

## SGTI inches up to new high; Sats, Ascott Residence Trust lead the pack

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**Singapore**  
THE Singapore Governance and Transparency Index (SGTI) 2021 inched up for the year to a new high, as locally listed companies and trusts upheld their standards despite the ongoing Covid-19 pandemic.

The mean score in the general category was 68.7 points, up 0.8 point from 67.9 points in 2020.

For the real estate investment trust (Reit) and business trust category, the mean score rose to 85.0 points from 84.8 last year.

For the second year running, Sats emerged as the top performer in the general category with 128 points out of a maximum total of 143.

Under the Reit and business trust category, Ascott Residence Trust, which ranked third last year, claimed the top spot, scoring 115.3 out of the maximum 143 points.

"This year's SGTI results reflect the corporate governance performance of listed companies since the onset of the pandemic. It is heartening that the momentum of progress has been maintained," said associate professor Lawrence Loh, who is also director of the Centre for Governance and Sustainability (CGS) at the NUS Business School.

"The key test now will be how these companies can persevere in their governance and sustainability efforts when the impending local and global operating conditions are expected to be even more challenging."

The annual SGTI assesses companies on their corporate governance disclosures and practices, as well as the timeliness, accessibility and transparency of their financial results announcements.

It is jointly conducted by CPA Australia, NUS Business School's CGS and the Singapore Institute of Directors (SID). *The Business Times* is the strategic media partner.

This year's study ranked 519 Singapore-listed companies in the general category, and 43 trusts in the Reit and business trust category.

Under the general category, companies are scored under a "BREAD" framework: board responsibilities, rights of shareholders, engagement of stakeholders, accountability and audit, as well as disclosure and transparency.



For the second year running, Sats emerged as the top performer in the general category with 128 points out of a maximum total of 143. BT FILE PHOTO

Companies are given a base score, with bonus points awarded for good practices and penalty points deducted for issues that point to poor governance.

Reits and business trusts are also scored against other trust-specific items in addition to the BREAD framework.

The study noted that mean scores in the general category have consistently been improving since 2011, "signalling a general improvement and compliance of companies towards corporate governance disclosures".

Board diversity policy disclosures were made by 56.1 per cent of companies, up from 48.9 per cent in 2020. "This showed that companies valued the importance of diversity and inclusion in the workplace and had put in place policies to widen the range of skill sets and knowledge of their directors."

A larger proportion of companies also disclosed the attendance of key personnel at annual general meetings, which the study said promotes greater transparency of leadership for shareholders.

But while there were improvements in some areas, other aspects

saw worse performance amid the pandemic.

Only 29.5 per cent of companies conducted media briefings or news conferences in 2021, down from 41.9 per cent in 2020. The study also noted a need for better opportunities for shareholders to ask questions at annual general meetings and to receive timely meeting notices.

Across the sections of the BREAD framework, company scores generally increased. The exception was in the domain of board responsibilities, which saw a slight decline.

According to Prof Loh, this could be due to various factors, including fewer disclosures of directorships and fewer board and audit committee meetings.

The Reit and business trust category, meanwhile, saw an increase in bonus points being given for good disclosure practices. An example noted was disclosure of information on the succession planning for board and senior management, with 30.2 per cent of trusts making such disclosures this year versus 6.7 per cent in 2020.

But there were also higher penalties for poor disclosure practices,

such as discrepancies in corporate announcements.

Max Loh, Singapore divisional president at CPA Australia, said: "With Singapore transitioning to an endemic Covid-19 era, there will clearly be tough business challenges ahead even as companies continue to embrace innovation, transformation and sustainability."

He added that strong corporate governance, long-term value and sustainability initiatives should continue to be top priorities on the agenda of boards and senior management to help their organisations stay competitive and thrive in the new normal.

The study found that core aspects of sustainability have seen "good progress momentum". Even so, it noted that it is "essential to integrate sustainability with corporate governance" at the company level. Boards, too, have to take on stronger roles.

