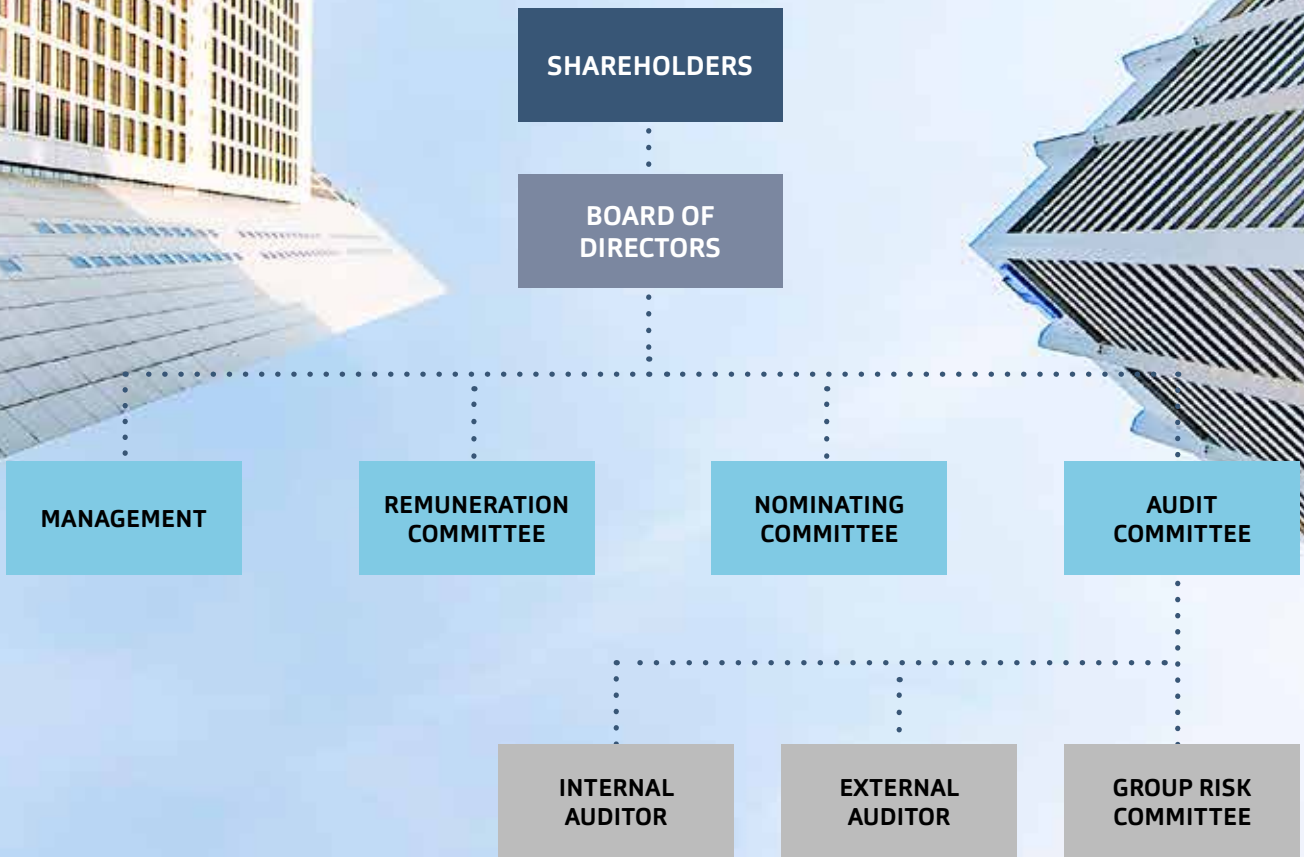


# CORPORATE GOVERNANCE REPORT

## CORPORATE STRUCTURE





# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

Intraco Limited (the “Company” and together with its subsidiaries, the “Group”) is committed to ensuring and maintaining a high standard of corporate governance. It understands that it not only has to be legally compliant and socially responsible but also to deliver performance and manage shareholders’ and other stakeholder’s expectations.

The focus has been on continuing to engage and provide oversight of Management’s actions and strategic directions with the Board of Directors of the Company (the “Board”). Such Board oversights of the Company are facilitated through regular Board Committees’ meetings and guiding Management in improving internal processes, instilling business values and beliefs with the support of the Board and respective Board Committees. The Board is committed to adopting the best practices in ensuring the spirit of Corporate Governance while carrying out its duties and responsibilities under the framework and rules of Board’s operating processes, policies and guidelines.

In keeping with its commitment to a high standard of corporate governance, the Board and Management endeavour to align the Company’s governance framework with the principles and provisions of the Code of Corporate Governance 2018 (the “Code”).

This report describes the corporate governance framework and practices of the Company with specific reference to each principle as set out in the Code. For the financial year ended 31 December 2022 (“FY2022”). The Board is pleased to report that the Company has complied in all material aspects with the Code. Where there are deviations from any of the guidelines of the Code, explanations as to how the Company’s practices were consistent with the intent of the Principle in question are provided in this report. The Company reviews its practices on ongoing basis, as and when required.

## 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.*

#### Provision 1.1 – Role of the Board

The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders. It has oversight responsibility over the management of the business and affairs of the Group. The Board also sets the tone for the Group where ethics and values are concerned.

Apart from its statutory responsibilities, the Board also:

1. provides entrepreneurial leadership and guidance on the overall strategic direction, oversees the proper conduct of the business, performance and affairs of the Group and ensures that the necessary financial, human and operational resources are in place for the Group to meet its objectives;
2. sets objective performance criteria to evaluate the Board, individual Directors and Board Committees’ performance and succession planning process;
3. reviews the adequacy and effectiveness of the Group’s risk management and internal controls framework including financial, operational, compliance and information technology controls and establishing risk appetite and parameters to safeguard shareholders’ interests and the Group’s assets;

# CORPORATE GOVERNANCE REPORT

4. reviews and approves key operational and business initiatives, major funding proposals and other corporate actions, significant investment and divestment proposals, including determining the Group's operating and financial performance, the Group's annual budgets and capital expenditure, release of the Group's half-year and full-year financial results and other strategic initiatives proposed by Management;
5. conducts strategic reviews of the Company and annual plans with Management for execution to fulfil key management performance and Company's strategic goals;
6. approves all Board appointments/re-appointments and appointment of Chief Executive Officer ("CEO") and other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("Key Management Personnel" or "KMP"), evaluates their performance and approves their remuneration packages;
7. establishes broad goals and priority for Management and reviews Management's performance by monitoring the achievement of these goals;
8. approves the nominations for the Board and Board Committees by the Nominating Committee;
9. reviews recommendations made by the Audit Committee on the appointment, re-appointment or removal of external auditors;
10. reviews recommendations made by the Remuneration Committee and approves the remuneration packages for the Board and KMP;
11. ensures effective communication with, and transparency and accountability to key stakeholder groups;
12. sets the Company's values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met;
13. considers sustainability matters, e.g. environmental, health and safety and social factors, as part of its strategic formulation;
14. sets out policy and framework for promoting diversity on the Board;
15. succession planning for the Board and KMP; and
16. reviews recommendations by the Audit Committee for any whistle-blowing investigations on practices and infractions of company policies, processes and procedures, staffing and personnel matters, and commercial and legal compliance matters.

