



# CPA Forum 2013

**Spotlight on Singapore:**  
Findings on the  
Governance & Transparency Index (GTI) 2013

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**Centre for Governance, Institutions and Organisations  
NUS Business School**

**1 August 2013**

# The GTI Project

## Collaboration by



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Centre for Governance, Institutions & Organisations  
NUS Business School

## THE BUSINESS TIMES

A publication of **sp**

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# The GTI Journey

- **5 years in the running**
  - First ranking published in April 2009 at CPA Forum 2009
- **Ranking table annually published in The Business Times**
  - Covers Singapore-listed companies

**THE BUSINESS TIMES**  
(27 April 2012)

## Corporate governance huffs and puffs upward

SingTel tops the charts again, DBS and Sembcorp climb into top 5 for first time

By **JAMIE LEE**  
SINGAPORE'S corporate governance standard has inched up, but there is still great room for improvement, this year's Governance and Transparency Index (GTI) – unveiled yesterday at the CPA Forum – stood at new listings. Unlike last year, the CGIO also left out companies with shares suspended from trading. The mean score of all companies reviewed for the GTI – unveiled yesterday at the CPA Forum – stood at 78.5, up from 77.5 last year. The mean score of all companies reviewed for the GTI – unveiled yesterday at the CPA Forum – stood at 78.5, up from 77.5 last year. The mean score of all companies reviewed for the GTI – unveiled yesterday at the CPA Forum – stood at 78.5, up from 77.5 last year.

RANK	COMPANY NAME	BASE GTI SCORE	ADJUSTMENTS FOR PENALTIES	OVERALL GTI SCORE (2012)	OVERALL GTI SCORE (2011)	RANK (2011)	RANK	COMPANY NAME	BASE GTI SCORE	ADJUSTMENTS FOR PENALTIES	OVERALL GTI SCORE (2012)	OVERALL GTI SCORE (2011)	RANK (2011)	RANK	COMPANY NAME	BASE GTI SCORE	ADJUSTMENTS FOR PENALTIES	OVERALL GTI SCORE (2012)	OVERALL GTI SCORE (2011)	RANK (2011)
1	SINGTEL	78	22	111	109	1	115	MEGACHEM LTD	40	3	43	47	62	242	ES GROUP (HLDGS) LTD	38	-2	36	NA	NA
2	SINGAPORE EXCHANGE LTD	81	24	105	101	2	115	OLD CHANG KEE LTD	37	6	43	34	130	242	EZON HLDGS LTD	42	-5	36	25	438
3	DBS GROUP HLDGS LTD	77	17	94	78	9	115	OVERSEA'S UNION ENTERPRISE LTD	43	0	43	41	118	242	(FORMERLY) WYLECT TECHNOLOGY LTD	41	-5	36	25	438
4	KEPPEL CORP LTD	76	17	93	91	3	115	SINARMAS LAND LTD	40	3	43	33	154	242	HOCK LIAAN SENG HLDGS LTD	38	-2	36	NA	NA
5	SEMBCORP INDUSTRIES LTD	82	11	93	77	11	115	SINGAPURA FINANCE LTD	40	3	43	28	177	242	KI VENTURES LTD	33	3	36	36	166
6	KEPPELLAND LTD	77	15	92	91	3	115	SITRA HLDGS (INTERNATIONAL) LTD	40	3	43	28	177	242	(FORMERLY) KEPPEL MARINE INDUSTRIES LTD	33	3	36	36	166
7	SMRT CORP LTD	90	-1	89	85	6	131	ADVANCE SCT LTD	46	-4	42	11	329	242	LIONGOLD CORP LTD	36	0	36	42	52
8	SATS LTD (FORMERLY SINGAPORE AIRPORT TERMINAL SVCS LTD)	70	14	84	88	5	131	ANNICA HLDGS LTD	39	3	42	37	165	242	(FORMERLY) THE THINK ENVIRONMENTAL CO LTD	36	0	36	36	166
9	ASL MARINE HLDGS LTD	68	15	83	75	12	131	ARMSTRONG INDUSTRIAL CORP LTD	47	-5	42	38	149	242	LONGCHEER HLDGS LTD	38	-2	36	30	325
10	FRASER AND NEAVE LTD	77	6	83	84	7	131	AVI-TECH ELECTRONICS LTD	44	-2	42	30	325	242	MEDTECS INTERNATIONAL CORP LTD	38	-2	36	NA	NA
11	QIAN HUI CORP LTD	72	9	82	80	8	131	BREADTALK GROUP LTD	48	-7	42	28	377	242	MUN SIONG ENGINEERING LTD	38	-2	36	NA	NA
12	SINGAPORE PRESS HLDGS LTD	73	9	82	73	14	131	EUCON HLDG LTD	45	-3	42	41	118	242	PENGUIN INTERNATIONAL LTD	36	0	36	27	165
13	KEPPEL TELE & TRAN	69	12	81	70	17	131	FUXING CHINA GROUP LTD	42	0	42	35	210	242	(FORMERLY) PENGUIN BOAT INTERNATIONAL LTD	36	0	36	27	165
14	SEMBCORP MARINE LTD	71	8	79	73	14	131	HUAN TECHNOLOGIES LTD	42	0	42	38	149	242	PHARMESIS INTERNATIONAL LTD	42	-6	36	35	210
15	(FORMERLY) JURONG SHIPPING LTD	71	8	79	73	14	131	HLN TECH LTD	42	0	42	38	149	242	PSL HLDGS LTD	36	0	36	21	531
16	SINGAPORE AIRLINES LTD	64	14	78	75	12	131	INNOVALUES LTD	45	-3	42	40	129	242	ROTARY ENGINEERING LTD	44	-8	36	21	531
17	WHL CORP LTD	72	6	78	78	9	131	KINESALHEN CREATIVES LTD	42	0	42	41	118	242	SINOPIPE HLDGS LTD	32	4	36	28	377
18	(FORMERLY) WEARNE BROTHERS LTD	72	6	78	78	9	131	LHT HLDGS LTD	48	-6	42	42	92	242	STRATEGIC SYSTEMS LTD	36	0	36	32	281
19	GREAT EASTERN HLDGS LTD	70	6	76	58	28	131	PAH HONG PROPERTY GROUP LTD	42	0	42	42	92	242	THE HOUR GLASS LTD	36	0	36	34	220
20	MI LTD (FORMERLY MOBILORNE LTD)	74	2	76	50	46	131	SING HLDGS LTD	39	3	42	37	165	242	TRK 1000 INTERNATIONAL LTD	39	-3	36	40	129
21	SHI ENGINEERING COMPANY LTD	70	6	76	72	16	131	SINO CONSTRUCTION LTD	39	3	42	31	301	242	UNITED FIBER SYSTEM LTD	36	0	36	27	407
22	MERCATOR LINES (S) LTD	62	12	74	54	38	131	ST. JAMES HLDGS LTD	45	-3	42	43	85	242	VICLAS INTERNATIONAL LTD	41	-5	36	32	281
							131	UPP HLDGS LTD	45	-3	42	36	186	242	WHEELOCK PROPERTIES (S) LTD	42	-6	36	38	149
							131	VALUETRONICS HLDGS LTD	42	0	42	39	140	268	BIOSENSORS INTERNATIONAL GROUP LTD	44	-9	35	21	301
														268	CHANGTIAN PLASTIC & CHEMICAL LTD	37	-2	35	36	166

# GTI Advisory Panel

- **Mr Ang Hao Yao**, *Director*, Trader Investment
- **Mr Andrew Kwek**, *Chief Operating Officer*, Pheim Asset Management
- **Mrs Lee Suet Fern**, *Senior Director*, Stamford Law Corporation
- **Mr Loh Hoon Sun**, *Managing Director*, Phillip Securities
- **Mr Chaly Mah**, *Chairman*, Deloitte Singapore
- **Mr Alvin Tay**, *Editor*, The Business Times

# Index Structure

**Base Score (Max = 100 points)**



Board matters (Max = 35 points)

Remuneration matters (Max = 20 points)

Accountability & audit matters (Max = 20 points)

Transparency & investor relations (Max = 25 points)