Wong Su-Yen, chairman of the SID, said: "The global pandemic has renewed focus on stakeholder management, sustainability reporting and taking a long-term view. As companies reassess their business models and strategic outlook, this is an opportune time to recalibrate and emerge stronger from the crisis."

## Governance, transparency scores up most among companies that lagged in 2020

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**Singapore**  
COMPANIES that ranked lowest in last year's Singapore Governance and Transparency Index (SGTI) have seen greater improvement in this year's results compared to those that previously ranked higher.

The companies that placed below the 450th position in last year's study saw the greatest improvement in their scores this year, with a mean score improvement of 1.8 points. Those ranked between 301 and 450 in 2020 saw a mean score increase of 1.6 points for 2021.

On the flip side, companies ranking within the top 20 last year saw their scores dip 5.6 points this year. Those placed 21 to 150 last year fell the most, with mean scores down 6.8 points.

Associate Professor Lawrence Loh, director of the Centre for Governance and Sustainability (CGS) at NUS Business School, attributed this to "closing up" efforts of lower-ranked companies in making all-round improvements.

"It is usually harder to make improvements for the higher-ranked companies," he said, while adding that the general drop in scores for these companies is due to a multitude of factors, such as their disclosures of information or reasons in the resignations of directors and senior management.

And although larger companies still tend to score better, the relationship between market capitalisation and SGTI scores has also become less pronounced this year.

For the 2021 SGTI, the mean score for companies was 68.7 points – up by 0.8 and reaching an all-time high.

Ground handler and caterer SATS retained its top spot from 2020, with a score of 128 out of the maximum of 143. Singapore Exchange jumped five positions from last year to take joint-second with Singtel, with both companies scoring 118 points.

The study noted that a common factor among these companies is their disclosure of the process and criteria for how their board members were appraised by the committee that nominated them.

They also performed well in disclosing the fee structures of non-executive directors and having a fully independent board-level risk committee.

The three local banks remained among the top 10 finishers on the index.

### "Closing-Up" effect

| 2020 SGTI RANKING | NUMBER OF COMPANIES | MEAN SCORE DIFFERENCE IN 2021 |
|-------------------|---------------------|-------------------------------|
| Top 20            | 19                  | -5.6                          |
| 21-150            | 122                 | -6.8                          |
| 151-300           | 136                 | -0.8                          |
| 301-450           | 139                 | 1.6                           |
| Beyond 450        | 101                 | 1.8                           |

Source: SGTI

OCBC rose five places to finish joint fourth with City Developments. UOB moved up four places to finish sixth. DBS fell six places to finish 10th – tied with CapitalLand and Sing Investments & Finance.

The Reits and business trusts category also saw average scores inch higher this year, rising 0.2 point to 85.

Ascott Residence Trust, which ranked third last year, claimed the top spot, scoring 115.3 out of the maximum 143 points. Far East Hospitality Trust and Ascendas Reit also rose through the ranks to finish second and third, respectively.

The study noted that these trusts had done well in sustainability management and also in disclosing policies on the amount of funds they could borrow to invest for higher returns. The two top performers from 2020, CapitalLand Commercial Trust and CapitalLand Mall Trust, have merged to form CapitalLand Integrated Commercial Trust, which came in fifth in the rankings this year.

The SGTI evaluates companies based on their corporate governance practices and disclosures, as well as the timeliness, accessibility and transparency of their financial results.

It is jointly conducted by CPA Australia, NUS Business School's CGS and the Singapore Institute of Directors (SID). *The Business Times* is the strategic media partner for the study.

Under the general category, companies are scored under a "BREAD" framework: board responsibilities, rights of shareholders, engagement of stakeholders, accountability and audit, as well as disclosure and transparency.

Companies are given a base score, with bonus points awarded for good practices and penalty points deducted for issues that point to poor governance. Reits and business trusts are also scored against other trust-specific items in addition to the BREAD framework.