In discharging the Directors' fiduciary duties, all Directors are expected to exercise due diligence and independent judgement and make decisions objectively in the best interest of the Company. A Director who is interested in a transaction or proposed transaction is required to declare if he has a conflict of interest and recuse himself/herself from deliberation and decisions involving the areas of potential conflict.

For the purposes of Section 156 of the Companies Act, each Director has given notice to the Company of the entities in which he/she is an officer or member of, and which should be regarded as being interested in any transaction between the Group and such entity. The Directors will periodically update the notice wherever there is any change in his/her Interest in other Shares.



# CORPORATE GOVERNANCE REPORT

The Company has established internal policies and procedures on the types of transactions/activities and financial authorisation limits that require Board approval. These include approval of annual budgets, financial statements, business strategies, and material transactions such as acquisitions, divestments, funding and investment proposals, all commitments to term loans and lines of credit from banks and financial institutions. Below the Board level, there is appropriate delegation of authority and approval sub-limits at management level, to facilitate operational efficiency.

## CODE OF BUSINESS CONDUCT AND ETHICS

The Board has put in place a Code of Business Conduct and Ethics to guide the Directors on the areas of ethical risk, and help nurture an environment where integrity and accountability are key.

The Group's Code of Business Conduct and Ethics includes the following key principles:

1. Directors must avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group;
2. Directors must immediately declare conflicts of interest in relation to any matter and recuse themselves from participating in any discussion and/or decision on the matter, and are expected to take necessary mitigating steps (if appropriate) to avoid the conflict;
3. Directors should inform the Secretary in writing as soon as practicable upon any appointments to the board of directors of another public or private company or principal commitments;
4. Directors are to exercise due care and maintain the confidentiality of information entrusted to them by the Company or other parties who have business dealings with the Group;
5. Directors must carry out their responsibilities in compliance with the Company's guidelines and policies, and applicable laws, rules and regulations; and
6. Directors must not trade in the securities of the Company if, at the relevant time, they are in possession of non-public materially price-sensitive or trade-sensitive information.

### **Provision 1.2 – Disclosure on Directors' discharge of duties and responsibilities**

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

### **Role of Non-Executive Directors**

The Non-Executive Directors exercise objective judgement on the Group's affairs independently from Management. The Non-Executive Directors also contribute to the Board process by (monitoring and) reviewing Management's performance against goals and objectives. Their views and opinions provide alternate perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The challenge is conducted in a constructive and professional atmosphere to evaluate the business options and other risks associated with it adding fresh dimensions to Management's strategy for the best outcome.

# CORPORATE GOVERNANCE REPORT

## Meetings without Management

The Non-Executive Directors and/or Independent Directors also meet regularly during scheduled and ad-hoc meetings where required without presence of Management to facilitate more open discussions. In furtherance to such meetings, casual discussions were also carried out as and when the need arises to enable the Non-Executive Directors and/or Independent Directors to discuss underlying issues of the Group. All Non-Executive Directors are resident in Singapore.

## Directors to receive appropriate and relevant training

All newly-appointed Directors attend an orientation programme to familiarise themselves with the Group's business, operations and governance practices and they are also given materials containing such information. A formal letter of appointment is also provided to any newly appointed Director, setting out his/her duties and responsibilities.

The Group's policies and procedures are also given to the Directors to enable them to gain a clear understanding on the levels of authority in relation to transactions. In addition, Directors are provided with the contact numbers and email addresses of fellow Directors, key executives, the Company Secretary and Auditors to facilitate efficient and direct access.

To keep pace with a fast-changing regulatory environment, the Board is kept informed of any relevant changes to legislation and regulatory requirements. Directors and Management also attend courses to keep abreast of changes in the law and governance matters that may affect the Group.

The Board values ongoing professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on, and contribute to the Board. The Company has a budget for Directors to receive further relevant training of their choice in connection with their duties as Directors.

As part of the Board continuing professional development, the Directors had received more than 24 training hours in aggregate through attending various training seminars, courses, conferences and workshops during the year. The Company maintains a register of training to keep track of the training and development hours spent by Directors. The Company is a corporate member of the Singapore Institute of Directors ("SID").

During the year, the Directors attended professional development programmes organised by INSEAD, SID in collaboration with ACRA and SGX as follows:

- ESG – Environmental, Social and Governance Essentials
- ESG Essentials for SMEs – Kickstart your ESG Journey
- LED – Environmental, Social and Governance Essentials (CORE)
- 2022 Kevin Mitnick Security Awareness Training (Initial Security Awareness Training)
- When You Report, We Get Stronger – PAB (Initial Security Awareness Training)
- Links and Attachments: Think Before You Click (Initial Security Awareness Training)
- CEO Fraud (Initial Security Awareness Training)

In addition, articles, press releases, reports issued by SGX and ACRA which are relevant to the Group's business and compliance obligation are circulated to the Board. The external auditors, BDO LLP, routinely update the AC on new and revised financial reporting standards applicable to the Company.

The Directors are engaging and committed to their roles. Budget is available each year to allow Directors to make claim on the relevant training/courses that they had attended.



# CORPORATE GOVERNANCE REPORT

## INDUCTION SESSION FOR NEW DIRECTOR

Orientation programme will be organised for new incoming director(s) to ensure that he/she is familiar with the Company's key businesses and corporate governance practices. This also allows the new director(s) to get acquainted with key management, thereby facilitating Board interaction and independent access to key management.

A separate session was arranged during the year to brief Ms Ong Beng Hong, the newly appointed Independent Director, on the Group's various business units. The head of each respective units also updated Ms Ong on their business units' activities and plans.

### Provision 1.3 – Board Approval

The Company has established internal policies and procedures on the types of transactions/activities and financial authorisation limits that require Board approval. These include approval of annual budgets, financial statements, business strategies, and material transactions, such as acquisitions, divestments, funding and investment proposals, all commitments to term loans and lines of credit from banks and financial institutions. Below the Board level, there is appropriate delegation of authority and approval sub-limits at management level, to facilitate operational efficiency.

### Provision 1.4 – Delegation of Authority by the Board to Board Committees

To assist in the execution of its responsibilities, the Board had established three (3) Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC"), and Remuneration Committee ("RC"), and delegated specific areas of responsibilities to these Board Committees. Each of these Board Committees functions within clearly written terms of reference ("TOR"), which have been approved by the Board.

The composition of the current three (3) Board Committees (reconstituted with effect from 1 January 2023) is as follows:

Directors	AC	NC	RC
Mr Mak Lye Mun (Chairman)	-	-	-
Dr Tan Boon Wan	Chairman	Member	Chairman
Dr Steve Lai Mun Fook	Member	Chairman	-
Ms Ong Beng Hong	-	Member	Member
Mr Charlie Ng How Kiat	Member	-	Member

The Board Committees have the authority to deliberate any issue that arises in their specific areas of responsibilities within their respective TOR and report to the Board with their decisions and/or recommendations. The ultimate responsibility and authority for the decisions and actions on all matters rest with the Board.

Besides the Board Committees, there are separate sub-committees at Management level to assist the AC and the Board. The below sub-committees were established and each sub-committee is guided by their respective TOR.

# CORPORATE GOVERNANCE REPORT

## Group Management Committee (“GMC”)

The GMC comprising senior management of the Group’s business units is headed by Mr Mak, the Executive Director. The GMC reports directly to the Board

Under the GMC’s TOR, the GMC is to provide oversight over the business activities of the Group through:

- Developing and implementing business strategies, financial and operational plans, forecasts and budgets, policies and procedures;
- Driving and monitoring the businesses, operating and financial performance;
- Risks management and internal controls; and
- Prioritizing and allocating resources.