**Adjustments for bonuses/penalties (+/-)**



**Overall GTI Score (Max = 143 points)**

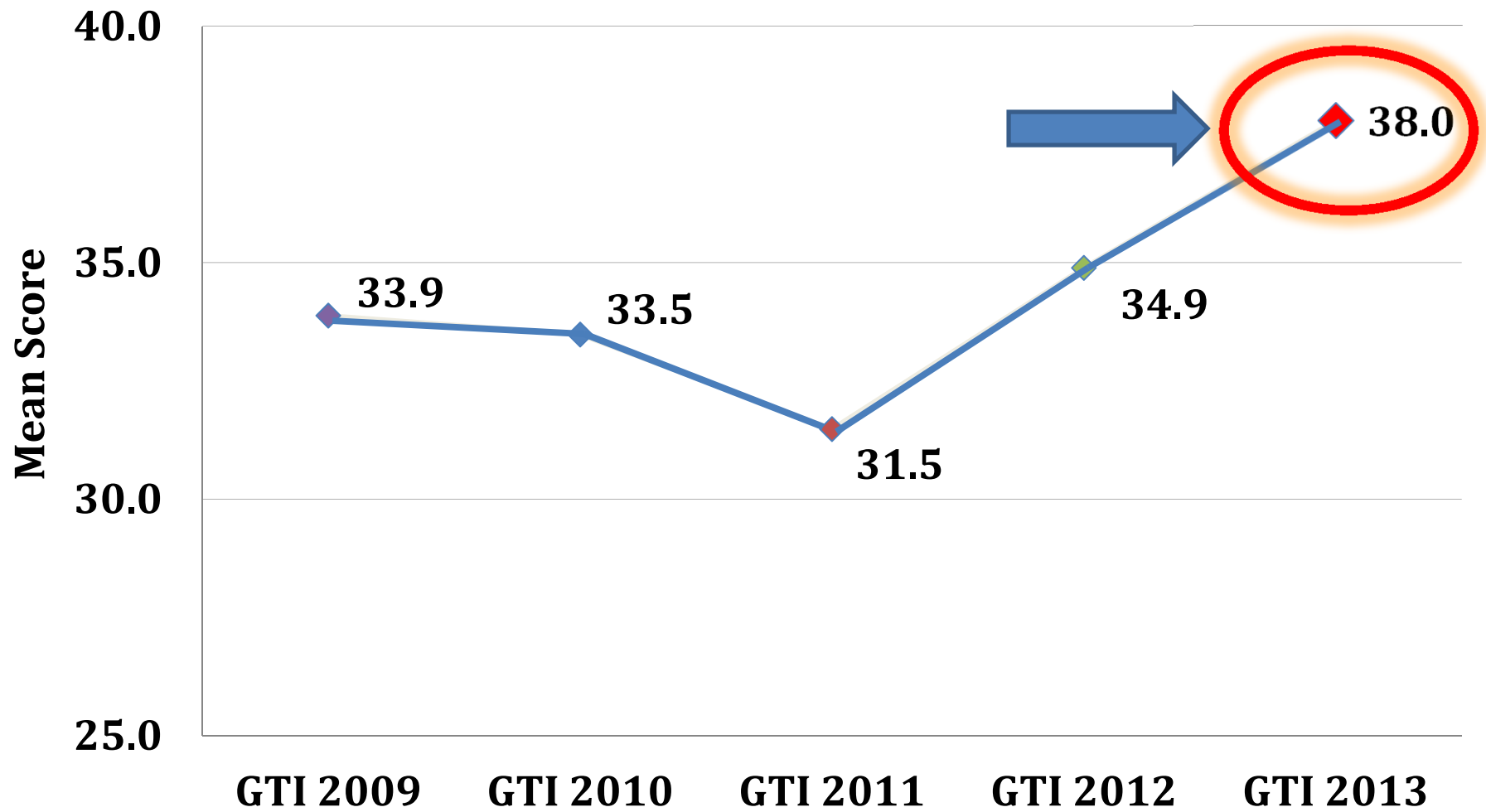
# GTI 2013 - Coverage

- 664 companies that released ARs for FY-end 2012
- For companies with Dec FY-end, cut-off: 31 May 2013
- 112 companies excluded:
  - Newly-listed companies that do not have full year's financial report (20)
  - Suspended (3)
  - Winding-up/Restructuring (13)
  - Delisted (8)
  - Secondary listing (28)
  - Funds (5)
  - REITS & Trusts (35)

# GTI 2013 - Data Sources

- Annual reports
- Company announcements: 1 Jan 2011 to 31 Dec 2012
- Corporate websites
- Information obtained from companies via Investor Relations
- Media Articles: 1 Jan 2011 to 30 Apr 2013

