilities. Information provided to the Board include board papers, copies of disclosure documents, budgets, forecasts, business strategies, risk analyses and assessments, internal financial statements and reports from the internal and external auditors. Most of the information distributed on electronic devices to the Board are password protected for added cyber security. The Board has unrestricted access to the Company's records and information.

Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least one week prior to the meetings to allow sufficient time for the Directors' review.

1.7

Directors have separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

#### ***Board's independent access to Management***

Management is available to provide explanatory information in the form of emails, telephone conferences or briefings to the Directors or formal presentations in attendance at Board meetings, or such information can also be provided by external consultants engaged on specific projects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.

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Management will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed decision or assessment of the Group's performance, position and prospects.

Meetings with subsidiaries, partners and consultants through overseas trips are also arranged, whenever possible. The Executive Chairman also provides frequent information updates to other fellow Directors through emails, telephone conferences and informal meetings.

Furthermore, the Management keeps the Board apprised of regulatory updates and implications, as well as significant project updates.

## ***Company Secretary***

The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:

- Ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289 of Singapore), the Companies Act (Chapter 50 of Singapore) and the Catalist Rules, are complied with;
- Assisting the Executive Chairman to ensure good information flow within the Board and the Board Committees and Management;
- Attending and preparing minutes for Board meetings;
- Assisting to ensure coordination and liaison between the Board, the Board Committees and Management, in its capacity as secretary to all other Board Committees; and
- Assisting the Executive Chairman, the Chairman of each Board Committee and Management in the development of the agenda for the various Board and Board Committee meetings.

The Directors have separate and independent access to the Company Secretary.

## ***Independent Professional Advice***

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

## **Board Composition and Guidance**

### ***Principle 2***

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

#### **2.1**

##### ***Independent Directors***

The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.

The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code's definition of an "independent director", practice guidance as to the relationships, the existence of which would deem a Director not to be independent and Rule 406(3)(d) of the Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the practice guidance to the Code that would otherwise deem him not to be independent.

##### ***Duration of Independent Directors' Tenure***

It is the Company's policy that the submission for re-election of an Independent Director who has served beyond nine years since the date of his or her appointment would be reviewed and approved by the NC.

There is no Independent Director who has served beyond nine years since the date of his first appointment.

#### **2.2**

##### ***Proportion of Independent Non-Executive Directors***

In view that the Executive Chairman is part of the management team and is not an independent director, Principle 2.2 of the Code is met as the Independent Directors make up more than half of the Board since the Company's listing in July 2013.

#### **2.3**

A majority of three out of five directors on the Board are Independent Non-Executive Directors.

##### ***Lead Independent Director***

The Company has a lead independent director who plays an additional facilitative role within the Board, and where necessary, may also facilitate communication between the Board and shareholders or other stakeholders of the Company. Please refer to Principle 3.3 of this report for more information.

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2.4

## ***Board Diversity***

The Board comprises five directors: One Executive Chairman, one Executive Director and three Independent Non-Executive Directors, who have the appropriate mix of core competencies and diversity of experience, to direct and lead the Company. There is a good balance between the Executive and Non-Executive Directors, with a strong and independent element on the Board.

The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender, ethnicity or nationality. The current five Board members are of four different nationalities. The Company is also receptive to achieving gender diversity on the Board and appointment of a female director to the Board if it encounters suitable candidates.

The Board is of the view that the current board size is appropriate to effectively facilitate decision making in relation to the operations of the Group, taking into account the nature and scope of the Company's operations. The Board believes that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The NC is also of the view that the current Board members comprise persons with a broad range of expertise and experience in diverse areas including accounting, finance, legal, business and management, technology, oil and gas, strategic planning and regional business experience.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC and periodic engagement of external consultants to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

To meet the changing challenges in the industry and countries which the Group operates in, such reviews and evaluations, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies, would be done on a periodic basis to ensure that the Board dynamics remain optimal.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

2.5

## ***Non-Executive Director Meetings in Absence of Management***

The Independent Non-Executive Directors constructively challenge and help develop proposals on strategies. From time to time, the Independent Non-Executive Directors, led by any independent director as appropriate, have met in the absence of Management in FY2019, to discuss concerns or matters such as overall Group business strategies and investments. The chairman of such meetings provides feedback to the Board and/or the Executive Chairman as appropriate.

## Chairman and Chief Executive Officer

### ***Principle 3***

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

#### 3.1

### ***Segregation of the Role of Chairman and the CEO***

The roles of the Executive Chairman and the CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Executive Chairman is not related to the CEO and is not a substantial shareholder of the Company.

The Executive Chairman leads and ensures the effectiveness of the Board, and his roles include:

- (a) Promoting a culture of openness and debate at the Board;
- (b) Facilitating the effective contribution of all Directors; and
- (c) Promoting high standards of corporate governance.

The Executive Chairman sets the Board's meeting agenda and ensures the quality, quantity and timeliness of the flow of information between the Board and Management to facilitate efficient decision-making. He chairs the Board meetings and encourages the Board members to present their views on topics under discussion at the meetings in a boardroom culture that promotes open interaction and contributions by all. He also assists in ensuring compliance with the Group's guidelines on corporate governance.

Externally, the Executive Chairman is the face of the Board and ensures effective communication with shareholders and other stakeholders. Within the Company, the Executive Chairman ensures appropriate relations within the Board, and between the Board and Management, in particular, between the Board and the CEO.

The CEO is responsible for the business management and day-to-day operations of the Group. The CEO takes a leading role in developing and expanding the businesses of the Group, including making major business and finance decisions. The CEO also oversees the execution of the Group's business and corporate strategy as set out by the Board and ensures that the Directors are kept updated and informed of the Group's businesses.

#### 3.2

The Board has established and set out in writing the division of responsibilities between the Executive Chairman and the CEO. The Executive Chairman's performance and appointment to the Board were reviewed by the NC. The Executive Chairman and CEO's remuneration packages were reviewed by the RC. As the roles of the Executive Chairman and the CEO are separate, and the AC, NC and RC comprise a majority of Independent Directors of the Company, the Board believes that there are adequate safeguards in place to ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

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3.3

## ***Lead Independent Director***

The Board has a Lead Independent Director, Mr Sin Boon Ann, to provide leadership in situations where the Executive Chairman is conflicted. The appointment of Mr Sin Boon Ann as the Lead Independent Director, where the Executive Chairman is part of the management team and is not an independent director, is in line with the recommendation under Principle 3.3 of the Code. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between shareholders, the Chairman and the Board.

The Lead Independent Director's role may include chairing Board meetings in the absence of the Chairman, working with the Chairman in leading the Board, and providing a channel to non-executive directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

Mr Sin Boon Ann is also chairman of the NC and the RC. The NC is responsible for conducting annual performance evaluation and development succession plans for the Chairman and CEO; while the RC is responsible for designing and assessing the Chairman's remuneration.

The Lead Independent Director also makes himself available at all times when shareholders have concerns and for which contact through the normal channels of communication with the Executive Chairman or Management have failed to resolve or are inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meetings.