## Group Risk Committee (“GRC”)

The GRC comprises mainly senior management of the Group’s Business Units, reports directly to the AC

The GRC focuses on identifying, monitoring, tracking and providing guidance on material risks of the Group. This allows for a more structured approach in the Group’s Enterprise Wide Risk Management where the GRC will act as a dedicated committee to have visibility across the entire Group’s material risk activities.

Under the GRC’s TOR, the GRC is to provide oversight under delegated authority of the Audit Committee the expected material risks of the Group through:

- Driving and setting of the Group’s risk policy direction and framework via the Group’s Material Risk Policy (“MRP”)
- Identifying and prioritising measurable key material risk metrics to be periodically monitored and reviewed.
- Approving (subject to approval of respective entity’s Board) Material Limits and delegated authority to business units and/or employees of the Group.
- Ordering of investigation or unscheduled audit review on serious lapses and breaches and appointment of ad-hoc disciplinary committee and decide on its recommendation.

## Provision 1.5, 1.6 & 1.7 – Board Processes

The Board and Board Committees meet regularly and whenever necessary to discharge their duties. When required, the Board also sets aside time at the scheduled meetings to meet without the presence of Management. The annual schedules of Board and Board Committee meeting dates are scheduled in advance each year in consultation with the Directors to assist them in planning their attendance.

Ad-hoc meetings are convened when required to address any significant issues that may arise in-between scheduled meetings. Where physical meetings are not possible, timely communication is achieved through electronic means and circulation of written resolutions for approval. The Company’s Constitution (“Constitution”) provides that the Directors may conduct meetings by means of telephone or video conference or other methods of simultaneous communication.

All draft agendas for meetings are prepared by the Company Secretary and reviewed by the Chairman of the Board or the Chairman of the respective Board Committees. Papers and/or other information are forwarded to the Directors at least a week in advance of each meeting, enabling sufficient time for their review and consideration. Members of Management are also invited to attend the meetings to present information and/or render clarification when required.

# CORPORATE GOVERNANCE REPORT

The Board's responsiveness has allowed Management to manage business and corporate matters effectively. Individual Directors make themselves available and accessible to Management for discussion and consultation outside the formal Board and Board Committees' meetings.

Senior executives also make presentations on performance of the Group's various businesses and business strategies at these meetings. These allow the Board to have a good understanding of the Group's operations and actively engage in robust discussions with the Group's senior executives.

Directors may request for further explanation, briefings or discussions on any aspect of the Group's operations or business from Management. As and when required, Board members meet to exchange views outside the formal environment of Board meetings.

A record of the Directors' attendance at the Board and Board committee meetings as well as general meetings for the financial year ended 31 December 2022 is set out below:

	Board	AC	NC	RC	AGM	Extraordinary General Meeting
<b>No. of Meetings held during 2022</b>	<b>8</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>Name of Directors</b>	<b>No. of Meetings attended in FY2022</b>					
Mr Mak Lye Mun <sup>1</sup>	8	5 <sup>2</sup>	3	2	1	1
Dr Tan Boon Wan <sup>3</sup>	8	5	3	2	1	1
Dr Steve Lai Mun Fook	8	5	3	-	1	1
Ms Ong Beng Hong <sup>4</sup>	1	1	N/A	1	N/A	N/A
Mr Charlie Ng How Kiat	8	5	3	2	1	1
Mr David Hoon Chee Wai <sup>5</sup>	3 <sup>6</sup>	2 <sup>6</sup>	2 <sup>6</sup>	1 <sup>6</sup>	N/A	N/A

## Notes

- Stepped down as a Member of the AC and NC respectively on 1 September 2022
- Included one AC meeting attended by invitation after stepping down as a Member of the AC and NC respectively on 1 September 2022.
- Appointed as the Lead Independent Director ("ID") on 1 September 2022
- Appointed as Independent Director and a member of the AC, NC and RC respectively on 1 September 2022
- Resigned as Independent Director and appointed as Chief Operating Officer ("COO") on 1 March 2022. Mr Hoon also stepped down as Chairman of the NC and member of the AC and the RC on the same date.
- Referred to meetings he attended in his capacity as ID before he was appointed as COO of the Company on 1 March 2022.

The COO and the Group Financial Controller of the Company attended all AC and Board meetings held during the year.

Other senior management were also invited to the AC and/or Board meetings when needed.



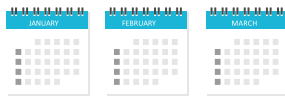
# CORPORATE GOVERNANCE REPORT

## BUSINESS PROCESSES UNDERTAKEN BY THE BOARD



### Board and Management Operating System – 2022 Business Process & Operating Mechanisms aligned

#### 1st Quarter 2022



##### Board Meeting 1

Setting of Corporate Targets & Initiatives /Review of 2022 Budget

Review of 3QFY2021 Performance

Performance & Gap

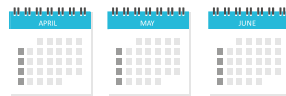
Review of remuneration packages of Directors and KMP

##### Board Meeting 2

Review of FY2021 Results

Evaluation of Board/Board Committees/Individual Directors' Performance/Review of Succession Planning for Directors and KMP

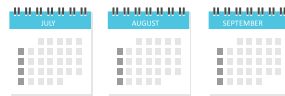
#### 2nd Quarter 2022



##### Annual General meeting Board Meeting 3

Review of 1QFY2022 Performance

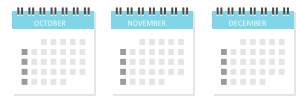
#### 3rd Quarter 2022



##### Board Meeting 4

Half-Year Results Announcement, Operations Report

#### 4th Quarter 2022



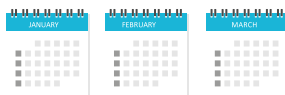
##### Board Meeting 5

Review of 3Q2022 Performance  
Performance & Gap



### Board and Management Operating System – 2023 Business Process & Operating Mechanisms aligned

#### 1st Quarter 2023



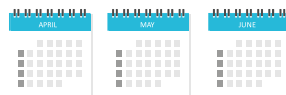
##### Board Meeting 1

Review of FY2022 Results

Evaluation of Board/Board Committees/Individual/Executive Director Performance

Review of remuneration packages for Directors and key management personnel

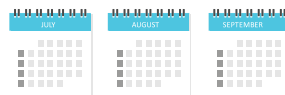
#### 2nd Quarter 2023



##### Annual General meeting Board Meeting 2

Review of 1Q2023 financial performance of the Group

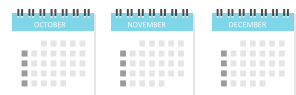
#### 3rd Quarter 2023



##### Board Meeting 3

Half-Year Results Announcement

#### 4th Quarter 2023



##### Board Meeting 4

Review of 2023  
Performance & Gap  
Review of 2024 Budget  
Setting of Corporate Targets and initiatives

The above sets out the typical Board processes during the preceding and current calendar year.



# CORPORATE GOVERNANCE REPORT

During the full year meeting, the Board will review the Group's full year performance and matters to be included in the Company's Corporate Governance Report. The adequacy and effectiveness of internal controls of the Group will be ascertained simultaneously when reviewing risks under "Risk Management and Internal Controls" under the corporate governance report below.