# GTI Trends





# GTI 2013 Findings: A Transformer's Guide

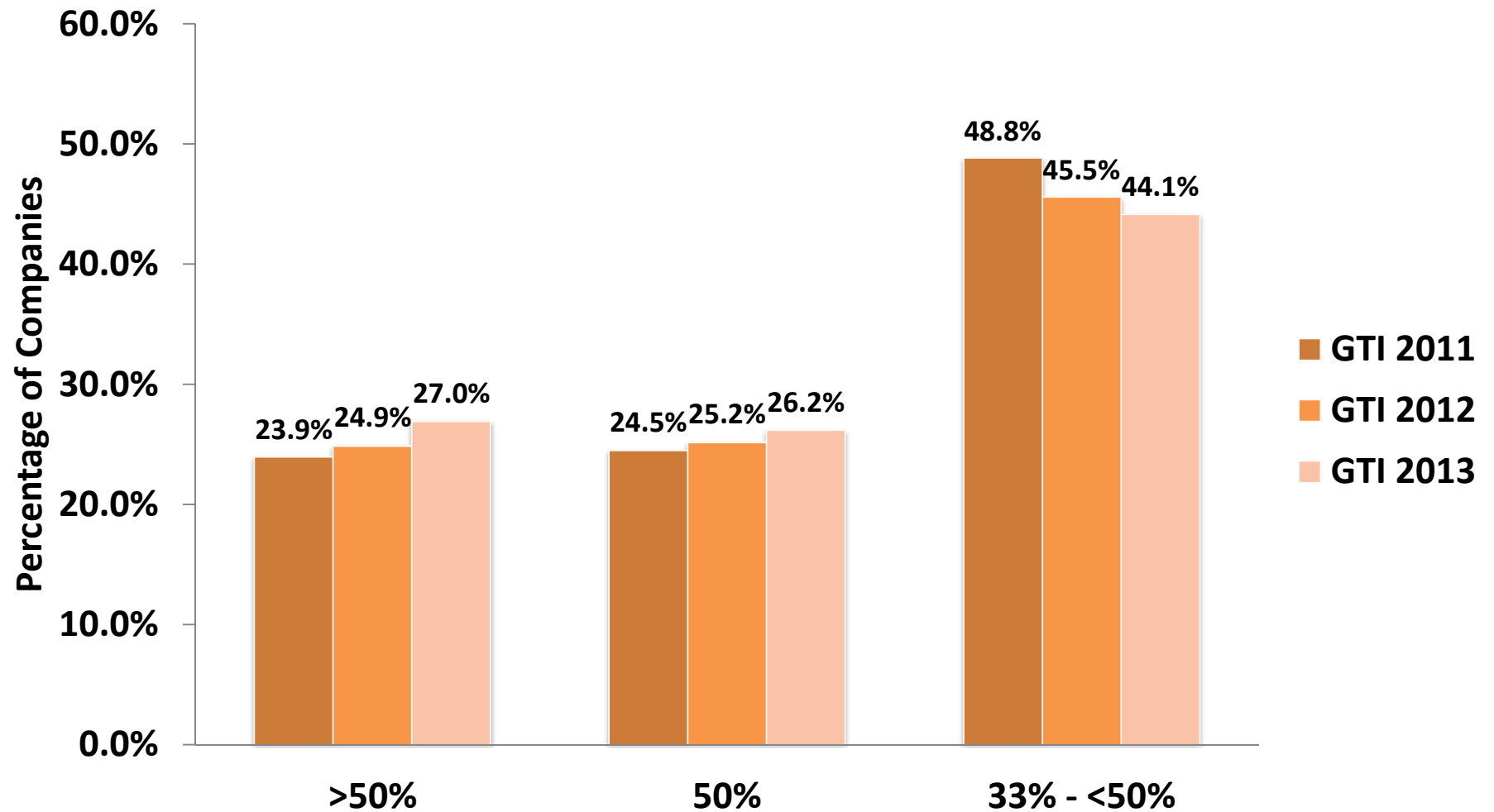


# GTI 2013 Findings: A Transformer's Guide

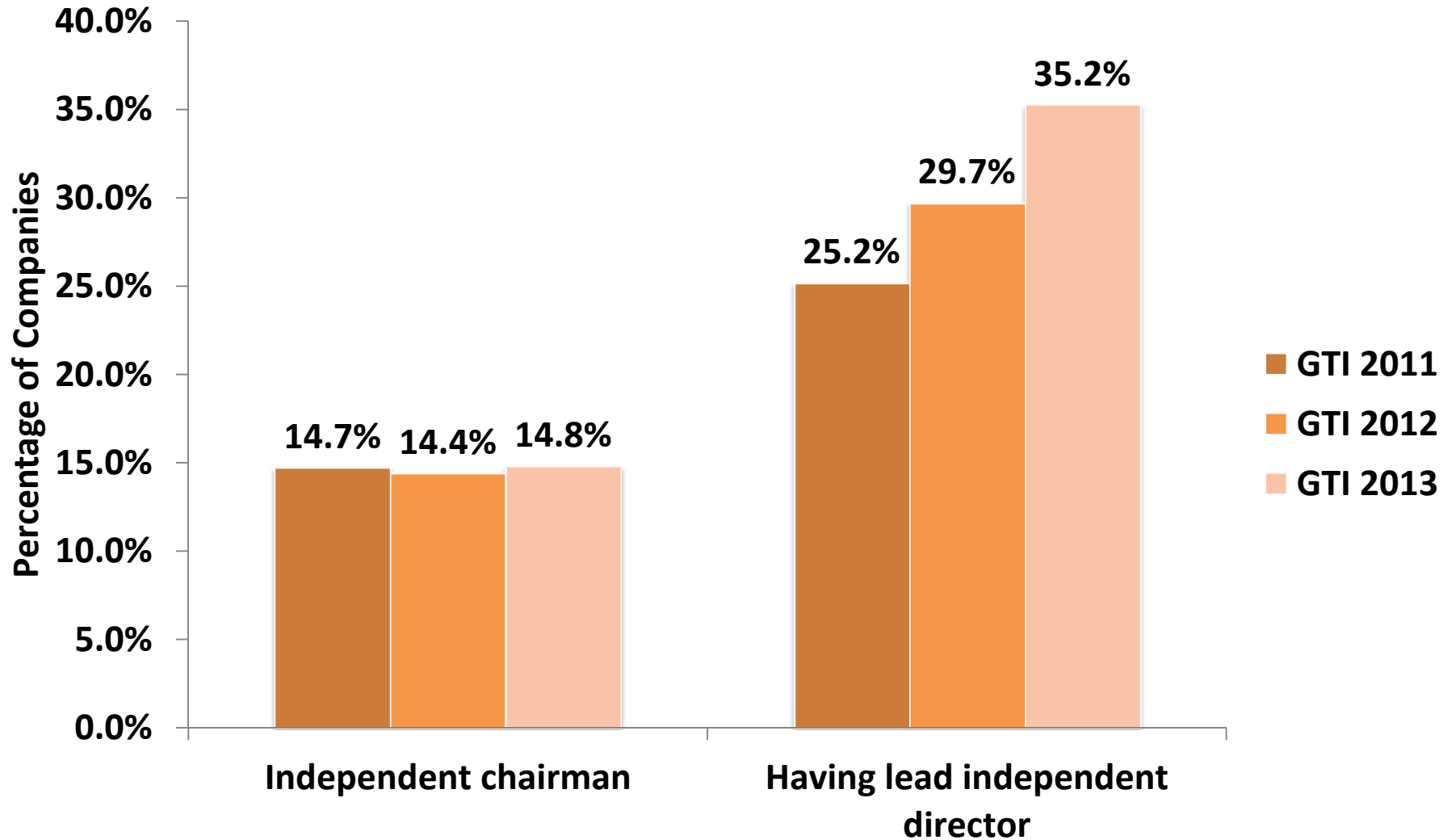


# Independence

## Proportion of Independent Directors on Board

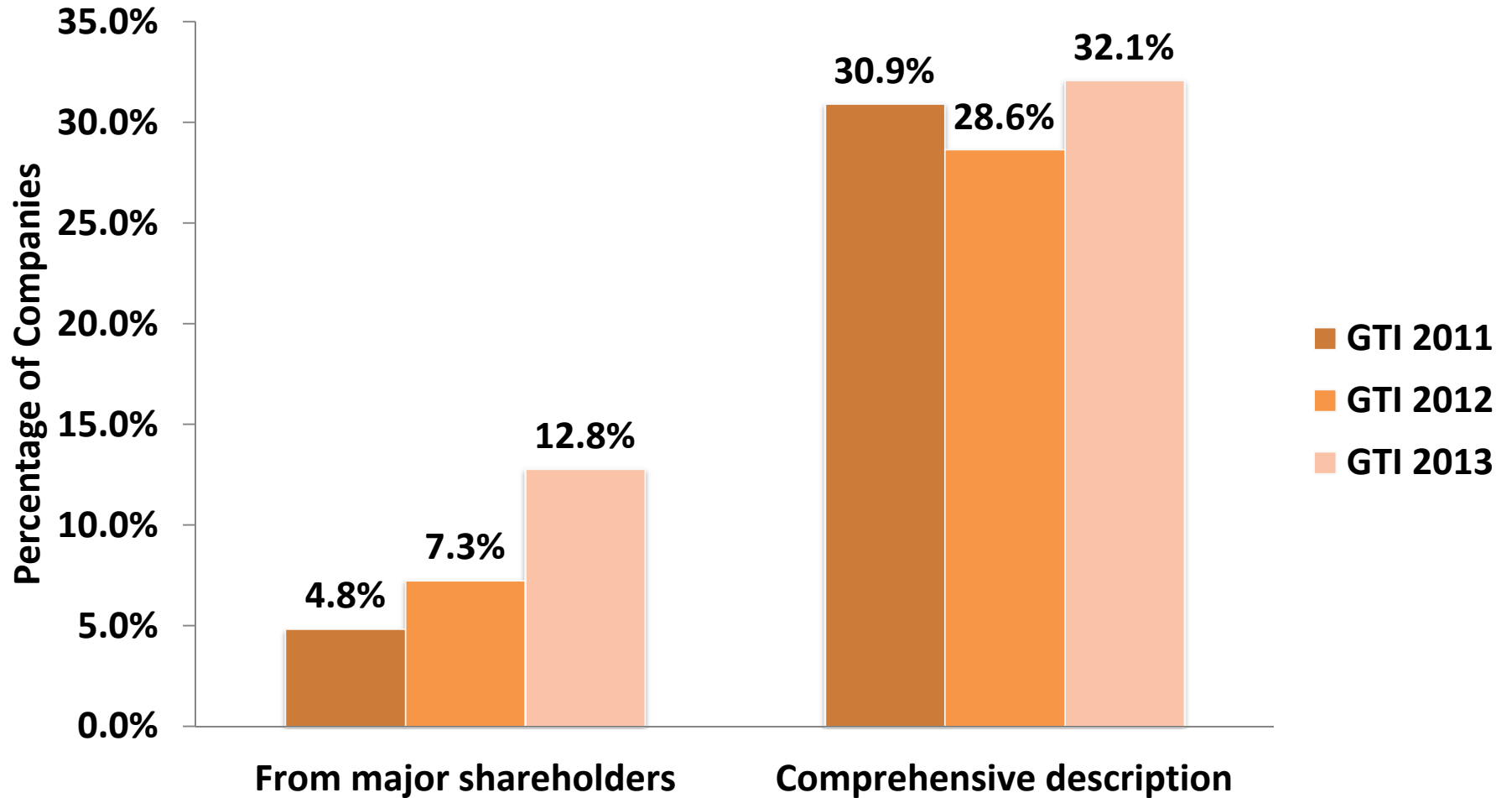