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Source: *The Business Times*, p5  
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### Singapore Governance and Transparency Index 2021: General Category

| RANK<br>2021 | COMPANY NAME                 | BASE<br>SCORE | ADJUST-<br>MENTS FOR<br>BONUSES/<br>PENALTIES | OVERALL<br>SCORE | OVERALL<br>RANK<br>2020 | RANK<br>2021 | COMPANY NAME | BASE<br>SCORE                        | ADJUST-<br>MENTS FOR<br>BONUSES/<br>PENALTIES | OVERALL<br>SCORE | OVERALL<br>RANK<br>2020 | RANK<br>2021 | COMPANY NAME | BASE<br>SCORE | ADJUST-<br>MENTS FOR<br>BONUSES/<br>PENALTIES | OVERALL<br>SCORE | OVERALL<br>RANK<br>2020 |    |     |     |
|--------------|------------------------------|---------------|---|------------------|-------------------------|--------------|--------------|--------------------------------------|---|------------------|-------------------------|--------------|--------------|---------------|---|------------------|-------------------------|----|-----|-----|
| 1            | SATS                         | 93            | 35  | 128              | 131                     | 1            | 171          | HELETON HOLDINGS                     | 68  | 6                | 74                      | 53           | 487          | 328           | SIN HENG HEAVY MACHINERY                      | 59               | 4                       | 63 | 64  | 323 |
| 2            | SINGAPORE EXCHANGE           | 91            | 37  | 128              | 131                     | 2            | 172          | INCREDIBLE HDLOS                     | 67  | 7                | 74                      | 76           | 145          | 329           | SUNPOWER GROUP                                | 62               | -1                      | 63 | 67  | 332 |
| 3            | SINGAPORE TELECOMMUNICATIONS | 93            | 25  | 118              | 128                     | 2            | 171          | KIMLY                                | 67  | 6                | 74                      | 67           | 270          | 328           | TAI CORP.                                     | 60               | 3                       | 63 | 64  | 323 |
| 4            | CITY DEVELOPMENTS            | 89            | 26  | 115              | 125                     | 3            | 174          | LEY CHEON GROUP HDLOS                | 67  | 7                | 74                      | 84           | 75           | 328           | YREDA INFOTECOMM                              | 65               | -2                      | 63 | 68  | 354 |
| 5            | OVERSEA-CHINESE BANKING CORP | 89            | 26  | 115              | 114                     | 9            | 171          | MYNOSH                               | 74  | 0                | 74                      | 90           | 49           | 351           | BONVESTS HDLOS                                | 61               | 1                       | 62 | 63  | 344 |
| 6            | UNITED OVERSEA BANKING       | 90            | 24  | 114              | 113                     | 10           | 171          | NET PACIFIC FINANCIAL HDLOS          | 68  | 6                | 74                      | 55           | 457          | 351           | CASIA HDLOS                                   | 61               | 1                       | 62 | 63  | 344 |
| 7            | SINGAPORE POST               | 79            | 34  | 113              | 111                     | 12           | 171          | CONQUEST GROUP                       | 70  | 4                | 74                      | 75           | 157          | 351           | CONQUEST GROUP                                | 58               | 4                       | 62 | 59  | 396 |
| 8            | KEPPEL CORP                  | 95            | 17  | 112              | 122                     | 6            | 171          | RIVERSTONE HDLOS                     | 67  | 7                | 74                      | 73           | 191          | 351           | ENRIGEC CORP                                  | 55               | -7                      | 62 | 58  | 412 |
| 9            | SEM-CORP INDUSTRIES          | 90            | 21  | 111              | 118                     | 8            | 171          | SCORP                                | 70  | 4                | 74                      | 80           | 101          | 351           | KING WAN CORP                                 | 62               | -3                      | 62 | 61  | 376 |
| 10           | CAPITALAND                   | 88            | 21  | 109              | 123                     | 4            | 171          | STAMFORD TYRES CORP                  | 70  | 4                | 74                      | 76           | 145          | 351           | MS HDLOS                                      | 55               | -2                      | 62 | 62  | 357 |
| 11           | SIN GROUP HDLOS              | 84            | 25  | 109              | 123                     | 4            | 171          | WILLAS ARMY ELECTRONICS (HDLOS)      | 70  | 4                | 74                      | 72           | 256          | 351           | NTFOTACOR INTERNATIONAL                       | 58               | 1                       | 62 | 58  | 412 |
| 12           | SING INVESTMENTS & FINANCE   | 84            | 25  | 109              | 97                      | 27           | 185          | CHINA STAR FOOD GROUP                | 60  | 13               | 73                      | 48           | 527          | 351           | ONE   | 67               | -5                      | 62 | 64  | 323 |