The KMP succession planning will be reviewed by the NC where priorities and gaps concerning management leadership within the Group will be discussed.

Apart from the review of the Group's half year and full year results announcement, the AC and Board also monitor the Group's performance for the second and third quarter among other matters. It is also an opportune time to review the progress made by the Group in comparison with its budget decided at the beginning of the year and elaborate the plans and strategies for the future. Heads of business units will be invited to participate in the session. The Board with Management will discuss the mitigation or action plans to achieve the agreed targets.

In the fourth quarter of the year, another performance gap review will be carried out where the Board and Management will fine tune the Group's strategy. The budgets and operating plans for the next fiscal year are also tabled and reviewed at the Board meeting.

## **Access to Information**

To assist the Board in fulfilling its responsibilities, Management provides the Board with reports containing complete, adequate and timely information prior to Board meetings. The Board has unrestricted access to Management and also receives monthly reports on the financial performance of the Group, strategy implementation updates, key operational matters and updates on potential investment opportunities.

Board and Board Committees papers are disseminated electronically.

Information provided includes background or explanatory materials related to matters to be reviewed and matters under review by the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. Any material variance between the projections and actual results in respect of budgets, is also disclosed and explained.

The Board is also regularly provided with information and updates on the Company's policies and procedures relating to issues pertaining to governance, disclosure of interests in securities and restrictions on disclosure of price sensitive information, changes in reporting standards and issues which have a direct impact on financial statements so as to enable them to properly discharge their duties and responsibilities as Board members or Board committee members. Where necessary, critical information is highlighted promptly.

Minutes of all Board Committee meetings are circulated to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings. This will also enable the Directors to weigh in on any key points under consideration.

Where appropriate, Directors may also be invited to attend the Board Committee meetings to deliberate the matter collectively.

## **Access to Management and Company Secretary**

The Board has separate and independent access to Management, the Company Secretary, as well as to the internal and external auditors. The Company Secretary attends all Board and Board Committees meetings and is responsible for ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary also provides periodic updates to the Board on relevant regulatory changes affecting the Company.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

# CORPORATE GOVERNANCE REPORT

## Access to independent professional advice at the Company's expense

The Company has in place a Board endorsed procedure to enable the Directors, whether as a group or individually, to obtain independent professional advice at the Company's expense as and when necessary in furtherance of their duties. Independent advisors include legal, financial, tax, board compensation and M&A functions. The appointment of such professional advisor is subject to approval by the Board.

## 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.*

### Provision 2.1, 2.2 & 2.3 – Board Composition and Independence of Directors

As at the date of this report, the Board comprises five (5) Directors, one (1) of whom is an Executive Director, three (3) of whom are Independent Director and one (1) Non-Independent, Non-Executive Director. The composition of the Board is as follows:

Mr Mak Lye Mun	Executive Chairman and Director
Dr Tan Boon Wan	Lead Independent Director <sup>2</sup>
Dr Steve Lai Mun Fook	Independent Non-Executive Director
Ms Ong Beng Hong	Independent Non-Executive Director (appointed on 1 September 2022)
Mr Charlie Ng How Kiat	Non-Independent, Non-Executive Director

Notes:

1. was re-designated as Executive Chairman and Director on 15 July 2022
2. was appointed as Lead Independent Director on 1 September 2022

Independent Non-Executive Directors make up a majority of the Board. There are currently no Alternate Directors on the Board.

The Company is represented by its Directors and/or key management on the Boards of its subsidiaries and joint-venture.

### Nominee Director Policy

The representatives on the Group's subsidiary, joint-venture and associated companies are also guided by its internal nominee director policy where the responsibilities and the duties of the nominee directors are stated clearly therein, notwithstanding that they each owe a fiduciary duty to act in the best interests of the company whose Board they served on, have to:

- serve as a conduit for relaying the views of the Company;
- provide oversights which are consistent with the strategies and goals of the Company;
- communicate regularly to the Company on the operations, subject to regulatory restrictions; and
- apart from familiarising themselves with the business operations and applicable regulations and constitution of the Company and the company on whose board they sit on, they are expected to be familiar with, where applicable, the Company's policies and procedures (including, *inter alia*, its enterprise risk management framework).

# CORPORATE GOVERNANCE REPORT

## Independence of Director

The NC reviews annually the independence of each Director considering the existence of relationships or circumstances, including those provided in the Code, and considers whether a Director has business relationships with the Group. On the latter, the NC will consider whether such relationship can interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgement. Each Independent Director is required to complete a Confirmation of Independence form based on Principle 2 of the Code for the NC's review and recommendation to the Board.

During the year, the NC had undertaken a review of Dr Steve Lai Mun Fook's ("Dr Lai") circumstances where he was deemed as non-independent director previously when he was appointed as director on 28 April 2015.

As disclosed in the Company's announcement on 16 February 2022, Dr Lai was considered a non-independent Director due to his representation of the substantial shareholder's interest, TH Investments Pte Ltd ("TH"). This indirectly implied that he was associated with Mr Roland Ng (a substantial shareholder of the Company) as TH is beneficially owned by Mr Roland Ng.

Mr Roland Ng was appointed as Dr Lai's Alternate Director on 28 April 2015 and he stepped down from the Board on 10 September 2021.

Subsequent to the cessation of Mr Roland Ng as Dr Lai's Alternate Director, TH submitted a letter to the NC of the Company confirming that Dr Lai is not in any way representing TH's interest.

The NC had then undertaken a review of Dr Lai's non-independent circumstances taking into account the relevant listing rules, provisions and guidance under the Code and the Practice Notes respectively.

Under the Practice Guidance 2, a director would not be deemed independent if he is or has been directly associated with a substantial shareholder of the Company in the current or immediate past financial year. In this respect, the NC had then concluded and recommended to the Board that Dr Lai to be deemed as Non-Independent Director for the financial year ended 31 December 2021 ("FY2021") and 31 December 2022 ("FY2022"). Other than this, Dr Lai has satisfied the criteria of independence prescribed under the Listing Rules and the Code. The Board has accepted the NC's conclusion and recommendation.

The NC and Board had also agreed to re-designate Dr Lai to be Independent Director in 2023 barring no change to his independence criteria. The Company had made the relevant announcement on 29 December 2022 on Dr Lai's re-designation as an Independent Director of the Company with effect on 1 January 2023.

The NC has also determined Dr Tan Boon Wan ("Dr Tan") and Ms Ong Beng Hong ("Ms Ong"), to be independent. Each of the NC member, abstained from any discussion and voting on his/her independence matter.

Each of Dr Lai, Dr Tan and Ms Ong has also confirmed their independence. Mr Charlie Ng How Kiat is not independent by virtue of him representing the interests of the 5% shareholders (as defined under the Code) of the Company.

The Code stipulates that the independence of any Director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. The NC noted that none of the Independent Directors, save for, Dr Tan, has served on the Board beyond nine years from the date of his/her first appointment.