## ***Independent Director Meetings in Absence of Other Directors***

To facilitate well-balanced viewpoints on the Board, the Lead Independent Director will, where necessary, chair meetings with the Independent Directors without the involvement of other Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

## **Board Membership**

***Principle 4***

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

4.1

## ***Nominating Committee***

The NC is guided by key terms of reference as follows and makes recommendations to the Board on relevant matters relating to:

- (a) The review of succession plans for the Company's Directors, in particular, the appointment and/or replacement of the Executive Chairman, the CEO and key management personnel;
- (b) The process and criteria for evaluation of the performance of the Board, its board committees and directors;
- (c) The review of training and professional development programmes for the Board and its directors;

- (d) The appointment and re-appointment of directors (including alternate directors, if any), in accordance with the Constitution, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Non-Executive Director. All Directors shall be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- (e) Reviewing and approving any new employment of related persons and their proposed terms of employment;
- (f) Determining annually, and as and when circumstances require, whether or not a Director is independent;
- (g) Reviewing and deciding whether or not a Director who has multiple board representations on various companies is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards and discharging his/her duties towards other principal commitments;
- (h) Deciding whether or not a Director of the Company is able to and has been adequately carrying out his/her duties as a Director; and
- (i) Developing a process for evaluation of the performance of the Board, the Board Committees and Directors and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addresses how the Board has enhanced long-term shareholders' value.

4.2 The Board has established an NC which comprises three members, a majority of whom including the chairman, are Independent Directors. The members of the NC, with the Lead Independent Director as Chairman, are as follows:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director
Dr Karl Lidgren	Member	Executive Director

4.3 The Company's process for the selection, nomination, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates are detailed below.

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## *Board Nomination Process*

The Board has adopted the following nomination process for the Company in the last financial year for selecting and appointing new directors and re-electing incumbent directors:

### *Process for the Selection and Appointment of New Directors:*

- |    |                                      |  |
|----|--------------------------------------|--|
| 1. | Determination of selection criteria  | <ul style="list-style-type: none"><li>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge and gender to complement and strengthen the Board and increase its diversity.</li></ul>                                      |
| 2. | Search for suitable candidates       | <ul style="list-style-type: none"><li>• The NC would consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions such as the SID, professional organisations or business federations to source for a suitable candidate.</li></ul>         |
| 3. | Assessment of shortlisted candidates | <ul style="list-style-type: none"><li>• The NC would meet and interview the shortlisted candidates to assess their suitability.</li></ul>  |
| 4. | Appointment of Director              | <ul style="list-style-type: none"><li>• The NC would recommend the selected candidate to the Board for consideration and approval.</li><li>• The Company will provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and obligations.</li></ul> |

### *Process for the Re-election of Incumbent Directors:*

- |    |                            |  |
|----|----------------------------|--|
| 1. | Assessment of Director     | <ul style="list-style-type: none"><li>• The NC would assess the performance of the Director in accordance with the performance criteria set by the Board.</li><li>• The NC would also consider the current needs of the Board.</li></ul> |
| 2. | Re-appointment of Director | <ul style="list-style-type: none"><li>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</li></ul>                       |

The Constitution requires that all Directors to retire from office once every three years. At each AGM, one-third of the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director is eligible for re-election by the shareholders at the AGM.

4.4 The NC has determined in 2019 that none of the Independent Directors have any relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence to the Board.

4.5 The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company.

### **Directors' Key Information**

Key information regarding the Directors, including their present and past three years' directorships in other listed companies and other principal commitments are set out below:

<b>Name of Director</b>	<b>Position</b>	<b>Date of Initial Appointment</b>	<b>Date of Last Re-election / Re-appointment</b>	<b>Current Directorships in Other Listed Companies Current / Principal Commitments</b>	<b>Directorships in Other Listed Companies Over the Past Three Years</b>
Dan Broström	Executive Chairman	11 January 2013	26 April 2019	Other Listed Companies: Nil  Principal Commitment: - Cathay (Venture) Pte Ltd - Cathay Ltd - Havalina Pte Ltd	NA
Dr Karl Lidgren	Executive Director	1 May 2013	26 April 2019	Other Listed Companies: Nil  Principal Commitment: - Cresta Group Ltd - Trace Atlantic Oil Ltd - Limea Ltd	NA
Sin Boon Ann	Lead Independent Non-Executive Director	26 June 2013	27 April 2018	Other Listed Companies: - Healthway Medical Corporation Limited - HRnetGroup Limited - OUE Limited - CSE Global Limited - TIH Limited  Principal Commitment: - The Farrer Park Company Pte. Ltd. - Balkan Holdings Pte. Ltd.	- OSIM International Pte. Ltd. - Datapulse Technology Limited

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Name of Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Current Directorships in Other Listed Companies Current / Principal Commitments	Directorships in Other Listed Companies Over the Past Three Years
				<ul style="list-style-type: none"> <li>- W Capital Markets Pte. Ltd.</li> <li>- At-Sunrice GlobalChef Academy Pte. Ltd.</li> <li>- Esseplere Pte. Ltd.</li> <li>- Singapore Centre for Social Enterprise Ltd.</li> <li>- SE Hub Ltd.</li> <li>- Tampines Central Community Foundation Limited</li> </ul>	
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director	26 June 2013	28 April 2017	Other Listed Companies: Nil  Principal Commitment: Principal Asia - CFO Centre	NA
Dr Christopher Atkinson	Independent Non-Executive Director	6 January 2015	27 April 2018	Other Listed Companies: - Sonoro Energy Limited <sup>(1)</sup>  Principal Commitment: - Worldwide Petroleum Services Pte Ltd	NA

<sup>(1)</sup> Listed on TSX Venture Exchange.

NA – Not Applicable

“Principle Commitments” as defined in the Code include all commitments which involve significant time commitment such as full time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Further information on the Directors are set out on pages 9 to 11 of this Annual Report.

### ***Multiple Directorships***

The Board has capped the maximum number of listed company board representations each Director may hold to seven. This is to ensure the Directors have sufficient time and attention to adequately perform their role.

Notwithstanding the above, the NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively, whilst taking into consideration the maximum number of listed company board representations each Director may hold. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors;
- Geographical location of Directors;
- Size and composition of the Board; and
- Nature and scope of the Group's operations and size.

The NC takes into consideration the following measures and evaluation tools in its assessment of competing time commitments of Directors:

- Declarations by individual Directors of their other listed company board directorships and principal commitments;
- Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and
- Assessment of the individual Directors' performance based on the criteria set out in Principle 5 of this report.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately in FY2019.

### ***Alternate Directors***

The Company does not have any alternate directors on its Board currently. Alternate directors may be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health and age related concerns as well as Management succession plans.

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## ***Re-election of Directors***

The NC has recommended to the Board that Muhammad Sameer Yousuf Khan and Dr Christopher Atkinson, who are due to retire pursuant to the Constitution, be re-elected at the forthcoming AGM.

Muhammad Sameer Yousuf Khan will, upon re-election as a Director, remain as an Independent Non-Executive Director of the Company, Chairman of the AC and a member of the NC and the RC. Further information on Muhammad Sameer Yousuf Khan can be found on pages 10 and 86 to 89 of the Annual Report.

Dr Christopher Atkinson will, upon re-election as a Director, remain as an Independent Non-Executive Director of the Company. Further information on Dr Christopher Atkinson can be found on pages 11 and 86 to 89 of the Annual Report.

The Constitution further provides that any Director appointed to fill a casual vacancy or as an additional Director shall hold office only until the next AGM of the Company 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.

Each member of the NC has abstained from voting on any resolutions and making recommendation and/or participating in respect of matters in which he has an interest.

## **Board Performance**

### ***Principle 5***

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

#### 5.1

### ***Performance Criteria***

The Board has established processes including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual directors. At the same time, the processes also identify weaker areas where improvements can be made. The Board and individual directors can direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual directors.

The NC has been tasked to evaluate the Board's performance covering areas that include, *inter alia*, size and composition of the Board, Board's access to information, Board processes, strategic planning and accountability.

The NC shall also review the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole. The Board is of the opinion that a separate assessment on the effectiveness of the Board Committees is not necessary as the Board Committees share common members.