| 13           | GREAT EASTERN HDLOS          | 82            | 26  | 108              | 95                      | 30           | 185          | DIGIPLI TECHNOLOGIES                 | 72  | -1               | 73                      | 65           | 304          | 351           | PARSONS RETAIL ASIA                           | 76               | -14                     | 62 | 79  | 111 |
| 14           | URS TRANSIT                  | 84            | 25  | 107              | 106                     | 17           | 185          | ES GROUP HDLOS                       | 67  | 16               | 73                      | 72           | 256          | 351           | THOMSON MEDICAL GROUP                         | 60               | 0                       | 62 | 63  | 344 |
| 15           | MICRO-MECHANICS (HDLOS)      | 83            | 23  | 106              | 110                     | 13           | 185          | GALLANT VENTURE                      | 67  | 6                | 73                      | 75           | 157          | 351           | TUNG LOK RESTAURANTS (2000)                   | 73               | -11                     | 62 | 63  | 344 |
| 16           | SINGAPORE O&G                | 84            | 20  | 106              | 84                      | 32           | 185          | HUNGPOH                              | 67  | 6                | 73                      | 66           | 285          | 351           | VECLAS INTERNATIONAL                          | 56               | -5                      | 62 | 52  | 497 |
| 17           | SINGAPORE PRESS HDLOS        | 92            | 14  | 106              | 112                     | 11           | 185          | JAPAN FOODS HDLOS                    | 67  | 6                | 73                      | 82           | 93           | 363           | ACMA  | 55               | 6                       | 61 | 61  | 270 |
| 18           | TOMATECH HDLOS               | 84            | 20  | 106              | 101                     | 24           | 185          | KINGSMEAN GROUP HDLOS                | 60  | 13               | 73                      | 54           | 473          | 363           | BER HDLOS                                     | 64               | -3                      | 61 | 78  | 254 |
| 19           | DEL MONTRE P&S               | 81            | 22  | 105              | 109                     | 15           | 185          | MEGACHEM                             | 72  | -1               | 73                      | 83           | 85           | 363           | CHINA INTERNATIONAL HDLOS                     | 54               | 7                       | 61 | 59  | 396 |
| 20           | ARJONE CYCLE & CARRIAGE      | 84            | 21  | 105              | 91                      | 46           | 185          | PAN ASIAN HDLOS                      | 71  | 2                | 73                      | 47           | 532          | 363           | CHINA KUNDA TECHNOLOGY HDLOS                  | 66               | -5                      | 61 | 70  | 231 |
| 21           | QIAN HUI CORP                | 80            | 23  | 103              | 103                     | 52           | 185          | SAKAI HDLOS                          | 67  | 6                | 73                      | 46           | 536          | 363           | HONG FONG CORP                                | 57               | 4                       | 61 | 102 | 23  |
| 22           | VICOM                        | 81            | 22  | 103              | 107                     | 16           | 185          | SHOPEERAD                            | 63  | 10               | 73                      | 72           | 206          | 363           | HOTEL ROYAL                                   | 54               | 7                       | 61 | 92  | 41  |
| 23           | HONG LING ASIA               | 78            | 23  | 101              | 88                      | 26           | 185          | SINGAPORE MEDICAL GROUP              | 66  | 7                | 73                      | 65           | 304          | 363           | MARY CHA HDLOS                                | 62               | -1                      | 61 | 65  | 304 |
| 24           | SIA ENGINEERING CO           | 80            | 21  | 101              | 97                      | 27           | 185          | VIBROPOWER CORP                      | 68  | 5                | 73                      | 69           | 246          | 363           | METAL COMPONENT ENGINEERING                   | 62               | -1                      | 61 | 56  | 437 |
| 25           | TUANG SIN HDLOS              | 78            | 23  | 101              | 96                      | 17           | 185          | AXCORP GLOBAL INDUSTRIES             | 63  | 9                | 72                      | 83           | 85           | 363           | NARINE PRESSED METAL INDUSTRIES               | 67               | -5                      | 61 | 61  | 433 |
| 26           | HEALTHWAY MEDICAL CORP       | 79            | 21  | 100              | 67                      | 270          | 198          | MANUFACTURING INTEGRATION TECHNOLOGY | 62  | 10               | 72                      | 72           | 256          | 363           | YANGZHANG SHIPBUILDING (HDLOS)                | 66               | -5                      | 61 | 74  | 134 |
| 27           | SEVILKAY ASIA                | 76            | 14  | 100              | 84                      | 36           | 198          | MOI GET'S INTERNATIONAL              | 62  | 10               | 72                      | 55           | 457          | 374           | ANNAN   | 62               | -2                      | 60 | 51  | 487 |