# Independence Leadership



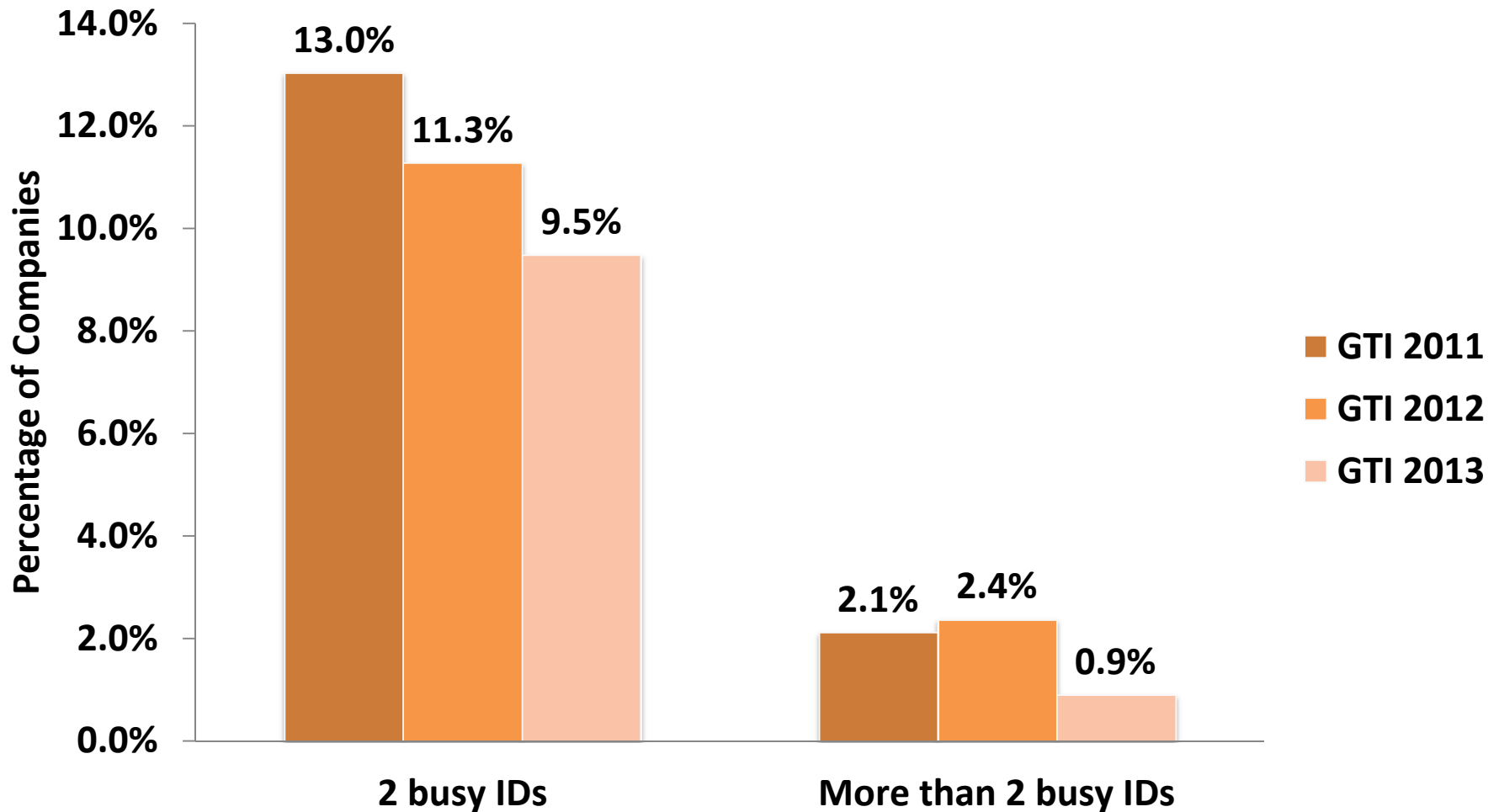
# Independence

## Definition of Director Independence



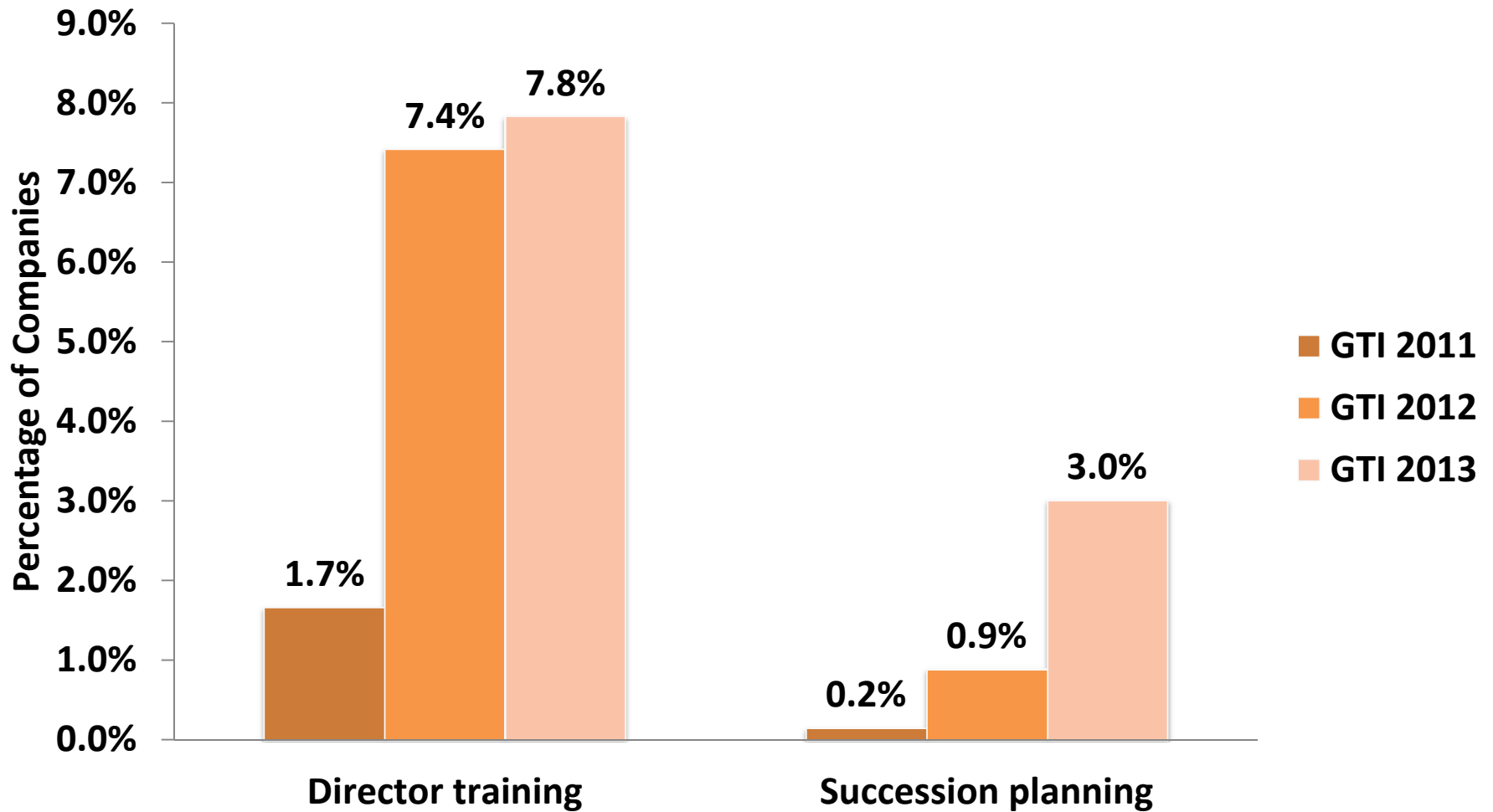
# Involvement

## Companies with Busy Independent Directors (IDs)



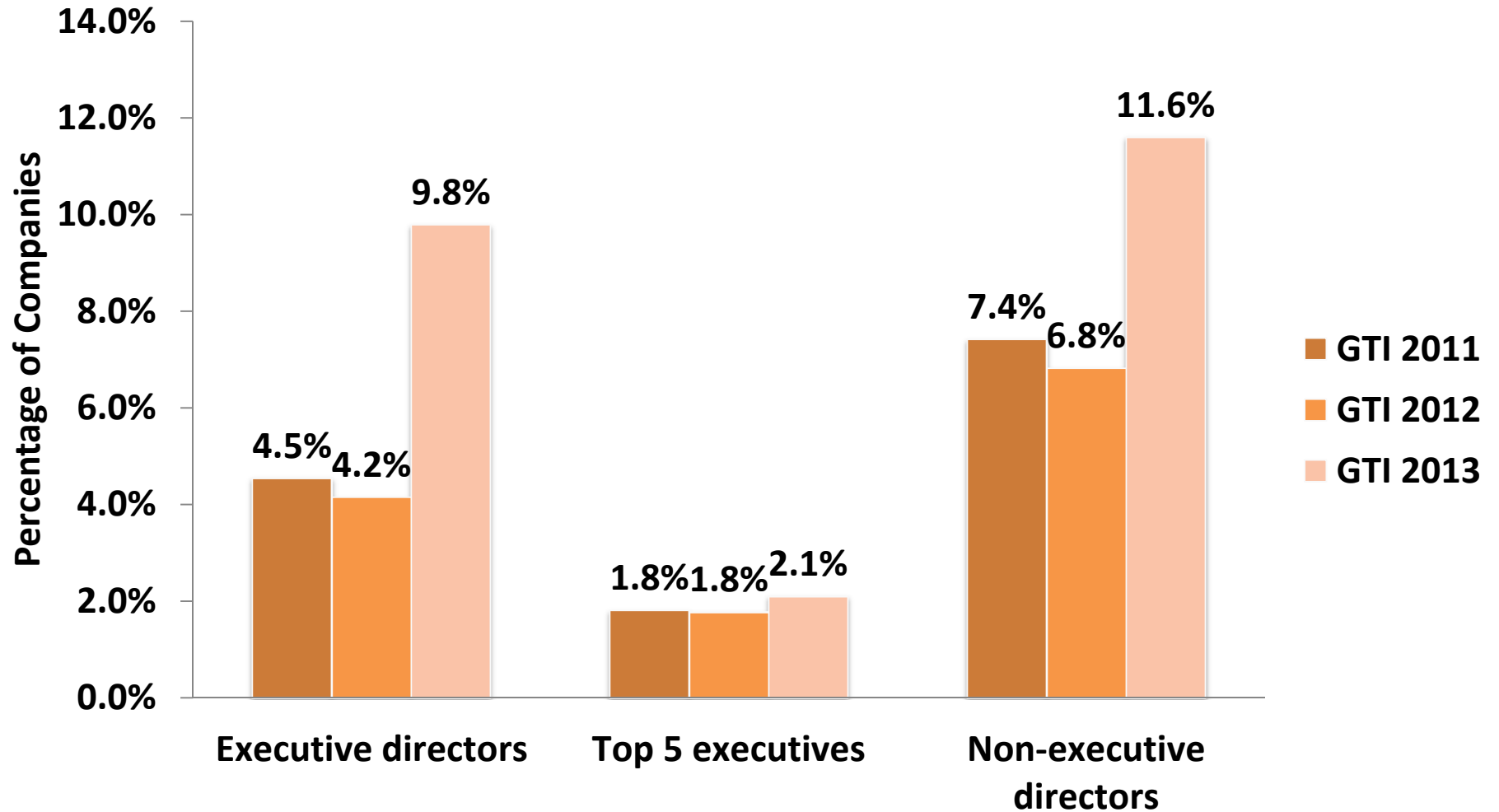