# CORPORATE GOVERNANCE REPORT

The dates of initial appointment and last re-election of each Director are set out below:

Name of Director	Position	Date of Initial Appointment	Date of last Re-appointment/Re-election
Mr Mak Lye Mun	Executive Chairman and Director	29 April 2021	20 April 2022
Dr Tan Boon Wan	Lead Independent Director	5 October 2004	20 April 2022
Dr Steve Lai Mun Fook	Independent Director <sup>1</sup>	28 April 2015	24 June 2020
Ms Ong Beng Hong	Independent Director	1 September 2022	NA
Mr Charlie Ng How Kiat	Non-Independent Non-Executive Director	22 November 2012	24 June 2020

Note:

1. Re-designated as Independent Director with effect from 1 January 2023.

The NC is of the view that in assessing the independence of any Independent Director, one should consider the substance of their professionalism, integrity and objectivity and not merely based on the number of years which they have served on the Board. The rationale for the continuation to serve as an Independent Director is that he/she over time has developed significant insights of the Group's business and operations and can significantly continue to provide noteworthy and valuable contributions to the Board.

The NC noted Dr Tan's long and commendable role on the Board as an Independent Director and as both Chairman of the AC and RC, and a member of the NC in discharging his duties professionally, ethically and with integrity.

The NC also established that Dr Tan is independent of Management and free from any business or other relationship, which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and the following factors were evaluated for this purpose:

- a. he is not an executive director of the Company or any related corporation of the Company;
- b. he is not a 5% shareholder of the Company;
- c. he is not a family member of any executive director, officer or 5% shareholder of the Company;
- d. he is not acting as a nominee or representative of any executive director or 5% shareholder of the Company;
- e. he provides and enhances the necessary independence and objectivity of the Board;
- f. he helps to ensure effective checks and balances on the Board;
- g. he helps to mitigate any possible conflict of interests between the policy-making process and the day-to-day management of the Company;
- h. he constructively challenges and contributes to the development of business strategy of the Company; and
- i. he helps to ensure that adequate systems and controls are in place to safeguard the interests of the Company.



# CORPORATE GOVERNANCE REPORT

The NC having considered the above and rigorously reviewed whether (i) there are relationships or circumstances which are likely to affect, or could appear to affect the judgement and the independence of Dr Tan, and (ii) has noted Dr Tan's active participation in debating, questioning and evaluating proposals by Management and/or actions to be taken, has determined that Dr Tan has continually demonstrated strong independence in character and judgement over the years and there are no relationships or circumstances which affect or are likely to affect his judgement and ability in discharging his duties and responsibilities as an Independent Director. His presence as an Independent Board member will ensure effective oversight on (i) compliance and, (ii) good corporate governance.

Accordingly, the NC recommends to the Board that he continues to be considered independent, notwithstanding he has served on the Board for more than nine years from the date of his first appointment. Dr Tan, being a NC member, abstained from any discussion and voting on the matter.

The Board is in concurrence with the NC's assessment that Dr Tan has maintained a high standard of conduct, care and duty and has observed the ethical standards and independence. The NC and Board concluded that Dr Tan has at all times demonstrated independence in character and judgement in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an Independent Director.

The separate resolutions of Dr Tan's independence had also been tabled, voted and carried at the last Annual General Meeting ("AGM") of the Company held on 20 April 2022 by (i) all shareholders; and (ii) all shareholders excluding shareholders who are also the associates of the Directors or the CEO (and their associates).

With effect from 11 January 2023, the two-tier voting mechanism under the Listing Rule 210(5)(d)(iii) had been removed and a hard tenure of nine-year for Independent Directors was imposed. However, an Independent Director whose tenure exceeds the nine-year limit can continue to be deemed independent until the conclusion of the Company's next AGM for the financial year ending on or after 31 December 2023.

In view of the above, Dr Tan will remain as an Independent Director until the Company's annual general meeting in 2024.

## **Provision 2.4 – Board to determine its appropriate size and Board Diversity**

The NC reviews the size and composition of the Board to ensure that the size of the Board is conducive for effective discussions and decision-making and that the Board has the appropriate mix of expertise and experience as well as an appropriate balance of Independent Directors.

The Company has a focused board renewal strategy to progressively bring in diversity of skillsets, views and backgrounds in alignment with the growth of the Group. One-third of the Company's directors retires and seeks re-election at every AGM.

The current Board made up of a team of high caliber leaders whose diverse expertise and experience in accounting & finance, banking, strategic planning, human resource management, business and management, legal and regulatory, industry knowledge combined provides core competencies necessary to lead and govern the Group effectively. The Directors' objective judgement, collective experience and knowledge are invaluable to the Group and allow for the useful exchange of ideas and views.

The NC, with the concurrence of the Board, considers its current board size of five (5) Directors is appropriate for effective decision-making, considering the scope and nature of the Group's businesses and operations.

# CORPORATE GOVERNANCE REPORT

## Board Diversity

The Board has put in place a Board Diversity Policy which recognises that a diverse Board will enhance decision making process by utilising a variety in skills, industry and business experience, gender, age and other distinguishing qualities of the members of the Board. In accordance with the Board Diversity Policy, the NC shall strive for the inclusion of diverse groups and viewpoints. The final decision on selection of directors will be based on merit against the objective criteria set and after giving due regard for the benefits of diversity on the Board.

The Board, supported by the NC, on an annual basis, also reviews the Board's diversity, covering aspects ranging from skills, experience, background, gender, age, ethnicity and culture, tenure of service, independence and other competencies and is of the view that the Board provides an appropriate balance and diversity of skills, experience, background, age and knowledge. As such, the Board is of the view that there is diversity in its composition.

If there is a need for Board renewal or adding in new member, the Board will abide by the Board Diversity Policy in its search of the new director candidate. The NC, with the concurrence of the Board, has agreed to the target of achieving 20% female director on its Board at all time.

During 2022, the NC and Board are pleased to achieve gender diversity by having Ms Ong Beng Hong joining the Board on 1 September 2022. In considering Ms Ong's appointment, the NC took into account her legal background. Ms Ong is currently an Advocate and Solicitor with Wong Tan & Molly LLC ("WTM"). She holds the position as Joint Managing Director and head of the Capital Markets and Banking & Finance division in WTM. Her areas of practice include securities and debt offerings, securities regulations, mergers and acquisitions, capital markets and corporate finance, banking and finance, loan syndications for Singapore and other ASEAN corporations, debt and corporate restructurings, corporate advisory work for listed companies as well corporate compliance and administration for private and public listed companies. The Board approved the appointment of Ms Ong as an Independent Director of the Company after having considered the recommendation of the NC and having reviewed the experience and skills-set of Ms Ong.

Profiles of the Directors are set out on page 9 to 10 of this Annual Report.

## CHAIRMAN AND THE 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.*

### **Provision 3.1 – Chairman and Chief Executive Officer ("CEO") should be separate persons**

Mr Mak Lye Mun is the Board Chairman and Executive Director of the Company. As the sole Executive Director, Mr Mak oversees the running of the Group's operations. He is further supported by the Chief Operating Officer ("COO") of the Company and key management of the Group's business units.



# CORPORATE GOVERNANCE REPORT

Considering the current corporate structure and the scope of the Group's operations, there is no necessity to appoint a Chief Executive Officer ("CEO"). The nature of the Group's business and operations merit the continuity of an Executive Director to provide Independent Directors with the requisite background and knowledge to facilitate their independent judgement and decision-making.

The Board is of the view that there is adequate accountability and transparency within the Group. Given that there is a majority of Independent Non-Executive Directors, the Board is also of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence.