The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.

5.2

For FY2019, the review process was as follows:

1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board based on criteria disclosed;
2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report;
3. The NC discussed the report and concluded the performance results during the NC meeting; and
4. Each individual Director was also requested to send a duly completed confidential individual director self-assessment checklist to the NC chairman for review.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of their individual performance.

The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork, and overall effectiveness.

The NC would review the aforementioned criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, and thereafter propose amendments if any, to the Board for approval. There has been no change in assessment criteria for FY2019 as the assessment criteria for FY2018 was considered adequate for the aforementioned assessment.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2019 and that the Board has met its performance objectives in FY2019. The evaluation process of the overall performance of the Board was conducted without an external facilitator in FY2019.

## **REMUNERATION MATTERS**

### **Procedures for Developing Remuneration Policies**

#### ***Principle 6***

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

6.1

#### ***Remuneration Committee***

To effect the best corporate governance, the Company has established an RC. The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration packages for each Director as well as for the key management personnel. The recommendations will be submitted for endorsement by the Board.

# CORPORATE GOVERNANCE REPORT

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and recommend to the Board any bonuses, pay increases and/or promotions for the employees related to the Directors and substantial shareholders. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.

The RC is guided by key terms of reference as follows:

- (a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel;
- (b) Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and
- (c) In respect of such long-term incentive schemes (if any) including share schemes as may be implemented, to consider whether Directors should be eligible for benefits under such long-term incentive schemes.

6.2 The RC comprises three members, of which a majority including the Chairman are independent:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Dan Broström	Member	Executive Chairman
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director

The RC does not comprise solely of Non-Executive Directors following the appointment of Mr Dan Broström, the Executive Chairman, as a member of the RC. Taking into account that the Executive Chairman would be able to provide relevant input and guidance to the RC, given his familiarity with the Group's activities as well as industry and market practices (including remuneration packages which are in line with the current market standards and commensurate with the respective job scope and responsibilities of executives) in jurisdictions where the Group operates, the NC had recommended his appointment to the Board. The Board opined that as the RC continued to have majority representation of independent directors, the independent directors collectively, would have the decisive vote in relation to executive remuneration matters. Furthermore, retaining a RC member who is in an executive position will not lead to a conflict of interest or impede the independence of the RC as no Director or member of the RC is allowed to participate in the deliberation, and has to abstain from voting on any resolution, relating to his own remuneration or that of employees related to him. Based on the foregoing, the Board had approved Mr Dan Broström's appointment as a member of the RC.

6.3 The RC considers all aspects of remuneration, including director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination terms, to ensure that they are fair and avoid rewarding poor performance. The RC also reviews the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

6.4

### ***Remuneration Consultant***

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard. No external remuneration consultant was engaged for FY2019.

### **Level and Mix of Remuneration**

#### ***Principle 7***

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

7.1

### ***Remuneration Structure***

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The RC also seeks to ensure that the structure of remuneration packages for the Executive Chairman, the Executive Director and key management personnel are appropriate in linking rewards with performance and that is aligned with the interests of shareholders and promote the long-term success of the Group.

7.2

The remuneration of the Independent Non-Executive Directors is also reviewed by the RC to ensure that the remuneration is commensurate with the contribution, taking into account factors such as effort, time spent and responsibilities of the Independent Non-Executive Directors.

### ***Performance Criteria for Remuneration***

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2019. Their remuneration is made up of fixed and variable compensation. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate performance objectives.

The Company's Executive Directors and key management personnel have been assessed against performance targets set based on the average of the Company's closing market prices of shares over a consecutive period of five market days in which transaction of the shares were to be recorded and achieved over a set time period.

The remuneration of the Executive Chairman includes a per hour rate with a cap and a variable performance related bonus, which is designed to align the interests of the Executive Chairman with those of shareholders.

The Independent Non-Executive Directors receive Directors' fees based on their responsibilities, effort and time spent. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the AGM.

# CORPORATE GOVERNANCE REPORT

The Company had entered into a service agreement with the Executive Chairman, Mr Dan Broström, which became effective from 1 February 2014. The service agreements with key management personnel, namely, Mr Måns Lidgren, Mr Svein Kjellesvik and Mr Per Lind, commenced on 1 October 2018, 8 October 2015 and 27 November 2013 respectively. Mr Måns Lidgren's previous service agreement covering the period before 1 October 2018 was dated 1 August 2013 and amended by an addendum on 1 August 2015. In connection with Mr Svein Kjellesvik becoming an employee of Lime Petroleum AS, serving as the company's executive chairman with effect from 1 June 2017, an addendum to Mr Svein Kjellesvik's service agreement was made with the effective date of 1 June 2017. A service agreement, effective from 1 August 2015, was entered with Mr Kristofer Skantze. An addendum to Ms Mok Lai Siang's service agreement dated 1 August 2013 was made on 1 August 2016. A service agreement was entered into with Executive Director, Dr Karl Lidgren on 15 January 2015. The aforesaid service agreements shall collectively be referred to as "**Service Agreements**".

Service Agreements except for Mr Måns Lidgren's and Mr Svein Kjellesvik's, are for an initial period of three years with automatic renewal annually for such annual period thereafter unless otherwise agreed in writing between the Company and the executive or terminated in accordance with the terms of the Service Agreements. Where any of the initial period of the aforementioned Service Agreements have expired, those Service Agreements have been automatically renewed on an annual basis with no material amendments or modifications. Mr Måns Lidgren's service agreement is not on a fixed term and may be terminated by either party giving the other not less than six months' notice in writing. Mr Svein Kjellesvik's service contract is for his role as executive chairman of Lime Petroleum AS. There is no service contract with the Independent Directors and the term of their appointment is not fixed.

The Company will submit the quantum of Directors' fees of each financial year to the shareholders for approval at each AGM.

## ***Contractual Provisions***

The present Service Agreements do not include the contractual provisions to allow the Company to reclaim incentive components of remuneration from 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 Company will consider to include this provision for future new service agreements and renewal of service agreements. However, the Company has included in the terms of the Rex International Performance Share Plan, allowance for the Company to cancel the share awards before the date of the vesting of the awards in the event of misconduct at its discretion. The Company has also included in the terms of the Rex International Employee Share Option Scheme, to allow for the share option committee to cancel unexercised options in the event of misconduct at its discretion.

- 7.3 The Company believes that the remuneration for its Directors are appropriate to attract, retain and motivate them to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

## Disclosure on Remuneration

### Principle 8

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

#### 8.1

#### **Directors' Remuneration**

##### 8.1 (a)

The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

The breakdown for the remuneration of the Directors and the CEO for FY2019 is as follows:

Name of Director/CEO	Salary S\$	Benefits S\$	Shares S\$	Bonus/ Others <sup>(2)</sup> S\$	Directors' Fee S\$	Total S\$
Måns Lidgren <sup>(1)</sup>	1,100,991	–	–	2,955,114	–	4,056,105
Dan Broström	434,350	45,870	463,074	387,926	161,045	1,492,265
Dr Karl Lidgren	435,863	–	–	1,675,349	72,730	2,183,942
Muhammad Sameer						
Yousuf Khan	–	–	59,280	49,660	129,875	238,815
Sin Boon Ann	–	–	68,400	57,300	145,460	271,160
Dr Christopher Atkinson	–	–	31,920	49,238	62,340	143,498

#### Notes:

<sup>(1)</sup> Mr Måns Lidgren is the CEO of the Company and he does not sit on the board of Directors. His remuneration is paid indirectly from various Group companies.