| 28           | RAM PAH CORP                 | 78            | 21  | 99               | 89                      | 51           | 198          | OLIVE TREE ESTATES                   | 69  | 3                | 72                      | 61           | 365          | 374           | ASL MARINE HDLOS                              | 74               | -14                     | 60 | 86  | 64  |
| 29           | CSE GLOBAL                   | 83            | 15  | 98               | 78                      | 18           | 198          | SANATIS HDLOS                        | 69  | 3                | 72                      | 57           | 171          | 374           | CHINA MINING INTERNATIONAL                    | 61               | -1                      | 60 | 57  | 424 |
| 30           | GLOBAL INVESTMENTS           | 79            | 19  | 98               | 105                     | 20           | 198          | SOUP RESTAURANT GROUP                | 69  | 3                | 72                      | 66           | 285          | 374           | CHINA MINING INTERNATIONAL                    | 61               | -1                      | 60 | 57  | 424 |
| 31           | KIOK PACIFIC HDLOS           | 88            | 11  | 98               | 88                      | 55           | 198          | STI ENTERPRISE                       | 62  | 10               | 72                      | 68           | 254          | 374           | CHINA MINING INTERNATIONAL                    | 61               | -1                      | 60 | 57  | 424 |
| 32           | SEM-CORP MARINE              | 85            | 13  | 98               | 84                      | 52           | 198          | ASIA VETS HDLOS                      | 69  | 3                | 72                      | 59           | 296          | 374           | CHINA MINING INTERNATIONAL                    | 61               | -1                      | 60 | 57  | 424 |
| 33           | HALCYON AGRICORP             | 79            | 18  | 97               | 88                      | 55           | 198          | BENG KIAN MARINE                     | 67  | 4                | 71                      | 75           | 157          | 374           | PAN HONG HDLOS GROUP                          | 69               | -9                      | 60 | 60  | 383 |
| 34           | GUOCUOLAND                   | 84            | 14  | 97               | 104                     | 11           | 198          | CENTURION CORP                       | 67  | 4                | 71                      | 75           | 157          | 374           | TRAVELITE HDLOS                               | 59               | -9                      | 60 | 61  | 383 |
| 35           | SINGAPORE AIRLINES           | 81            | 15  | 96               | 94                      | 32           | 206          | CHASSEN HDLOS                        | 60  | 11               | 71                      | 87           | 62           | 382           | CONJEROY                                      | 55               | -6                      | 59 | 44  | 547 |
| 36           | LOL GROUP                    | 86            | 10  | 96               | 86                      | 36           | 206          | CHANG KONG HDLOS                     | 66  | 6                | 71                      | 88           | 55           | 382           | CHALLENGER TECHNOLOGIES                       | 52               | 7                       | 59 | 73  | 191 |
| 37           | GOLDEN AGRICULTURE           | 77            | 17  | 94               | 81                      | 99           | 206          | ENRGO CORP                           | 70  | 1                | 71                      | 88           | 55           | 382           | CHALLENGER TECHNOLOGIES                       | 52               | 7                       | 59 | 73  | 191 |
| 38           | INTEGRATED HDLOS             | 82            | 12  | 94               | 88                      | 55           | 206          | FRANCOIS AND NEAVE                   | 77  | -6               | 71                      | 79           | 157          | 382           | CHANG CHANG HDLOS                             | 61               | -2                      | 59 | 80  | 101 |
| 39           | SERIAL SYSTEM                | 82            | 12  | 94               | 88                      | 55           | 206          | FRANCOIS AND NEAVE                   | 77  | -6               | 71                      | 79           | 157          | 382           | CHANG CHANG HDLOS                             | 61               | -2                      | 59 | 80  | 101 |
| 40           | STARBUCK                     | 81            | 8   | 89               | 93                      | 38           | 206          | JAFRA                                | 74  | -3               | 71                      | 82           | 93           | 382           | CHOW CHANG HDLOS                              | 61               | -2                      | 59 | 80  | 101 |
| 41           | FAIR EAST ORCHARD            | 82            | 12  | 92               | 92                      | 41           | 206          | KOHA                                 | 74  | -3               | 71                      | 82           | 93           | 382           | CHOW CHANG HDLOS                              | 61               | -2                      | 59 | 80  | 101 |