### Provision 3.2 – Roles of Chairman and CEO

The Company does not have a CEO as explained under Provision 3.1. The Executive Chairman presides over the business of the Board and monitors the translation of the Board's decisions and directions into executive action. In addition, the Executive Chairman provides close oversight, guidance, advice and leadership to the senior management. The Executive Chairman also plays a crucial role in fostering constructive dialogue between shareholders, the Board and Management at the Company's general meetings. The Executive Chairman leads the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the Board, Management and Company Secretary.

The Executive Chairman leads the Board and ensures the effectiveness on all aspects of its role. His responsibilities include, *inter alia*:

1. constructively determining and approving, with the full Board, the Company's strategic direction;
2. ensuring that the Board is properly organised, functioning effectively and meeting its obligations and responsibilities;
3. ensuring that Directors receive complete, adequate and timely information;
4. fostering effective communication and constructive relations amongst the Directors, within Board Committees, between shareholders, between the Directors and Management;
5. day-to-day running of the Group's business in accordance with the business plans and within approved budgets;
6. developing and proposing the Group's strategies and policies for the Board's consideration;
7. implementing the strategies and policies approved;
8. overseeing the affairs of the Group in accordance with the policies, practices, procedures and values adopted by the Board. Promote and instill in the entire Leadership Team the highest standards of integrity, probity and corporate governance within the Group.

### Provision 3.3 – Lead Independent Director

Dr Tan is the Lead Independent Director of the Company.

All Non-Executive Directors, led by the Lead Independent Director, meet regularly with the Executive Director and Management to develop strategies for the Group, review the performance of Management and discuss corporate governance matters. Where warranted, the Independent Non-Executive Directors meet for discussions before the Board meetings in the absence of Management. The Lead Independent Director provides feedback to the Board as appropriate.

The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.



# CORPORATE GOVERNANCE REPORT

## BOARD MEMBERSHIP

**PRINCIPLE 4:** *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

**Provision 4.1 & 4.2 – Composition and Role of Nominating Committee (“NC”)**

The NC comprises the following members, two of whom (including the Chairman) are Independent Directors:

Dr Steve Lai Mun Fook (Chairman, Independent Director, appointed on 1 January 2023)

Dr Tan Boon Wan (Lead Independent Director, appointed on 1 September 2022)

Ms Ong Beng Hong (Independent Director, appointed on 1 September 2022)

Dr Tan Boon Wan was the NC Chairman during the financial year 2022; Dr Tan stepped down as NC Chairman on 1 January 2023 and in place, Dr Lai was appointed on the same date. Dr Tan continues as a member of the NC.

For the year under review, the NC held three meetings and the NC Chairman reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The NC performs the following functions as provided in its TOR:

1. identifying candidates and reviewing all nominations for the appointment or re-appointment of Directors, the CEO of the Group, and determining the selection criteria;
2. reviewing the independence of each Independent Director annually;
3. deciding whether a Director is able to and has been adequately carrying out his duties as Director of the Company, particularly where the Director has multiple board representations;
4. reviewing the Board structure, size and composition and making recommendations to the Board with regard to any adjustments that are deemed necessary;
5. reviewing Board succession plans for Directors, in particular, the Chairman, the CEO and KMPs;
6. determining how the Board and Board Committees’ performance may be evaluated and proposing objective performance criteria for the Board’s approval;
7. reviewing the training and professional development programmes for the Board;
8. reviewing the Board structure, size, composition and balance and making recommendations to the Board; and
9. the re-election of Director(s) by shareholders under the “retirement by rotation” provisions in the Company’s Constitution having due regards to the composition and progressive renewal of the Board, and the competency, performance and contribution of the Director including his attendance, preparedness and participation at Board and its Board Committees meetings. A Director’s time and effort accorded to the Company’s business and affairs will also be considered.



# CORPORATE GOVERNANCE REPORT

Summary of activities carried out by the NC includes:

- i) Reviewed the succession planning of the Board and KMPs during the year.
- ii) Reviewed its terms of reference to be in line to the Code and the Listing Rules.
- iii) Reviewed and recommended nomination for re-appointment of Directors.
- iv) Provision 4.4 – NC’s Determination of Independent Director’s Independence

The NC is charged with determining the independence of the directors as set out under Provision 2.1 above as well as the relationships or circumstances which would deem a director not to be independent. The NC had reviewed the independence of Dr Lai, Dr Tan and Ms Ong as described under Principle 2 above.

- v) Provision 4.5 – Board Representations

Where a Director has multiple Board representations, the NC will determine if the Director has been able to devote sufficient time and attention to the Company’s affairs and if he has been adequately carrying out his duties as a Director. The recommendation of the NC for the nomination of a Director for re-election is then made to the Board. The Board will review this recommendation.

All Directors are required to declare their Board representations. The NC is of the view that the number of directorships a Director can hold and his principal commitments should not be prescriptive as the time commitment for each board membership will vary. The NC also considers both the results of the assessment of the effectiveness of the individual Directors and their actual conduct during Board and Board Committee meetings and ad-hoc discussions and considers the number of listed company board representations which each Director holds on an annual basis or from time to time when the need arises. In this respect, the NC believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board affirms and supports this view.

During the year, the NC had reviewed the assessment of the individual Director and the directorships and principal commitments disclosed by each Director and was of the view that the existing directorships and principal commitments of the respective Directors do not impede their abilities to discharge their duties to the Company. The Board concurred with the NC.

# CORPORATE GOVERNANCE REPORT

The table below shows the disclosure of directorships and chairmanships held over the preceding three years in other listed companies as well as other principal commitments of each respective Director:

Name of Director	Past Directorships in other listed companies and principal commitments over the preceding three years	Present Directorships in other listed companies and principal commitments
Mr Mak Lye Mun	Hwa Hong Corporation Limited	Listed Companies – (i) Boustead Singapore Limited (ii) AV Jennings Limited
Dr Tan Boon Wan	Nil	Nil
Dr Steve Lai Mun Fook	Nil	Listed – (i) Yongmao Holdings Limited (ii) Vertex Technology Acquisition Corporation Ltd
Ms Ong Beng Hong	Nil	Principal Commitments – Wong Tan & Molly Lim LLC
Mr Charlie Ng How Kiat	Nil	Principal Commitments – (i) Asia Resource Corporation Pte Ltd (ii) Macondray Holdings Pte. Ltd. (iii) Alliance Asia Holdings Pte. Ltd.

- vi) Assessing the effectiveness of the Board, Board Committees and individual directors as described under Provisions 5.1 and 5.2 below.
- vii) Reviewed the Board Diversity Policy as set out in Provision 2.4.
- viii) Reviewed the succession planning of the Board and KMPs within the Group.

During the financial year 2022, the NC had reviewed the succession planning of the Board and KMPs within the Group as the Group diversifies into other business segments such as acquiring MHC Group digital assets and wine tokenization.

Mr Mak Lye Mun who first joined the Company as Independent Non-Executive Director in April 2021 was re-designated as Executive Director on 15 July 2022. This was in view of his familiarity with the Company. Mr Mak is a veteran in the corporate and finance industry, having held various senior positions in his career. As the Group embarks into areas of venture, the NC and the Board believed that Mr Mak is well equipped to undertake the executive role in the Company and to lead the Group's business and operations.

Mr David Hoon Chee Wai who joined the Company as Independent Non-Executive Director in April 2021, stepped down as director and appointed as Chief Operating Officer ("COO") of the Company on 1 March 2022.

