



GLOBAL INVACOM GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200202428H)

**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES
TRADING LIMITED (“SGX-ST”) ON THE ANNUAL REPORT FY2019**

The Board of Directors (the “**Board**”) of GLOBAL INVACOM GROUP LIMITED (the “**Company**”) refers to the following queries raised by the SGX-ST on 4 May 2020 and would like to provide additional information in relation to the Company’s annual report (“**Annual Report**”) for the financial year ended 31 December 2019 (“**FY2019**”), as follows:

SGX-ST’s Queries:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. In this regard:

Query (i)

(i) Provision 3.1 of the Code states that:

*“The Chairman and Chief Executive Officer (“**CEO**”) are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.”*

We note that the Company has not complied with Provision 3.1 of the Code as the Company’s Chairman and CEO position is filled by the same person.

Where the Company’s practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Company’s response to Query (i):

The Company believes that the vesting of the roles of both Chairman and CEO on the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long term business strategies. Mr Taylor’s dual role as Executive Chairman and CEO will enable the Group to conduct its business more efficiently and to ensure that the decision-making process of the Group will not be unnecessarily hindered.

The Board currently consists of seven members, of whom three are Independent Directors and one is a Non-Independent Non-Executive Director. As a whole, there are four Non-Executive Directors on the Board. The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision making by the Board is independent and objective and based on collective decision making without Mr Taylor exercising any undue influence on any decision made by the Board.

The NC, from time to time, reviews the need to separate the roles of Chairman and CEO and will make its recommendations, as appropriate and needed.

In addition, Mr John Lim Yew Kong, who is the Lead Independent Director of the Company, would address the concerns, if any, of the Company's shareholders on issues that cannot be appropriately dealt with by the Chairman/CEO. Where appropriate and necessary, the Independent Directors would meet without the presence of the other Directors, and for the Lead Independent Director to provide any feedback to the Chairman.

As such, the Company is of the view that the intent of Principle 3 of the Code is met as no one individual of the Board has unfettered powers of decision making.

Query (ii)

(ii) Provision 8.1 of the Code states that:

"The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and*
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel."*

We note the Company's disclosure on remuneration at pages 31 and 32 of the annual report for FY2019. Where the Company's practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's response to Query (ii):

The Company has on page 31 of the Annual Report FY2019 disclosed the names, amounts and breakdown of remuneration of Executive Directors, the CEO and key management personnel of the Company in bands of S\$250,000. The variation from Provision 8.1 of the Code of not disclosing the exact remuneration amount of the Executive Directors is in view of the niche market of the Group's business. The Group believes that the exact disclosure of remuneration of Executive Directors who hold knowledge particular to this market and to the Group would significantly increase the risk of poaching by other competitors of this market and may seriously affect the competitive edge as well as the proprietary knowledge within the Group.

The Company has on page 31 of the Annual Report FY2019, under the header "Level and Mix of Remuneration", disclosed the remuneration policy for Executive Directors and key management personnel which comprises of a fixed and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a cash bonus scheme that is results-based with a trigger set around three key targets, two of which were financial based on revenue and profit before tax and one was a soft target based on new product introduction.

The Company has also disclosed on page 31 of the Annual Report FY2019 that the Group's long term incentive schemes to be granted are based on participants achieving pre-set operating unit financial goals, individual performance, as well as achieving corporate financial goals. The important terms of the Group's long term incentive schemes, Global Invacom Share Option Scheme 2013 and Global Invacom Performance Share Plan 2013 are disclosed in Notes 4 and 5 of the Directors' Statement as set out in the Annual Report FY2019.

The Company is of the view that the information disclosed provides investors with insights as to the remuneration policies, procedure of setting remuneration and the relationships between

remuneration, performance and value creation, and is of the view that the intent of Principle 8 of the Code is met as the remuneration policy, relationships between remuneration, performance and value creation and procedure for setting remuneration applicable to the executive directors are described above and the level and mix of remuneration is disclosed on pages 31 and 32 of the Annual Report FY2019.

BY ORDER OF THE BOARD

Anthony Brian Taylor
Executive Chairman

6 May 2020