# Induction

## Training & Succession Disclosure



# Incentive

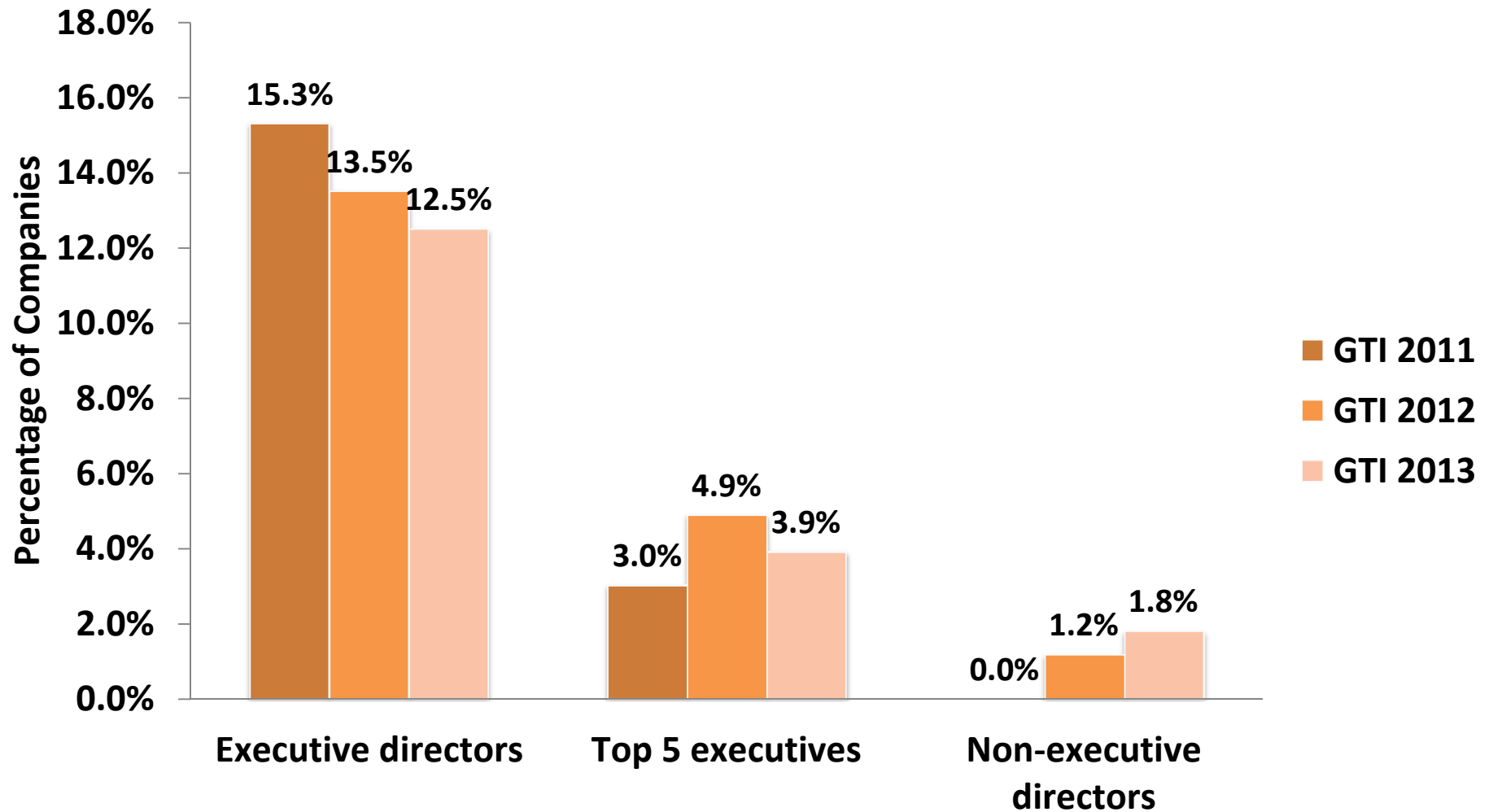
## Exact Remuneration Disclosure





# Incentive

## Remuneration Disclosed in Bands with No Upper Limit

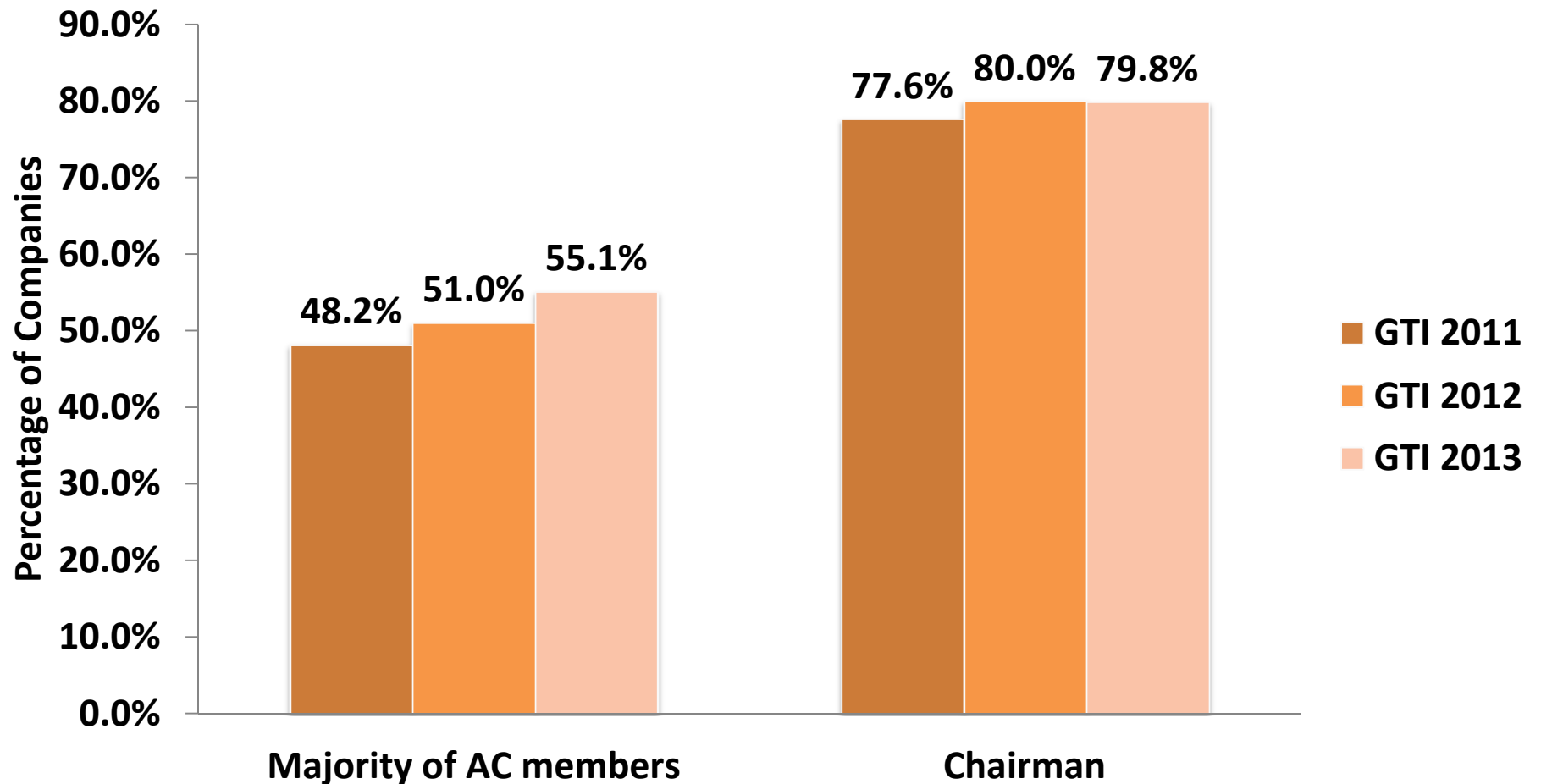


# GTI 2013 Findings: A Transformer's Guide



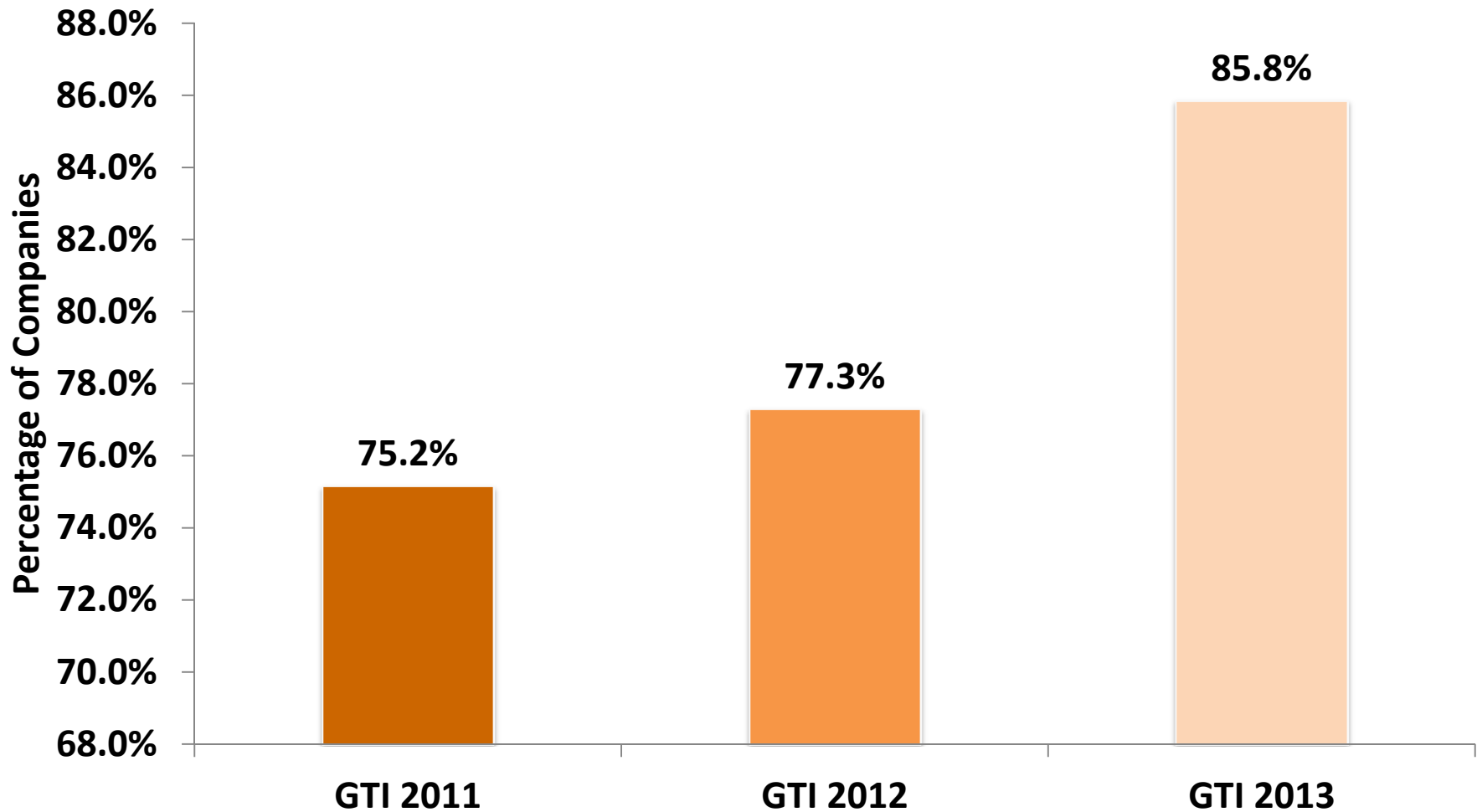