| 42           | HAF HPE                      | 70            | 22  | 92               | 92                      | 41           | 206          | MATEX INTERNATIONAL                  | 63  | 8                | 71                      | 75           | 157          | 382           | F BENJAMIN HDLOS                              | 61               | -2                      | 59 | 53  | 487 |
| 43           | PENGUIN INTERNATIONAL        | 84            | 18  | 92               | 84                      | 18           | 206          | MOA INTERNATIONAL                    | 74  | -3               | 71                      | 82           | 93           | 382           | HONG CHINA GROUP                              | 62               | -1                      | 59 | 54  | 487 |
| 44           | RAFFLES MEDICAL GROUP        | 76            | 16  | 92               | 66                      | 285          | 206          | OILY HDLOS                           | 71  | 5                | 71                      | 65           | 304          | 382           | GLOBAL PALM RESOURCES HDLOS                   | 58               | 1                       | 59 | 55  | 457 |
| 45           | THE TENGLOUS GROUP           | 79            | 13  | 92               | 78                      | 174          | 206          | SANLI ENVIRONMENTAL                  | 64  | 7                | 71                      | 79           | 157          | 382           | GLOBAL PALM RESOURCES HDLOS                   | 58               | 1                       | 59 | 55  | 457 |
| 46           | UNITED GLOBAL                | 82            | 12  | 92               | 88                      | 55           | 206          | SINGAPORE SHIPPING CORP              | 61  | 10               | 71                      | 47           | 532          | 382           | GLOBAL PALM RESOURCES HDLOS                   | 58               | 1                       | 59 | 55  | 457 |
| 47           | GLAM INTERNATIONAL           | 68            | 23  | 91               | 95                      | 30           | 206          | TONG TONG CORP HDLOS                 | 61  | 10               | 71                      | 47           | 532          | 382           | GLOBAL PALM RESOURCES HDLOS                   | 58               | 1                       | 59 | 55  | 457 |
| 48           | REAL HDLOS                   | 73            | 17  | 91               | 73                      | 17           | 206          | TSAI CORP                            | 70  | 1                | 71                      | 70           | 231          | 382           | GLOBAL PALM RESOURCES HDLOS                   | 58               | 1                       | 59 | 55  | 457 |
| 49           | PROFINEX                     | 79            | 11  | 90               | 72                      | 206          | 206          | VIZY CORP                            | 63  | 3                | 71                      | 70           | 231          | 382           | GLOBAL PALM RESOURCES HDLOS                   | 58               | 1                       | 59 | 55  | 457 |
| 50           | SINGAPORE TECH ENGINEERING   | 83            | 7   | 90               | 94                      | 32           | 224          | GLOBAL PLATES MANUFACTURING          | 73  | -3               | 70                      | 63           | 344          | 396           | DUTY FREE INTERNATIONAL                       | 55               | 3                       | 58 | 60  | 344 |
| 51           | ADVANCED HDLOS               | 68            | 21  | 89               | 64                      | 323          | 224          | INDOFOOD AGRICULTURE RESOURCES       | 68  | 2                | 70                      | 74           | 174          | 396           | DUTY FREE INTERNATIONAL                       | 55               | 3                       | 58 | 60  | 344 |
| 52           | Q & M MEDICAL GROUP (S)      | 84            | 5   | 89               | 73                      | 191          | 224          | KOR HDLOS                            | 65  | 5                | 70                      | 74           | 174          | 396           | DUTY FREE INTERNATIONAL                       | 55               | 3                       | 58 | 60  | 344 |
| 53           | TELECOMCHINA INTERNATIONAL   | 81            | 8   | 89               | 66                      | 285          | 224          | KORP INTERNATIONAL                   | 55  | 15               | 70                      | 55           | 457          | 396           | MENGSHAT HDLOS                                | 73               | -15                     | 58 | 41  | 365 |
| 54           | UNIA-ASIA GROUP              | 71            | 16  | 87               | 76                      | 116          | 224          | MEMORIS GROUP                        | 71  | 4                | 70                      | 67           | 270          | 396           | PACIFIC STAR DEVELOPMENT                      | 59               | -1                      | 58 | 74  | 174 |
| 55           | WILMAR INTERNATIONAL         | 79            | 10  | 89               | 78                      | 126          | 224          | OT VASCULAR                          | 73  | -3               | 70                      | 59           | 396          | 396           | SUNRISE SECURITIES HDLOS                      | 59               | -1                      | 58 | 74  | 174 |
| 56           | COSMOTEC HDLOS               | 85            | 10  | 88               | 80                      | 101          | 224          | RAFFLES INFRASTRUCTURE HDLOS         | 79  | 7                | 70                      | 73           | 457          | 396           | SUNRISE SECURITIES HDLOS                      | 59               | -1                      | 58 | 74  | 174 |