<sup>(2)</sup> Others include commission paid and fees paid for directorship in subsidiaries.

Directors have remuneration packages consisting of basic retainer fees as directors and fees for directorship in subsidiaries, with additional fees for attendance and serving on Board Committees.

Remuneration to Executive Directors includes in part the aforementioned components of directorship, and in part compensation to reflect the additional responsibilities to execute strategic plans of the Group.

# CORPORATE GOVERNANCE REPORT

The breakdown of directors' fees for FY2019 paid to the respective Directors is as follows:

Name of Director	Board S\$	AC S\$	RC S\$	NC S\$	Others S\$	Total S\$
Dan Broström	124,680	20,780	15,585	-	-	161,045
Dr Karl Lidgren	62,340	-	-	10,390	-	72,730
Muhammad Sameer Yousuf Khan	62,340	41,560	15,585	10,390	-	129,875
Sin Boon Ann	62,340	20,780	31,170	20,780	10,390 <sup>(1)</sup>	145,460
Dr Christopher Atkinson	62,340	-	-	-	-	62,340

Note:

<sup>(1)</sup> Remuneration for Lead Independent Director.

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the Directors and the CEO in FY2019.

8.1 (b)

## ***Key Management Personnel's Remuneration***

In the interest of maintaining good morale and a strong spirit of teamwork within the Company, the breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2019 is disclosed in bands of S\$250,000 as follows:

Name of Key Management Personnel	Salary %	Benefits %	Shares %	Bonus %	Total %
<b>S\$1,250,000 to S\$1,500,000</b>					
Per Lind	30	6	34	30	100
<b>S\$750,000 to S\$1,000,000</b>					
Kristofer Skantze <sup>(1)</sup>	36	9	30	25	100
Mok Lai Siang	39	1	31	29	100

Note:

<sup>(1)</sup> Remuneration is paid indirectly from various Group companies.

For FY2019, there are three other key management personnel in the Company, aside from the two Executive Directors and the CEO. The annual aggregate remuneration paid to the three key management personnel of the Company (excluding the CEO) for FY2019 was S\$3,141,193.

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the top three key management personnel in FY2019.

## 8.2

### ***Parties Related to a Director or the CEO or substantial shareholder***

The CEO, Mr Måns Lidgren, is the son of the Executive Director, Dr Karl Lidgren. The details of the remuneration to the CEO is disclosed in the table on Directors' and CEO's Remuneration.

Mr Hans Lidgren, an executive of Rex Technology Management Ltd, is a substantial shareholder of the Company, the brother of the Executive Director, Dr Karl Lidgren and the uncle of Mr Måns Lidgren, the CEO. Mr Hans Lidgren's remuneration for FY2019 was in the band of S\$200,000 to S\$250,000.

Mrs Lina Berntsen, Chief Technology Officer, is the daughter of Mr Hans Lidgren, the niece of the Executive Director, Dr Karl Lidgren, and cousin of Mr Måns Lidgren, the CEO. Mrs Lina Berntsen's remuneration for FY2019 was in the band of S\$150,000 to S\$200,000.

Mr Martin Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management Ltd, is the son of the Executive Director, Dr Karl Lidgren and the brother of Mr Måns Lidgren, the CEO. Mr Martin Lidgren's remuneration for FY2019 was in the band of S\$150,000 to S\$200,000.

Mr Magnus Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management Ltd, is the brother of the Executive Director, Dr Karl Lidgren, and Mr Hans Lidgren and the uncle of Mr Måns Lidgren, the CEO. Mr Magnus Lidgren's remuneration for FY2019 was in the band of S\$150,000 to S\$200,000.

Mr Måns Lidgren has been granted share awards under the Rex International Performance Share Plan ("**Rex PSP**") in FY2019, details of which are set out in Principle 8.3 below.

Mr Hans Lidgren, Mrs Lina Berntsen, Mr Martin Lidgren and Mr Magnus Lidgren were previously granted share awards under the Rex PSP in FY2017, which have since lapsed/cancelled in FY2019.

Save for the aforementioned, there is no other employee of the Company who is an immediate family member of a Director, the CEO or a substantial shareholder of the Company, whose remuneration exceeded S\$100,000 during FY2019.

## 8.3

### ***Employee Share Scheme***

#### ***Rex International Employee Share Option Scheme ("ESOS")***

The Company has an ESOS which was approved and adopted by the members of the Company at an EGM on 24 June 2013. The ESOS is designed to reward valuable and outstanding employees or Non-Executive Directors (including Independent Directors), and incentivise them to continue contributing to the long-term growth and success of the Group.

The ESOS allows for participation by employees or Non-Executive Directors (including Independent Directors) of the Group who have attained the age of 21 years and above on or before the date of grant of the option, provided that none of them is a discharged bankrupt. Controlling shareholders and their associates are not eligible to participate in the ESOS.

The ESOS is administered by the RC in consultation with the CEO. Please refer to Principle 6.2 for the members of the RC. The total number of new shares over which options may be granted pursuant to the ESOS, when added to the number of shares issued and issuable in respect of all options granted under the ESOS and all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15 per cent of the number of all issued Shares of the Company (excluding treasury shares), on the day preceding the date of the relevant grant.

# CORPORATE GOVERNANCE REPORT

Other salient information regarding the ESOS is set out below:

## Exercise price of options

The exercise price of options shall be determined at the discretion of the RC on the date which the options are granted and may be set at:

- A price equal to the average of the last dealt prices for the Company's shares on SGX-ST over the five consecutive trading days immediately preceding the date that option was granted, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices (the "**Market Price**"); or
- A discount to the Market Price not exceeding 20 per cent of the Market Price (or such other percentage or amount as may be determined by the RC) in respect of options granted at the time of grant, provided that shareholders in general meeting have authorised, in a separate resolution, the making of offers and grants of options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

For the options granted with exercise price set at Market Price, they can be exercised one year from the date of the grant and will expire five years from the date of the grant.

For the options granted with exercise price set at a discount to Market Price, they can be exercised two years from the date of the grant and will expire five years from the date of the grant.

## Duration of the ESOS

The ESOS shall be in force for a maximum of 10 years from the date on which the ESOS was adopted. Upon obtaining the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may be required, the ESOS may continue beyond 10 years from the date it was adopted.

No options were granted by the Company during FY2019. As at 31 December 2019, there are no options outstanding as all options granted have expired. Further details on the ESOS were set out in the Company's Offer Document dated 22 July 2013.

## ***Rex International Performance Share Plan ("Rex PSP")***

The Company has a Rex PSP (the "**Plan**") which was adopted by the Company on 24 June 2013 and amended with shareholders' approval at an EGM of the Company on 30 April 2014 and on 28 April 2017. The objective of the Plan is to promote higher performance goals and recognise the achievements of employees or Non-Executive Directors (including Independent Directors) ("**Participants**") by motivating and aligning their interests to the Group's pre-determined goals. The Plan is administered by the RC in consultation with the CEO. Please refer to Principle 6.2 for the members of RC.

The Plan contemplates the award of fully-paid Shares (“Awards”), free of charge, to Participants after certain pre-determined benchmarks have been met. Awards granted under the Plan may be time-based or performance-related. Performance targets set are based on short to medium-terms corporate objectives including market competitiveness, quality of returns, business growth and productivity growth. These performance targets include targets set based on criteria such as shareholders’ return, return on equity and earnings per share.

No minimum vesting periods are prescribed under the Plan for Awards and the length of the vesting period in respect of each Award will be determined on a case-by-case basis by the RC.