# Accountability & Audit

## Audit Committee (AC) Members having Accounting or Finance Background



# Accountability & Audit

## Availability of Whistleblowing Policy

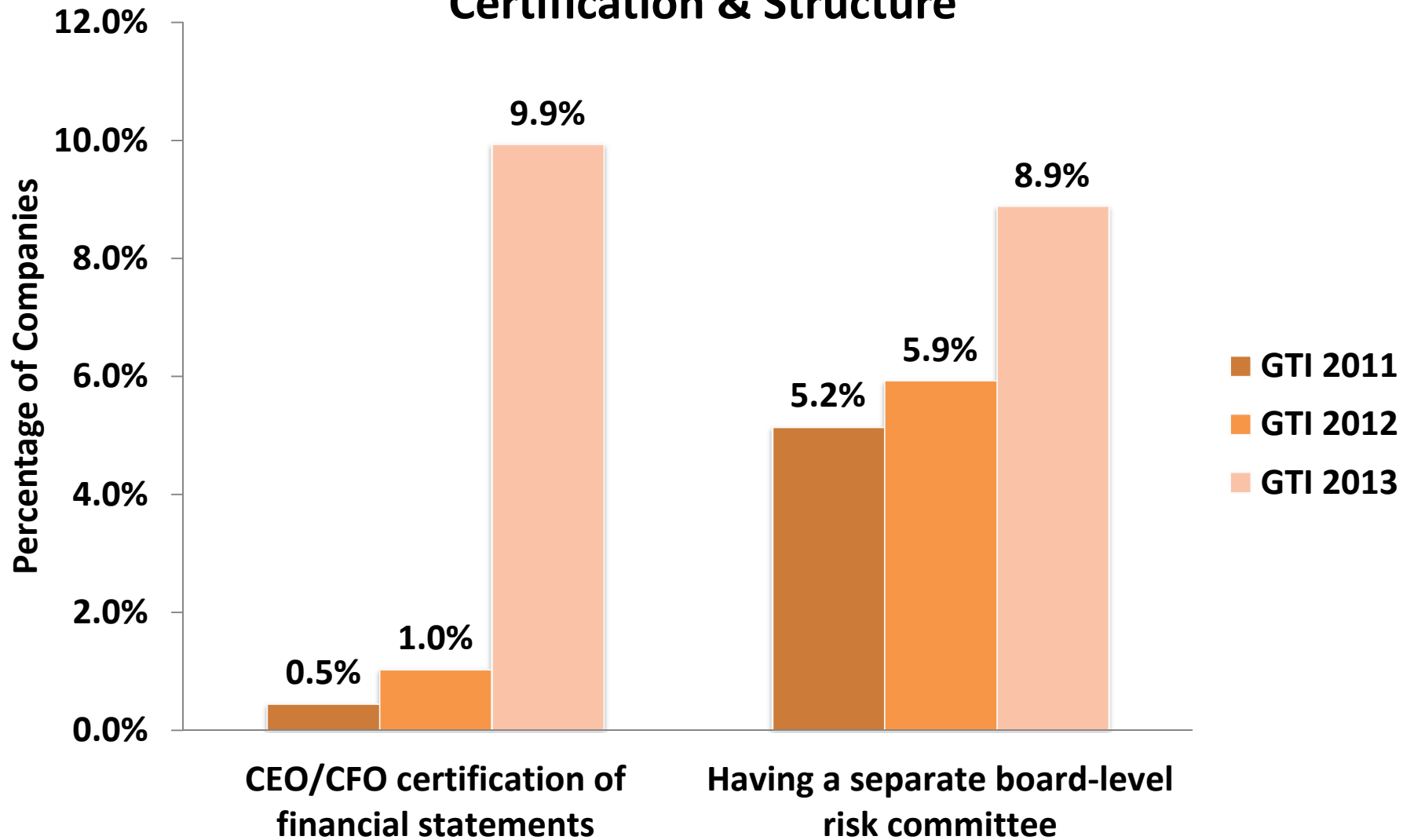


# GTI 2013 Findings: A Transformer's Guide



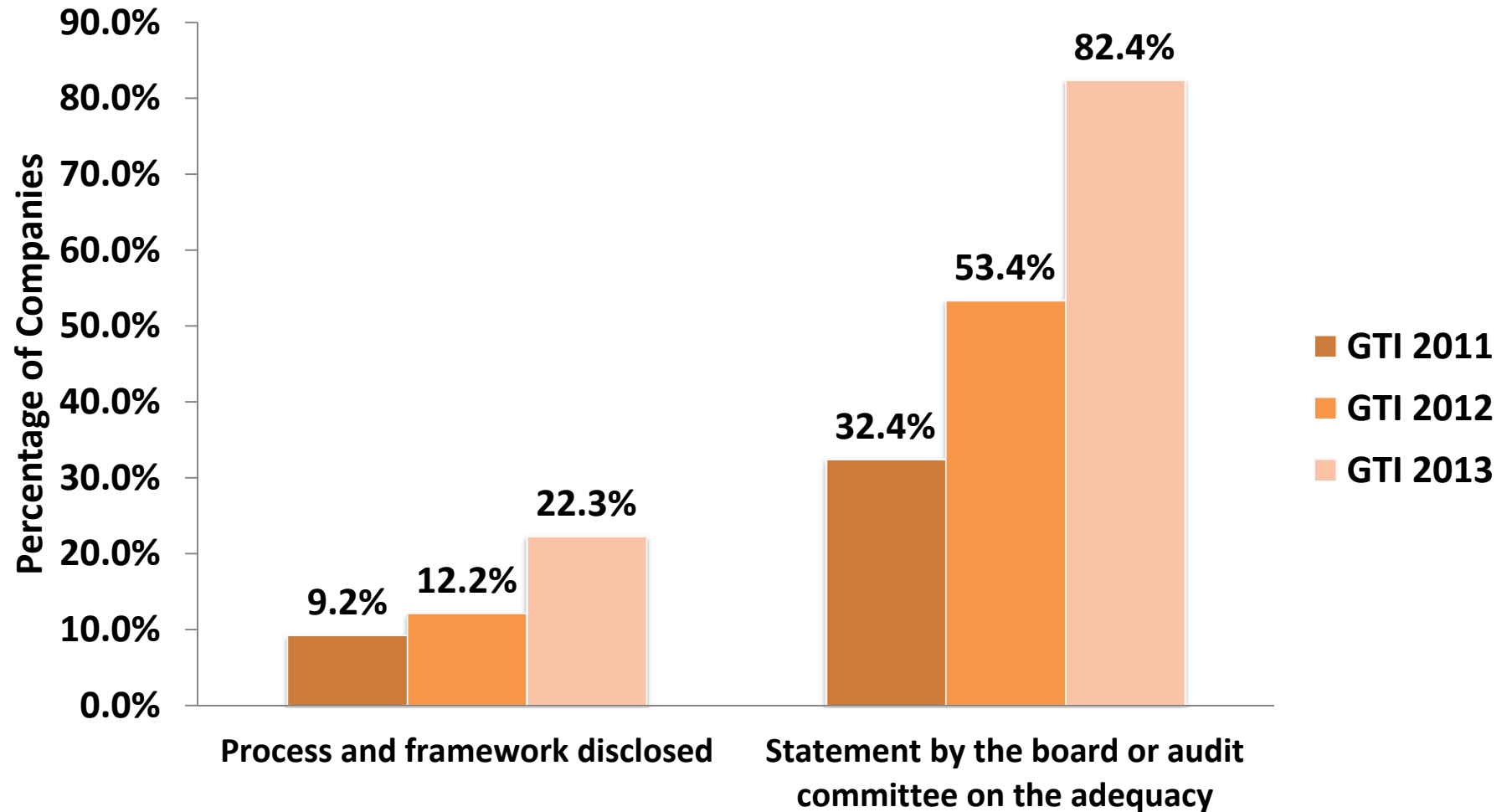