Mr Edmond Lee Teng Chye, who joined the Company as COO was deployed as Interim CEO of the Company on 1 July 2022 when the former Chief Executive Officer resigned from his post. Mr Lee was subsequently appointed as CEO of the Group's business units namely, Intraco Trading Pte Ltd and Intrawave Pte Ltd. on 15 July 2022.

The Board had during the year included a new Independent Non-Executive Director, Ms Ong Beng Hong, who was appointed on 1 September 2022.

In reviewing the above, the NC had reported to the Board and the Board had approved the above changes.



# CORPORATE GOVERNANCE REPORT

## **Provision 4.3 – Procedure for Selection and Appointment of New Directors**

The NC recognises succession planning as an important part of the governance process and reviews succession plans annually to ensure that Board membership is refreshed progressively and in an orderly manner. The NC had put in place a formal process for shortlisting, evaluating and nominating candidates for appointment as new Directors.

The NC, in consultation with Management and the Board, determines the qualifications and expertise required or expected of a new Board member considering the current Board size, structure, composition, diversity of skill, competencies and gender, and progressive renewal of the Board. Prospective candidates are sourced through recommendations from Board members, business associates, advisors, professional bodies and other industry players. These candidates are then reviewed by the NC. The criteria for assessing the suitability of any nominee or candidate are determined by the NC.

The NC, in evaluating the suitability of the nominee or candidate, will consider his/her qualifications, business and related experience and ability to contribute effectively to the Board. The NC will also determine if the nominee or candidate would be able to commit time to his/her appointment having regard to his/her other Board appointments and principal commitments, and his/her independence.

The evaluation process will also involve an interview or meeting with the nominee or candidate. Appropriate background and confidential searches will also be made. Recommendations of the NC are then put to the Board for consideration. Any appointment to Board Committees is reviewed and approved at the same time.

The Company may appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment involves specific skill sets or industry specialisation.

During the year, the NC had reviewed and recommended one new Director to the Board for approval. This was part of refreshing the Board which would enable the Board to tap into new external perspectives and insights from new appointee and draw upon the experience of longer-serving Directors.

## BOARD PERFORMANCE

**PRINCIPLE 5:** *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committee and individual directors.*

## **Provision 5.1 & 5.2 – Assessing the effectiveness of the Board, Board Committees, Individual Director**

The Board has established a set of criteria for evaluating the effectiveness of the Board and Board Committees, as well as each individual Director.

The NC has in place an annual Board Performance Evaluation exercise to evaluate the effectiveness of the Board and facilitate discussion to enable Directors to discharge their duties more effectively. The evaluations are carried out by means of a questionnaire being completed by each Director. The results of the completed questionnaires are collated and the findings are analysed and discussed by the NC, with comparatives from the previous year's results and reported to the Board.

For FY2022, Directors participated in the evaluation by completing the forms online, providing more efficiency and convenience. The online forms allow the viewing, editing and submission online thus eliminating the need for physical forms to be returned to the Company Secretary for the collation of results. It also ensures accuracy during results extraction and collation by reducing human error.

The availability of the performance evaluation results promptly allows the swift identification of issues and matters that may require the Board's attention and development of action plans to resolve these issues.

# CORPORATE GOVERNANCE REPORT

The Board performance evaluation exercise in digital format, provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed him to discharge his duties effectively. The results of the respective Board Committees and the Board are comprehensively documented and shared digitally amongst the Board Directors upon review by the NC. Directors are encouraged to propose board changes to enhance effectiveness as a whole whilst at the same time, enhancing corporate governance practices.

## **Board Evaluation Criteria**

The Board evaluation questionnaire takes into consideration qualitative factors such as Board composition, information flow to the Board, Board process, Board accountability, matters concerning top management and standards of conduct of Board members. The NC would review the need to set quantitative or qualitative targets for future performance criteria as appropriate.

The performance criteria will not be changed from year to year unless circumstances deem it necessary for any of the criteria to be changed, for example to align with changes to the 2018 Code and listing rules and the onus should be on the entire Board to justify the decision.

## **Board Committees and Individual Director Evaluation**

The NC also has an annual performance evaluation exercise for each of the Board Committees. The performance evaluations of the AC, NC and RC are similarly carried out with questionnaires. The results are collated and compiled by the Company Secretary. The findings with comparatives from the previous year's results are discussed by the NC. Areas of strength or improvements and recommendations, if any, will be reported to the Board. The Board Committees performance evaluation questionnaires take into consideration the extent of how effectively each respective committee has carried out its duties and responsibilities.

The scope of evaluation covers the size, composition, trainings and resources, processes of the Board Committees and their access to information and reference to guidelines as set out in the SID's Board Committees Guide.

Individual Director assessment is also conducted whereby each Director is evaluated on his contributions to the proper guidance, diligent oversight and able leadership, and the support that he lends to Management in steering the Group.

The NC was generally satisfied with the FY2022 Board and Board Committees' performance evaluation results. No significant problems were identified. The NC will continue to review the evaluation process from time to time.

The NC is of the view that the primary objective of the assessment exercise is to create a platform to identify the Board Committees' and Board's strengths and make recommendations for improvements to be tabled to the Board for discussion and comment with a view to strengthening and effectiveness of the Board Committees and the Board. The Company has not engaged any external facilitator to conduct the performance evaluation of the Board Committees, Board and individual Director. Where relevant and when the need arises, the NC will consider such an engagement.

## **Executive Director Evaluation**

The NC had also conducted an evaluation of the Company's Executive Director for FY2022. The criteria for the Executive Director evaluation focus on leadership, strategy formulation, strategy execution, financial planning/performance, human resources management/relations and relationship with the Board. The outcome of the evaluation was reported by the NC to the Board. Appropriate feedback to the Executive Director was conveyed by the NC Chairman.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION MATTERS

**PRINCIPLE 6:** *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

### **Provision 6.1 & 6.2 – Composition and Role of the Remuneration Committee (“RC”)**

The RC comprises the following members, two of whom (including the Chairman) are Independent Non-Executive Directors:

Dr Tan Boon Wan (Chairman, Independent Director, appointed on 1 September 2022)  
 Ms Ong Beng Hong (Independent Director, appointed on 1 September 2022)  
 Mr Charlie Ng How Kiat

Mr Mak Lye Mun was the RC Chairman during the financial year 2022. Mr Mak stepped down on 1 September 2022 and in place, Dr Tan was appointed on the same date.

For the year under review, the RC held two meetings and the RC Chairman reported formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. Where required, the RC also sets aside time to meet without the presence of Management at RC meeting to discuss matters such as the remuneration of KMP.

The TOR of the RC include:

1. recommending Non-Executive Directors’ fees, Executive Director’s and CEO’s (if any) remuneration to the Board in accordance with the approved remuneration policies and processes of the Company;
2. reviewing service contracts for the Executive Director, CEO and KMP to keep in line with the guidelines on contractual provisions set out in the Code;
3. looking into service contract provisions that allow the Group to reclaim incentive components of remuneration from the Executive Director, CEO (if any) and KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group;
4. reviewing the remuneration of the KMP (who are not Directors) in accordance with the approved remuneration policies and processes of the Company;
5. reviewing the eligibility of the Executive Director, CEO (if any) and KMP for benefits under any long-term incentive schemes;
6. administering the INTRACO Employee Share Option Scheme (the “2013 Scheme”) and any other share option scheme or share plan established from time to time for the Directors and KMP. More information on the 2013 Scheme is set out in the Directors’ Statement on pages 92 to 93;
7. reviewing the remuneration packages of employees who are related to any Director, substantial shareholder or the CEO (or executive of equivalent rank); and
8. ensuring that an appropriate proportion of the remuneration of Executive Directors and KMP are structured so as to link rewards to corporate and individual performance.