Details of the outstanding Awards granted as at 31 December 2019 are as follows:

Date of Grant of Awards	Number of Awards					Number of Holders as at 31 Dec 2019
	As at 1 Jan 2019	Granted in FY2019	Lapsed/ Cancelled in FY2019	Vested in FY2019	As at 31 Dec 2019	
28 Apr 2017	156,288,800	–	(156,288,800) <sup>(1)</sup>	–	–	–
29 Apr 2019	–	127,456,080 <sup>(2)</sup>	(38,216,420) <sup>(3)</sup>	(22,669,380) <sup>(4)</sup>	66,570,280	14
	<b>156,288,800</b>	<b>127,456,080</b>	<b>(194,505,220)</b>	<b>(22,669,380)</b>	<b>66,570,280</b>	

<sup>(1)</sup> On 27 April 2019, 3,497,500 Awards lapsed after a two-year period from the date of grant of the Awards.

<sup>(2)</sup> The actual number of Awards to be delivered are based on the average of the Company’s closing market prices of shares over a consecutive period of 5 market days in which transactions in the shares were recorded, at any time within a 2-year period from the date of grant of the Awards (“Average Performance Market Price”). If the Average Performance Market Price is S\$0.15 and above, 50 per cent of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.30 and above, an additional 50 per cent of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S\$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the PSP. Please refer to the Company’s announcement dated 29 April 2019 for further details.

<sup>(3)</sup> 38,216,420 shares in the Awards were cancelled in FY2019 by the RC, and also due to the cessation of employment of an eligible participant.

<sup>(4)</sup> On 18 November 2019, the Company issued and allotted 22,669,380 new ordinary shares in the capital of the Company, pursuant to the vesting of the contingent share awards which were granted on 29 April 2019 to eligible participants based on the achievement of pre-determined performance goals and the satisfactory completion of time-based service conditions under the PSP. Please refer to the Company’s announcement dated 18 November 2019 for further details.

# CORPORATE GOVERNANCE REPORT

Details of the Awards granted to participants who are directors and controlling shareholders or associates of the controlling shareholders and participants who received more than five per cent of the total grants available in FY2019 are as follows:

Name of Participant	Awards Granted for Financial Year Ended 31 Dec 2019	Aggregate Awards Granted Since Commencement of the Plan to 31 Dec 2019	Aggregate Awards Lapsed/Cancelled Since Commencement of the Plan to 31 Dec 2019	Aggregate Awards Released Since Commencement of the Plan to 31 Dec 2019	Aggregate Awards Outstanding as at 31 Dec 2019
<b>Directors</b>					
Dan Broström <sup>(1)</sup>	16,248,200	32,496,400	(18,279,225)	(6,093,075)	8,124,100
Dr Karl Lidgren <sup>(2)</sup>	16,358,400	32,716,800	(24,537,600)	–	8,179,200
Muhammad Sameer Yousuf Khan <sup>(3)</sup>	2,080,000	4,680,000	(2,860,000)	(780,000)	1,040,000
Sin Boon Ann <sup>(4)</sup>	2,400,000	5,400,000	(3,300,000)	(900,000)	1,200,000
Dr Christopher Atkinson <sup>(5)</sup>	1,120,000	2,520,000	(1,540,000)	(420,000)	560,000
<b>Controlling Shareholders or Associates of the Controlling Shareholders</b>					
Måns Lidgren <sup>(6)</sup>	30,943,600	76,128,664	(46,415,400)	(14,241,464)	15,471,800
Lina Bernsten <sup>(7)</sup>	–	5,124,100	(5,124,100)	–	–
Martin Lidgren <sup>(8)</sup>	–	4,249,800	(4,249,800)	–	–
Magnus Lidgren <sup>(9)</sup>	–	4,249,800	(4,249,800)	–	–
Hans Lidgren <sup>(10)</sup>	–	10,164,800	(10,164,800)	–	–
<b>Participants who Received More Than 5% of the Total Grants Available</b>					
Svein Kjellesvik	12,441,600	27,993,600	(21,772,800)	–	6,220,800
Per Lind	17,086,200	39,376,700	(19,815,909)	(11,017,691)	8,543,100
Kristofer Skantze	9,924,000	28,124,100	(15,722,596)	(7,439,504)	4,962,000
Mok Lai Siong	8,253,120	23,248,120	(13,050,608)	(6,070,952)	4,126,560

<sup>(1)</sup> Mr Dan Broström is the Chairman and Executive Director of the Company.

<sup>(2)</sup> Dr Karl Lidgren is the Executive Director and a controlling shareholder of the Company.

<sup>(3)</sup> Mr Muhammad Sameer Yousuf Khan is an Independent Non-Executive Director of the Company.

<sup>(4)</sup> Mr Sin Boon Ann is the Lead Independent Non-Executive Director of the Company.

<sup>(5)</sup> Dr Christopher Atkinson is an Independent Non-Executive Director of the Company.

<sup>(6)</sup> Mr Måns Lidgren (the CEO of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

<sup>(7)</sup> Ms Lina Bernsten (the Group's Chief Technology Officer) is an associate of Mr Hans Lidgren, a controlling shareholder of the Company.

<sup>(8)</sup> Mr Martin Lidgren (key employee of Equus Consulting AB, an indirect wholly-owned subsidiary of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

<sup>(9)</sup> Mr Magnus Lidgren (key employee of Equus Consulting AB, an indirect wholly-owned subsidiary of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

<sup>(10)</sup> Mr Hans Lidgren (Executive Director of Rex Technology Management Ltd) is a controlling shareholder of the Company.

Save as disclosed in the table above, no Awards have been granted to any Controlling Shareholders or Associates of the Controlling Shareholders or any directors and employees of the Company's parent company and its subsidiaries.

The vesting and release of the Awards granted to eligible participants (including the Directors and the CEO) under the Rex PSP are based on pre-determined performance goals and conditional on the satisfactory completion of time-based service conditions.

Further details on the Rex PSP were set out in the Company's circular to shareholders dated 28 March 2019.

## **ACCOUNTABILITY AND AUDIT**

### **Accountability**

#### **Principle 9**

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

9.1

The Board, with the assistance from the AC and the Risk Management Committee ("**RMC**"), is responsible for risk governance and ensuring that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets. The Board appreciates that risk management is an on-going process in which Management continuously participates to evaluate, monitor and report to the Board and the AC on significant risks. The RMC was formed in October 2013. The current RMC consists of the following members: Mr Muhammad Sameer Yousuf Khan (Independent Non-Executive Director and Chairman of the AC), Mr Per Lind (Chief Financial Officer ("**CFO**")), Mr Svein Kjellesvik (COO) and Ms Lixian Wu (Financial Controller).

From FY2013 to FY2018, the Company has engaged an independent third party, KPMG Services Pte. Ltd., to develop and establish a Board Assurance Framework ("**BAF**"). The BAF, which includes an enterprise risk management framework, was utilised by the Company to identify and manage the significant and material risks it faces, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans being taken to mitigate those risks. The risks identified include strategic, financial, operational, compliance and information technology risks. The Company has also defined and documented clear roles and responsibilities for the Board and Management in risk mitigation, monitoring and reporting. The risk review was done in-house in FY2019.

The Company has established risk appetite statements with tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels. These appetite statements have been reviewed and approved by the Board and are monitored on a quarterly basis.

The Company has appointed an independent third party, Ernst and Young Advisory Pte Ltd ("**EY**"), as the Internal Auditors ("**IA**") to perform internal audit reviews and highlight all significant matters to Management and the AC on an annual basis on various selected internal control areas.

# CORPORATE GOVERNANCE REPORT

9.2

## *Adequacy and Effectiveness of Internal Controls*

The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2019.