# Risk Management

## Certification & Structure

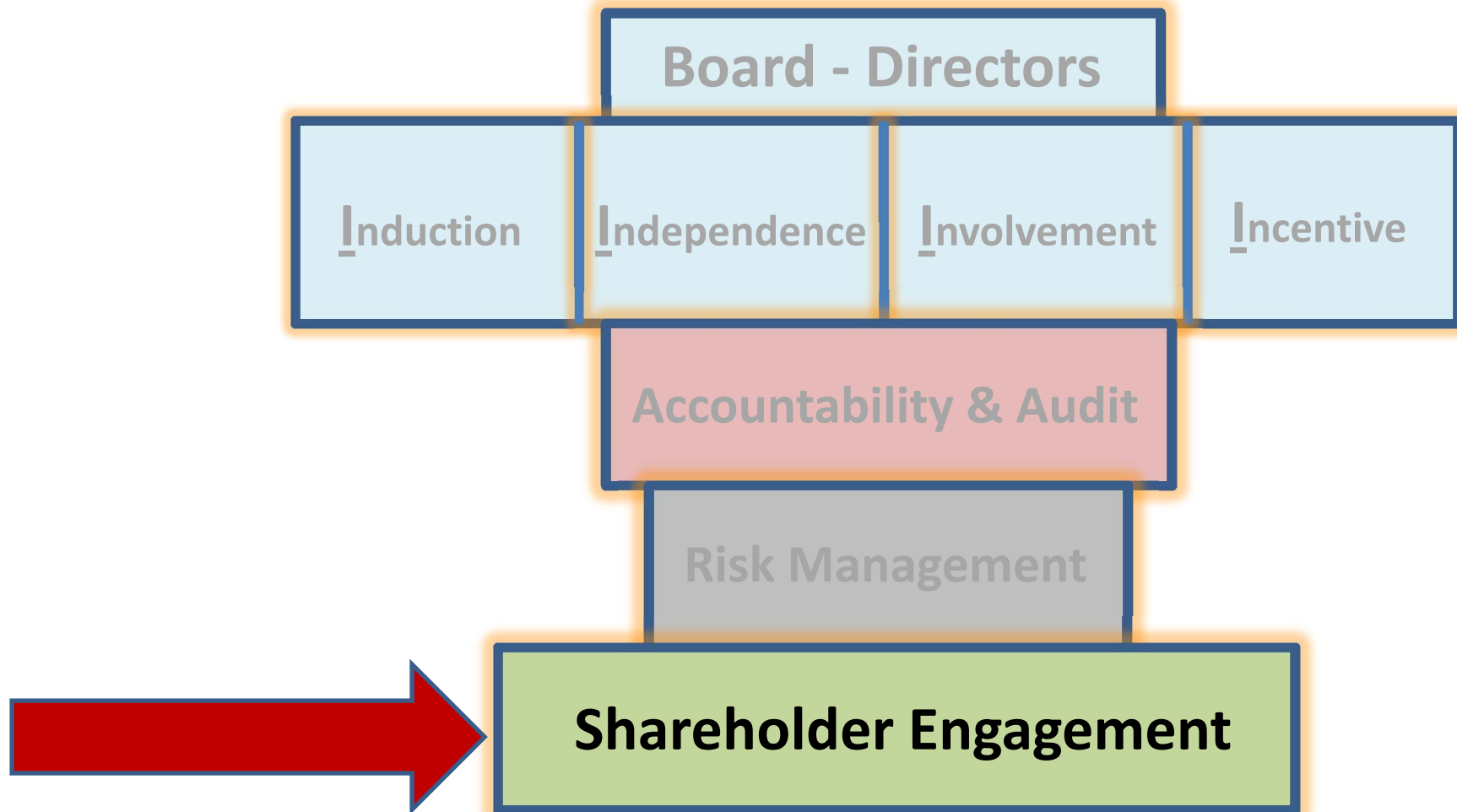


# Risk Management

## Adequacy of Internal Control & Risk Management



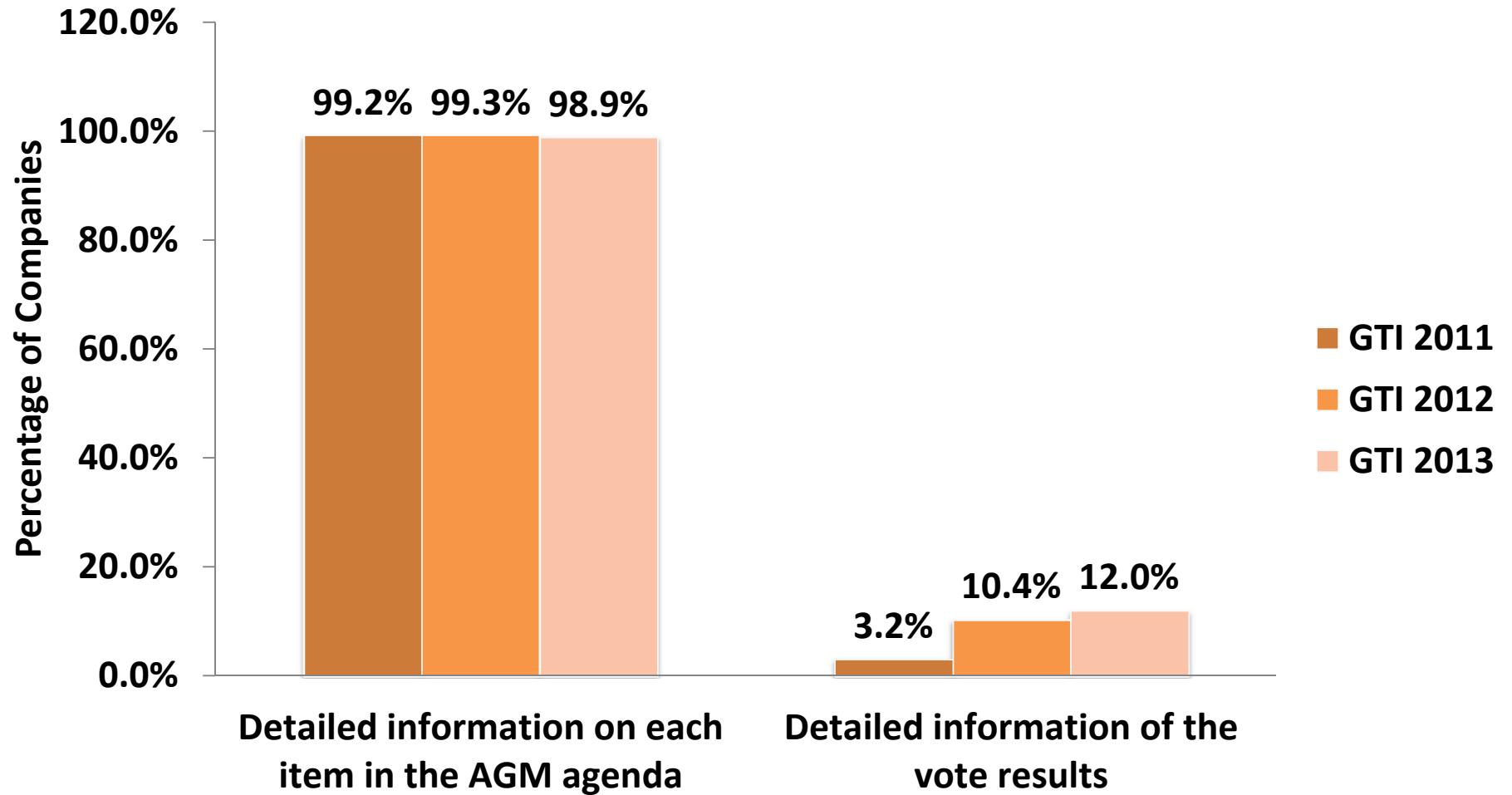
# GTI 2013 Findings: A Transformer's Guide