| 57           | FIRST RESOURCES              | 80            | 8   | 88               | 94                      | 32           | 224          | SERVO INVESTMENTS                    | 61  | 9                | 70                      | 73           | 457          | 396           | SUNRISE SECURITIES HDLOS                      | 59               | -1                      | 58 | 74  | 174 |
| 58           | FIRST SPONSOR GROUP          | 73            | 15  | 88               | 86                      | 64           | 224          | SHENG SONG GROUP                     | 70  | 0                | 70                      | 67           | 270          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 59           | LINK                         | 81            | 7   | 88               | 86                      | 64           | 224          | SHENG SONG GROUP                     | 70  | 0                | 70                      | 67           | 270          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 60           | PROBUDOR CORP                | 81            | 7   | 88               | 59                      | 396          | 224          | SUNSTAR ECO-CITY                     | 60  | 10               | 70                      | 35           | 570          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 61           | SINGAPORE FINANCE            | 88            | 8   | 88               | 88                      | 55           | 224          | VERBANT GROUP                        | 65  | 4                | 69                      | 72           | 206          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 62           | TIV HDLOS                    | 74            | 14  | 88               | 76                      | 145          | 237          | BROOK CROMPTON HDLOS                 | 65  | 4                | 69                      | 72           | 206          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 63           | ROSTADT PROJECTS             | 78            | 12  | 87               | 87                      | 62           | 237          | CORINA HDLOS                         | 61  | 8                | 69                      | 75           | 157          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 64           | FRASERS PROPERTY             | 72            | 15  | 87               | 73                      | 191          | 237          | CSC HDLOS                            | 65  | 4                | 69                      | 75           | 157          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 65           | HANWELL HDLOS                | 72            | 15  | 87               | 73                      | 191          | 237          | CSC HDLOS                            | 65  | 4                | 69                      | 75           | 157          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 66           | OLE LIPPO HEALTHCARE         | 69            | 9   | 79               | 111                     | 79           | 237          | FU YU CORP                           | 69  | 9                | 69                      | 61           | 365          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 67           | PACIFIC RADIANCE             | 74            | 13  | 87               | 71                      | 216          | 237          | G. K. O HDLOS                        | 59  | 10               | 69                      | 61           | 365          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 68           | PAN UNITED CORP              | 76            | 15  | 91               | 76                      | 116          | 237          | TONG TONG CORP                       | 69  | 9                | 69                      | 61           | 365          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 69           | ASIAN HEALTHCARE SPECIALISTS | 76            | 10  | 86               | 80                      | 101          | 237          | INTERNATIONAL CEMENT GROUP           | 67  | 2                | 69                      | 74           | 174          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 70           | BAUNIA                       | 82            | 8   | 86               | 80                      | 101          | 237          | KARNI GROUP HDLOS                    | 68  | 1                | 69                      | 74           | 174          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 71           | BANWAT TRADER                | 85            | 1   | 86               | 92                      | 41           | 237          | MARCO POLO MARINE                    | 66  | 3                | 69                      | 53           | 487          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 72           | NATURAL COOL HDLOS           | 68            | 18  | 86               | 81                      | 99           | 237          | MINDCHAMP PRESCCHOOL                 | 71  | 2                | 69                      | 74           | 174          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56               | 1                       | 57 | 51  | 509 |
| 73           | RECLAM GLOBAL                | 72            | 12  | 86               | 75                      | 127          | 237          | MIND ASIA                            | 64  | 5                | 69                      | 60           | 383          | 404           | ALLIANCE HEALTHCARE GROUP                     | 56</             |                         |    |     |     |