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

1. Assurance has been received from the CEO and the CFO;
2. An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;
3. Management regularly evaluates, monitors and reports to the AC and the RMC on material risks;
4. Discussions were held between the AC and auditors in the absence of the Management to review and address any potential concerns;
5. An enterprise risk management framework was in place to identify, manage and mitigate significant risks; and
6. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a quarterly basis.

The AC is responsible for making the necessary recommendations to the Board regarding the adequacy and effectiveness of the risk management and internal control systems of the Company. In this regard, the AC is assisted by the enterprise risk reports from the RMC.

For FY2019, the Board has obtained the following assurance:

- i) From the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- ii) From the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the consolidated financial statements give a true and fair view of the Group's financial position and performance.

The Board has additionally relied on the IA's reports in respect of the BAF issued to the Company since FY2013 as assurances that the Company's risk management and internal control systems are effective. The IA's scope of work includes conducting risk assessments to identify the risk categories and major risk areas of the Company's subsidiaries; developing a risk-based internal audit plan based on the risk assessment results; and conducting a detailed process for audit programmes for the internal audit. The IA also performs analytics and fieldwork for areas in the scope of work for the audit period and discusses the findings with Management, which are then incorporated into the final report that is presented to the AC in a timely manner.

In relation to sustainability, the Group, as a young company, aspires to do good in the communities it operates in, be it to have minimal impact on the environment in its operations, or in helping the underprivileged. Please refer to the Sustainability section on pages 36 to 46 of this Annual Report for more details.

## Audit Committee

### **Principle 10**    **The Board has an Audit Committee (“AC”) which discharges its duties objectively.**

10.1

The AC is guided by the following key terms of reference:

- (a) Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company’s financial performance. Where the external auditors (“EA”), in their review or audit of the Company’s year-end financial statements, raise any significant issues (for example, significant adjustments) which have a material impact on the interim financial statements or financial updates previously announced by the Company, the AC is to bring this to the Board’s attention immediately;
- (b) Advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates;
- (c) Reviewing at least annually the adequacy and effectiveness of the Company’s internal controls and risk management systems;
- (d) Reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- (e) Making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of the EA; and (ii) the remuneration and terms of engagement of the EA;
- (f) Reviewing the adequacy, effectiveness, independence, scope and results of the Company’s IA and EA, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management’s response, and results of the audits compiled by the IA and EA;
- (g) Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- (h) Assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;
- (i) Reviewing the quarterly financial statements and results announcements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalyst Rules and any other statutory/regulatory requirements;
- (j) Reviewing the effectiveness and adequacy of the Group’s internal control and procedures, including accounting and financial controls and procedures and ensure co-ordination between the IA, the EA and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);
- (k) Reviewing the scope and results of the external audit, and the independence and objectivity of the EA;
- (l) Reviewing and discussing with the EA and IA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group’s operating results or financial position, and Management’s response;
- (m) Making recommendations to the Board of Directors on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;

# CORPORATE GOVERNANCE REPORT

- (n) Assessing the quality of the work carried out by the EAs, and the basis of such assessment;
- (o) Reviewing and reporting to the Board of Directors at least annually the adequacy and effectiveness of the Group's material internal controls including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
- (p) Reviewing and approving transactions falling within the scope of Chapters 9 and 10 of the Catalist Rules (if any);
- (q) Reviewing any potential conflicts of interest;
- (r) Reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
- (s) Undertaking such other reviews and projects as may be requested by the Board of Directors and reporting to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC;
- (t) Reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group, including the oversight of whistleblowing; and
- (u) Generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

## ***Authority of AC***

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC will abstain from participating in the deliberations of and voting in respect of matters in which he is interested.

The AC has the power to conduct or authorise investigations into any matters within the AC's terms of reference. The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC is authorised to obtain independent professional advice as it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

10.2 The Company has established the AC comprising the following three members, the majority of whom, including the Chairman, are independent:

Muhammad Sameer Yousuf Khan	Chairman	Independent Non-Executive Director
Dan Broström	Member	Executive Chairman
Sin Boon Ann	Member	Lead Independent Non-Executive Director

However, not all of the members of the AC are Non-Executive Directors. Mr Dan Broström, the Executive Chairman, is a member of the AC. Taking into account that he would be able to provide relevant input and guidance to the AC, given his familiarity with the Group's activities as well as industry and market practices in jurisdictions where the Group operates, the NC had recommended his appointment to the Board. The Board had then approved his appointment as a member of the AC. Further, the Board is of the opinion that the AC continues to have majority representation of independent directors, and the independent directors collectively, would have the decisive vote in relation to proposals made by the Management. The AC (excluding Mr Dan Broström) meets with the external and internal auditors without the presence of Management at least once a year, to, *inter alia*, ascertain if there are any material weaknesses or control deficiency in the Group's financial reporting and operational systems. Mr Dan Broström, being an Executive Director, has been excluded from the aforesaid meetings to ensure that the AC remains a platform for external and internal auditors to provide their independent opinions without the influence of Management. This arrangement is essential to ensure that the presence of an Executive Director on the AC will not lead to any conflict of interest or impede the independence of the AC.

The remaining members of the AC are Independent Non-Executive Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company.

10.3 None of the AC members were previous partners or directors of the Company's existing external auditing firm within the previous 24 months and none of the AC members hold any financial interest in the external auditing firm or auditing corporation.

10.4 The primary reporting line of the IA function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

### ***Qualifications of AC***

The Board is of the view that the AC chairman and members are appropriately qualified, with the necessary accounting, financial advisory, business management, corporate and finance, investment and corporate legal expertise and experience to discharge the AC's functions. The AC chairman, having more than 40 years of experience in the fields of accounting, business and financial advisory, is well qualified to chair the AC.

### 10.5 ***Meeting between Audit Committee and Auditors***

The AC (excluding Executive Chairman Mr Dan Broström) meets with the external and internal auditors without the presence of Management at least once a year, to, *inter alia*, ascertain independently, if there are any material weaknesses or control deficiency in the Group's financial reporting and operational systems. The AC has separately met with the IA and the EA once in the absence of Management for FY2019.

# CORPORATE GOVERNANCE REPORT

## *Independence of External Auditor*

The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.

<i>Fees Paid / Payable to the EA for FY2019</i>		
	<b>S\$</b>	<b>% of total</b>
<b>Audit fees</b>	268,850	98
<b>Non-audit fees</b>		
- Tax advice advisory	6,400	2
	<b>275,250</b>	<b>100</b>

Notwithstanding the volume of non-audit services rendered to the Company, the AC is satisfied that the EA remains independent after considering the following:

- That all relationships and/or arrangements between the audit firm and the Company that may reasonably be thought to affect the EA's objectivity and as disclosed by the audit engagement partner did not impair the independence and objectivity of the EA; and
- The audit engagement partner has confirmed that, in his professional judgment, the audit firm is independent.

The AC also periodically receives updates on changes in accounting standards provided by the EA and circulated to members of AC.

There is no disagreement between the Board and AC regarding the selection, appointment, resignation or dismissal of the EA. In re-appointing the EA, the AC evaluates the performance of the EA, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority.

## *Whistle-blowing Policy*

The Company has in place a whistle-blowing policy. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting to the AC a whistle-blowing report to [whistleblowing@rexih.com](mailto:whistleblowing@rexih.com), as stated on the Company's webpage [https://investor.rexih.com/whistle\\_blowing\\_policy.html](https://investor.rexih.com/whistle_blowing_policy.html).

The AC has ensured that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The details of the policy have been disseminated and made available to all parties concerned in the Company's code of conduct.