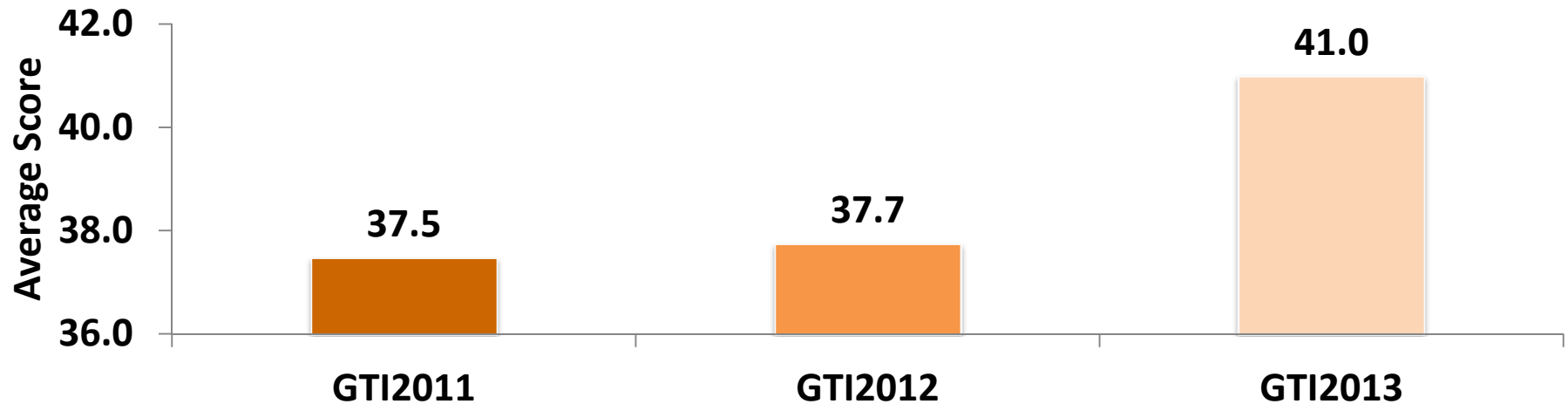


# Shareholder Engagement

## Annual General Meeting

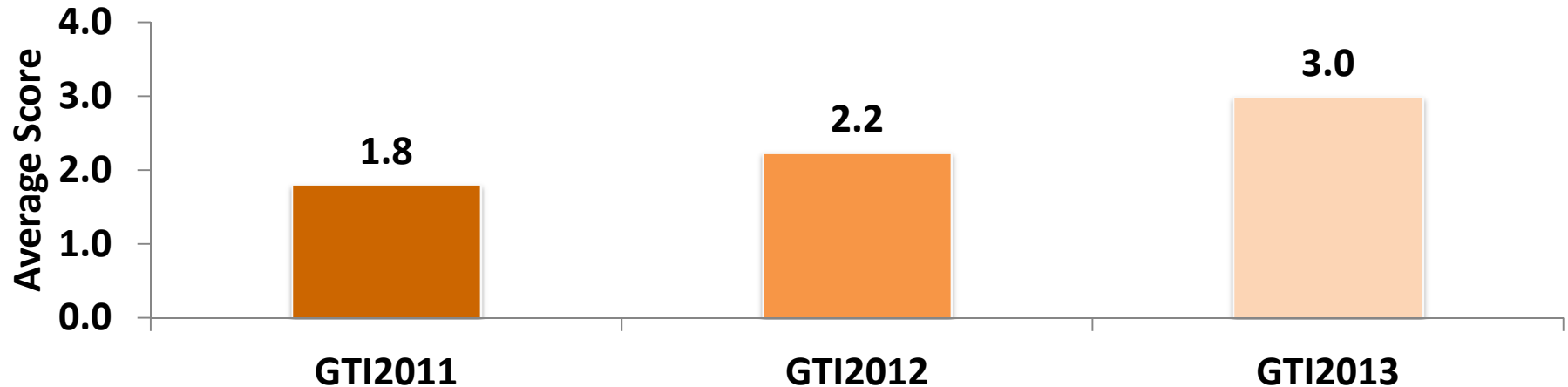


# Base Score



- **Most common areas :**
  - **Disclosing details of whistle-blowing policy (85.8%)**
  - **Annual report having statement by board or audit committee on adequacy of internal controls & risk management systems (82.4%)**
  - **Board of appropriate size (72.7%)**
  - **Fully independent remuneration committee (47.7%)**

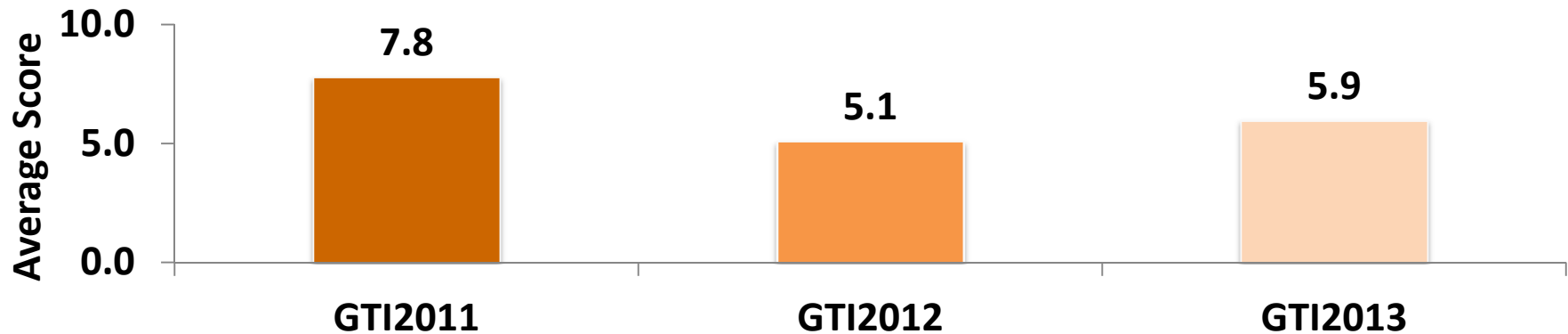
# Bonus



- **Most common areas :**

- Comprehensive description of how company assesses independence of directors (32.1%)
- Definition of independence to include independence from major shareholders (12.8%)
- CEO/CFO certification of financial statements (9.9%)
- Having positive CG confirmation (9.2%)

# Penalty



- **Most common areas:**
  - Same independent directors sitting on nominating, remuneration & audit committees (45.3%)
  - Non-disclosure of director information pertaining to appointment & qualification (32.7%)
  - Tenure of independent directors of more than 9 years (23.6%)
  - CEO/MD/ED not subject to re-election (20.3%)

# GTI 2013 Summary

- **State of disclosure practices have generally improved over last 5 years**
- **Average overall GTI score of companies is at all-time high of 38.0 over 5 years (it seems to sustain upward trend from last year)**
- **Some companies made significant improvements in disclosure & practices but majority still have room for improvement**
- **We stand in good stead for the revised Code of Corporate Governance**

# On the Threshold of the New CG Code

*We are poised  
to take-off...*



*Moving forward  
on the runway...*