# Picking stocks: add governance assessment for a complete picture

IN evaluating whether to buy a stock, investors might typically study the company's past profit and loss statements and balance sheets, comparing the numbers with others in the same sector.

Some investors combine this with technical analysis, which is the study of price charts to try and identify patterns that can aid in predicting the market's direction. These approaches have gained widespread acceptance and have probably worked reasonably well for many investors. However, there is another less-taught dimension to selecting investments that is equally important and should form part of the evaluation process – one that relies on the undeniable logic that a company is only as good as the people who run it.

This is the governance approach to investing, which is based on the notion that well-governed companies are less likely to collapse because of fraud or some other wrongdoing. Furthermore, companies that are well-governed and conduct their affairs with integrity are more likely to have better market reputations which in turn could positively impact their financial performance.

One easily available approach to screening companies according to governance criteria is to look at the GTI score that appears on the extreme right column of the Singapore Exchange's free stock screening tool on its website. GTI stands for the Singapore Governance and Transparency Index, which is a collaboration between CPA Australia, NUS Business School's Centre for Governance and Sustainability, and the Singapore Institute of Directors.

The SGTI score has two components: the base score and an adjustment for bonuses and penalties. The base score contains five domains: board responsibilities (35 points), rights of shareholders (20 points), engagement of stakeholders (10 points), accountability and audit (10 points), and disclosure and transparency (25 points).

Investors would note that the highest weightage goes to an assessment of the board. This makes sense since a company's culture and conduct are set by its senior officers. In this domain, the board is assessed according to many factors, including size, degree of independence, how its directors are appraised, how often they meet, whether it has a diversity policy, and how directors are selected. Disclosure and transparency has the second highest weightage, and among the considerations here are the quality of annual reports, disclosure of interested party transactions, and timeliness of the release of results.

Shareholders' rights looks at how well companies treat their shareholders. The factors include dividend policies, opportunity to ask questions at meetings and to vote on remuneration issues, and how the company deals with conflict of issues. Bonus points can be awarded for factors such as whether the company discloses information on the succession planning for the board and senior management, whether it has a board-level risk committee comprising independent directors, and whether it has a policy to prevent non-executive directors from selling stock prior to leaving the company. And penalties are meted out for, among other things, frequent turnover of senior management, earnings restatements, or if independent directors hold multiple positions.

Familiarising oneself with the SGTI framework will help investors assess firms on the quality of management. Using it to complement the traditional approaches of fundamental and technical analyses should give a complete picture of how suitable a company is as an investment.