### ***Audit Committee Activities***

During the year, the AC reviewed the financial statements of the Group before the announcement of the Group's quarterly and full-year results. In the process, the AC reviewed the key areas of management's estimates and judgment applied for key financial matters including impairment testing, adequacy of provisioning and disclosure, the application of critical accounting policies and any other significant matters that might affect the integrity of the financial statements. The AC has considered the report from the EA, including their findings on the key areas of audit focus.

Significant matters that were discussed with Management and the EA have been included as key audit matters (KAMs) in the audit report for the financial year ended 31 December 2019. Refer to pages 98 to 100 of this Annual Report.

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2019 in the discharge of its functions and duties including the deliberation and review of:

- The unaudited quarterly and full year financial results of the Group and announcements prior to submission to the Board for approval and release on the SGXNet;
- The internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit;
- The EA's report in relation to audit and accounting issues arising from the audit;
- The IA's finding report including internal control processes and procedures;
- The adequacy and effectiveness of the Company's system of risk management and internal controls, including financial, operational, compliance and information technology controls and reporting the findings to the Board;
- The audited financial statements of the Group prior to submission to the Board of Directors for consideration and approval;
- The external audit and internal audit fees for FY2019 and recommendation to the Board for approval;
- The quality of EA across a number of evaluation criteria, including measures of relevance and quality of its works as well as its independence and re-appointment of the EA and recommendation to the Board for approval; and
- Interested person transactions falling within scope of Chapters 9 and 10 of the Catalist Rules and any potential conflicts of interests.

### ***Internal Audit***

The Company's IA function is outsourced to EY that reports directly to the AC and administratively to the CEO. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the EA and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.

# CORPORATE GOVERNANCE REPORT

The AC is satisfied that EY is able to discharge its duties effectively as it:

- Is adequately qualified, given that the partner/head of the internal audit and staff assigned to the internal audit of the Company are members of the Institute of Internal Auditors and it adheres to standards set by internationally recognised professional bodies;
- Is adequately resourced with the Company's internal audit, led by Mr Philip Ng, who has more than 20 years of relevant, diverse audit experience; and
- Has the appropriate standing in the Company, given, *inter alia*, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

The primary functions of the IA are to:

- (a) Assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;
- (b) Conduct regular in-depth audits of high-risk areas; and
- (c) Identify and recommend improvement to internal control procedures, where required.

The AC has reviewed the report submitted by EY on internal procedures, the EA's report and the internal controls in place, and is satisfied that there are adequate internal controls in the Company.

The AC will review on an annual basis the adequacy and effectiveness of the IA function.

The AC had reviewed and is of the view that the IA function is adequate and effective in FY2019.

## SHAREHOLDER RIGHTS AND ENGAGEMENT SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

**Principle 11** *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

### **Shareholder Rights**

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements.

The Company is committed to making timely, full and accurate disclosure to shareholders and the public. All information on the Company's new initiatives which would be likely to materially affect the price or value of the Company's shares will be promptly disseminated via SGXNet to ensure fair communication with shareholders.

The Company has endeavoured to provide a longer notice period of 28 days for its Annual General Meetings and Extraordinary General Meetings over the past few years.

- 11.1 The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.
- Shareholders are encouraged to attend the AGM/EGM to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the General Meetings will be advertised in newspapers and announced on SGXNet.
- An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meeting of shareholders. The Company ensures that shareholders are given the opportunity to participate effectively in and vote at general meetings.
- 11.2 The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting.
- The Company typically ensures that there are separate resolutions at general meetings on each distinct issue.
- All resolutions are put to vote by poll, and their detailed results will be announced via SGXNet on the same day after the conclusion of the general meeting. Electronic poll voting has been adopted since 2017 so as to better reflect shareholders' interest and ensure greater transparency in the voting process. An independent scrutineer is also appointed for the electronic poll voting process. Votes cast for and against each resolution will be tallied and displayed live-on-screen to shareholders or their appointed proxies immediately after each poll had been conducted at the meeting.
- 11.3 The Company requires all Directors (including the respective chairman of the Board Committees) and senior management, to be present at all general meetings of shareholders, unless in cases of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. Directors' attendance at the general meetings held in the financial year ended 31 December 2019 is tabled on page 50 of this Annual Report.
- 11.4 The Company's Constitution allows for abstentia voting (including but not limited to the voting by mail, electronic mail or facsimile). As the authentication of shareholder identity and other related security and integrity issues still remains a concern, the Company has decided for the time being, not to implement absentia voting methods such as voting via mail, electronic mail or facsimile. A shareholder is entitled to attend and vote or to appoint not more than two proxies who need not be a shareholder of the Company, to attend and vote at the meetings on his behalf.
- The Company's Constitution allows (a) each shareholder who is not a relevant intermediary the right to appoint up to two proxies and (b) each shareholder who is a relevant intermediary to appoint more than two proxies to attend, speak and vote on their behalf in general meetings. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

# CORPORATE GOVERNANCE REPORT

11.5 The Company publishes minutes of general meetings of shareholders on its corporate website <https://rexih.com> as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

## 11.6 ***Dividend Policy***

The Company does not have a fixed dividend policy. Nonetheless, Management will review, *inter alia*, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.

The Board has not declared or recommended dividends for FY2019, as the Group has just turned profitable in FY2019, as a result of the completed sale of interests in licences to a third party.

## **ENGAGEMENT WITH SHAREHOLDERS**

***Principle 12*** ***The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

## 12.1 ***Communication with Shareholders***

The Company solicits feedback from and addresses the concerns of shareholders via the following:

- One-on-one and group meetings;
- Investor/analyst briefings;
- Conferences and roadshows;
- Annual General Meetings and Extraordinary General Meetings; and
- Responses to email queries.

In 2019, the Company issued more than 55 announcements and press releases and conducted one-on-one and group meetings, as well as conference calls, with local and foreign investors or analysts, as well as with the media.

Apart from the SGXNet announcements and its Annual Report, the Company updates shareholders on its corporate developments through its corporate website at <https://rexih.com> and its investor relations webpage at <https://investor.rexih.com/home.html>.

12.2 The Company has in place an Investor Relations policy which is executed by a dedicated investor relations team, which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

- 12.3 The Company's Investor Relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. Contact details to the Company's investor relations team (ir@rexih.com) are available on the Company's corporate website <https://rexih.com>. Shareholders may contact the Lead Independent Director at [info@rexih.com](mailto:info@rexih.com).

**Principle 13** *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

- 13.1 The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. Further details can be found in the Sustainability Report section of this Annual Report.
- 13.2 The Company has disclosed in this Annual Report, its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period. Further details can be found in the Sustainability Report section of this Annual Report.
- 13.3 The Company maintains a current corporate website, <https://rexih.com>, to communicate and engage with stakeholders. The Company's profile, latest news and announcements, share price information, publications such as annual reports, qualified person's reports, fact sheets and presentations can be accessed on the corporate website. Investors can also opt for email alerts on the Company's latest announcements.

## COMPLIANCE WITH APPLICABLE CATALIST RULES

### *Appointment of Auditors*

- 1204(6)(c) The Company confirms its compliance to the Catalist Rules 712 and 715. Significant foreign subsidiaries are audited by KPMG LLP, Singapore for consolidation purpose, and other member firms of KPMG International. Both KPMG LLP and the audit partner-in-charge have the relevant experience in providing audit services to various clients in the oil and gas industry. Other foreign subsidiaries are registered BVI companies that have no operational activities in FY2019.

### 1204(8) *Material Contracts*

Save as disclosed in the section entitled "Interested Person Transactions", there were no material contracts or loans entered into by or taken up by the Group involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2018.

# CORPORATE GOVERNANCE REPORT

1204(10)

## *Confirmation of Adequacy of Internal Controls*

The Board and the AC are of the opinion that the internal controls are adequate and effective to address the financial, operational, compliance and information technology risks, and risk management systems which the Group considers relevant and material to its current business scope and environment based on the following:

- Assurance has been received from the CEO, the CFO and key management personnel that are responsible for the adequacy and effectiveness of the Group's risk management and internal control systems;
- An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;
- Management regularly evaluates, monitors and reports to the AC and the RMC on material risks;
- Discussions were held between the AC and auditors in the absence of the Management to review and address any potential concerns;
- An enterprise risk management framework is in place to identify, manage and mitigate significant risks; and
- Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a quarterly basis.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

1204(10A)

There is no family relation between the chairman and the CEO of the Company.

1203(10C)

The AC is of the view that the Company's IA function is independent, effective and adequately resourced.

1204(17)

## *Interested Persons Transaction ("IPT")*

The Company does not have an IPT Mandate.

In FY2019, the Group entered into an IPT with Trace Atlantic Oil Ltd ("**Trace Atlantic**") in relation to the subscription of 9,421 preference shares in Masirah Oil Ltd ("**MOL**") for an aggregate amount of US\$4.50 million (the "**Subscription Agreement**").

Dr Karl Lidgren and Mr Hans Lidgren are controlling shareholders of the Company with a 35.37 per cent deemed interest in the Company held through Limea Ltd., which each of Mr Hans Lidgren and Cresta Group Ltd (which is wholly-owned by Dr Karl Lidgren) has a 50 per cent shareholding interest.

Dr Karl Lidgren and Mr Hans Lidgren have a 64.59 per cent deemed interest in Trace Atlantic held through intermediate entities, in which Limea Ltd. has an 80 per cent shareholding interest. Dr Karl Lidgren is also a Non-Independent and Executive Director of the Company. As such, Trace Atlantic is an "interested person" pursuant to Chapter 9 of the Catalist Rules. Accordingly, the entry into the Subscription Agreement between MOL and Trace Atlantic as an "interested person", is an "interested person transaction" pursuant to Chapter 9 of the Catalist Rules.

As the aggregate value of the subscription amount of US\$4.50 million represents 3.7 per cent of the Group's latest audited net tangible assets, the Company was not required to obtain shareholders' approval in respect of the Subscription Agreement pursuant to Rule 906 of the Catalist Rules.

Save as disclosed above, there were no other IPTs that were more than S\$100,000 entered into by the Group in FY2019.

The Company has adopted an internal policy in respect of any transactions with an interested person (as defined in the Catalist Rules) and has established procedures for the review and approval of all IPTs entered into by the Group. The AC reviews the rationale and terms of the Group's IPTs, with the view that the IPTs should be on normal commercial terms, at arm's length basis and are not prejudicial to the interests of its minority shareholders.

As part of the Company's policy, Directors are required to disclose to the Board all actual and potential conflicts of interest. A Director shall recuse himself or herself from discussions and abstain from voting on resolutions regarding any contract, arrangement or any other transaction in which he or she has any personal material interest, directly or indirectly.

1204(19)

### ***Dealing in Securities***

The Company and its subsidiaries have adopted an internal policy which prohibits the Directors and officers (including employees) from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers (including employees) of the Company and its subsidiaries are also discouraged from dealing in the Company's securities on short-term considerations and for FY2019, were prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the relevant results.

In light of the amendments to the Catalist Rules in respect of quarterly reporting, the Company will revise its policy on dealing in securities, and the Company, its Directors and officers (including employees) of the Company and its subsidiaries are discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the relevant results.

1204(21)

### ***Non-sponsor Fees***

No non-sponsor fees were paid to the Company's previous sponsor, PrimePartners Corporate Finance Pte. Ltd., for the period of 1 January 2019 to 31 January 2019 and to its current sponsor, Novus Corporate Finance Pte. Ltd. in FY2019.

1204(22)

### ***Use of Proceeds Raised from Placement Exercise***

The Company had on 6 November 2013, completed a placement of 70 million new ordinary shares at an issue price of S\$0.755 per share (the "**2013 Placement**"), raising net proceeds of S\$50.87 million (after deducting placement expenses of S\$1.98 million). As at the date of this report, the Company had utilised all the 2013 Placement proceeds except for the amount allocated to the share buyback mandate of S\$5.96 million.

The Company had utilised S\$0.99 million in relation to the share buyback exercise in FY2019, and the ending balance of the amount allocated to the share buyback mandate as at 31 December 2019 and the date of this report was S\$4.97 million.

# CORPORATE GOVERNANCE REPORT

720(5)

## *Additional Information On Directors Seeking Re-Election*

Pursuant to Rule 720(5) of the Catalist Rules, the additional information as set out in Appendix 7F of the Catalist Rules relating to the retiring Directors who are submitting themselves for re-election, is disclosed below and to be read in conjunction with their respective biographies under the section entitled “Board of Directors” of this Annual Report:

	<b>Muhammad Sameer Yousuf Khan</b>	<b>Dr Christopher Atkinson</b>
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment	The re-election of Muhammad Sameer Yousuf Khan was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his contributions and performance.	The re-election of Dr Christopher Atkinson was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his contributions and performance.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> <li>• Independent Non-Executive Director</li> <li>• Chairman of Audit Committee</li> <li>• Member of Nominating and Remuneration Committees</li> </ul>	Independent Non-Executive Director
Professional Qualifications	Refer to section on Board of Directors at pages 9 to 11 of this Annual Report for details.	
Working experience and occupation(s) during the past 10 years	Refer to section on Board of Directors at pages 9 to 11 of this Annual Report for details.	
Shareholding interest in the listed issuer and its subsidiaries	780,000 ordinary shares (representing 0.06% shareholding interest) in Rex International Holding Limited  Subsidiaries of Rex International Holding Limited Nil	420,000 ordinary shares (representing 0.03% shareholding interest) in Rex International Holding Limited  Subsidiaries of Rex International Holding Limited Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interests (including any competing business)	No	No

	<b>Muhammad Sameer Yousuf Khan</b>	<b>Dr Christopher Atkinson</b>
Undertaking has been submitted to the listed issuer in the form of Appendix 7H under Rule 720(1)	Yes	Yes
Other Principal Commitments Including Directorships:		
Past (for the last five years)	Directorships <ul style="list-style-type: none"> <li>• Aisha Ltd.</li> <li>• S. Khan Consultancy</li> </ul> Principal Commitment (other than Directorships) Nil	Directorships <ul style="list-style-type: none"> <li>• Caribx UK Limited</li> <li>• ETPM Singapore Pte. Ltd.</li> <li>• Bambusee Pte. Limited</li> <li>• Spice Islands Liquors Pte Limited</li> <li>• Helios Aragon Pte Limited</li> </ul> Principal Commitment (other than Directorships) Nil
Present	Directorships Nil Principal Commitment (other than Directorships) <ul style="list-style-type: none"> <li>• Principal Asia – CFO Centre</li> </ul>	Directorships <ul style="list-style-type: none"> <li>• Sonoro Energy Limited</li> <li>• Worldwide Petroleum Services Pte Ltd</li> </ul> Principal Commitment (other than Directorship) Nil
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

# CORPORATE GOVERNANCE REPORT

	<b>Muhammad Sameer Yousuf Khan</b>	<b>Dr Christopher Atkinson</b>
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

	<b>Muhammad Sameer Yousuf Khan</b>	<b>Dr Christopher Atkinson</b>
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No