For FY2022, the RC had also reviewed its terms of reference to be in line with the Code.

# CORPORATE GOVERNANCE REPORT

## **Provision 6.3 – Remuneration Framework**

There is a formal and transparent process for developing executive remuneration and for determining the remuneration packages of individual Directors. No Director is involved in determining his own remuneration.

The RC reviews all matters concerning the remuneration of the Directors to ensure that remuneration commensurate with their contributions, responsibilities and market benchmarks.

The annual quantum of Directors' fees to be paid is also reviewed by the RC and the Board before submission to shareholders for approval at the Company's AGM. None of the Non-Executive Directors has service contracts or consultancy arrangements with the Company. They are paid Directors' fees based on a structured fee framework reflecting the responsibilities and time commitment of each Director. The fee framework comprises a base fee, attendance fee and additional fee for holding appointment as Chairman or member of the Board committees. The Executive Director of the Board is not entitled to any attendance fee. The attendance fee was reinstated during FY2022 after it was temporarily scrapped in the first half of 2022. For the reinstated attendance fee, a cap of S\$10,000 for each Director per year was put in place.

The RC also reviews the remuneration packages of the Executive Director and KMP and submits its recommendations to the Board for endorsement. A fundamental element in the remuneration principles is the concept of pay for performance and the RC will look at the total remuneration provided which comprises annual fixed salary and variable salary component. The variable salary component is in the form of variable bonus that is linked to the performance of the Group and the individual's performance.

The RC also reviews the Company's obligations under the service agreements of the Executive Director and KMP that would arise in the event of termination of these service agreements to ensure that such service agreements contain fair and reasonable termination clauses.

The RC sets the remuneration guidelines for the Group for each annual period including annual increments, total incentives for distribution to staff of all grades and structuring long-incentive plans, if applicable.

## **Provision 6.4 – RC access to expert professional advice**

The RC has access to expert professional advice on remuneration matters as and when it deems necessary in framing the remuneration of Directors. The expenses incurred from such advice shall be borne by the Company. For FY2022, no remuneration consultant was appointed to review the remuneration of Directors and KMP.

## 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.*

## **Provision 7.1 & 7.3 – Remuneration of Executive Directors and KMP**

In setting remuneration packages, the RC takes into consideration the prevailing market conditions, the pay and employment conditions within the industry and in comparable companies.

The RC reviews the remuneration of Directors and KMP on an annual basis to ensure that it commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Company.



# CORPORATE GOVERNANCE REPORT

As part of its review, the RC ensures that the performance-related elements of remuneration form an appropriate part of the total remuneration package of the KMP and that each package is designed to align their interests with those of shareholders and link rewards to corporate and individual performance. The RC will review the key performance indicators ("KPIs") of the KMP and part of the KPIs will be tied to the profitability of the specific business which the individuals are managing.

## **Performance Based Compensation**

The Group adopts a remuneration policy that is performance based for KMP, comprising a fixed component and a variable component. The fixed component is in the form of a base salary and benefits. The variable component is in the form of a variable bonus that is linked to the Company's and individual performance. The RC also endorses the bonus distribution for KMP based on individual performance and presents its recommendation to the Board for approval.

In determining the fixed and variable component of the remuneration package, Management makes its recommendation to the RC, having regard to the individual KMP's KPIs, such as (a) profit target; (b) strategic requirements and goals of the Company; (c) investment in future growth; (d) the individual's contributions to these objectives. The Group rewards KMP with outstanding performance, who have fulfilled their obligations and met their KPIs as well as contributed to the growth and development of the Group.

## **Long-term Incentive Scheme**

The employees of the Group, including Non-Executive Directors, are eligible to participate in the 2013 Scheme. The 2013 Scheme serves as a long-term incentive scheme to better align the interest of KMP with the Company's shareholders. No options were granted under the 2013 Scheme in FY2022.

The 2013 Scheme will be expiring on 29 April 2023. The RC had reviewed the proposals for a new Employee Share Option Scheme ("ESOS 2023") and Performance Share Plan ("PSP") and recommended to the Board for concurrence. The Board had accepted the RC's recommendation and will be tabling the ESOS 2023 and PSP for shareholders' approval at an Extraordinary General Meeting ("EGM"). The EGM will be convened immediately after the conclusion of the Company's AGM.

The RC believes that the PSP will act as both retention and motivational tools for KMP of the Group, aligning the KMP's interests with that of shareholders.

The Company will also be renewing its Share Buyback Mandate (adopted since FY2018) which provides the Directors with the flexibility to utilise the shares which were purchased or acquired and held as treasury shares for any long-term share incentive schemes to be initiated by the Company as a means to reward and improve the long-term performance of the employees and in turn the Company and Group at large. The Company will utilise treasury shares instead of new issuance of shares as this would provide greater flexibility to manage and minimise the dilution impact (if any) arising from the share incentive schemes.

## **Reclaim Incentive Components**

The RC and Board are of the view that as the Group pays variable compensation through bonuses based on the actual results of the Group as well as the achievement of KPIs by its KMPs, claw back contractual provisions may not be relevant/applicable. Therefore, there are no contractual provisions which allow the Company to reclaim incentive components of remuneration from the KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the KMP in the event of such incidents.



# CORPORATE GOVERNANCE REPORT

## Provision 7.2 – Remuneration of Non-Executive Directors

The RC has recommended to the Board a total amount of up to S\$255,000 as Directors' fees for the financial year ending 2023 ("FY2023"), to be paid quarterly in arrears. This will be tabled at the forthcoming AGM for shareholders' approval.

The Board concurred with the RC that the proposed Directors' fees for FY2023 is appropriate and not excessive, taking into consideration the level of contributions by the Directors, their responsibilities and obligations and factors such as efforts and time spent for serving on the Board and Board Committees.

The structure of the Directors' fees is as follows:

	Chairman	Member
Board	S\$60,000	S\$30,000
Audit Committee	S\$20,000	S\$15,000
Nominating Committee	S\$11,250	S\$5,625
Remuneration Committee	S\$11,250	S\$5,625

In addition to the above, there is also attendance fee capped at S\$10,000 per director per year.

## 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.*

### Provision 8.1, 8.2 & 8.3 – Remuneration of Directors, CEO and Top Five KMP

Every Director receives a basic fee. In addition, he receives a Chairman's fee if he is the Chairman of the Board, as well as the relevant Board Committee fee (depending on whether he served in the capacity as the Chairman or as a member of the relevant Board Committee) for each position held on a Board Committee. Each Director also receives an attendance fee for each Board meeting, Board Committees' meetings and other meetings such as strategic sessions, private Board and Board Committee sessions. As mentioned above, the attendance fee is capped at S\$10,000 per director per year. The Executive Director of the Company is not entitled to the attendance fee.

The amounts of Directors' fees have been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2023, assuming attendance by all the Directors at such meetings, and also caters for additional fees (if any) which may be payable due to additional ad-hoc meetings. Additional Directors' fees (if any) over and above the approved Directors fees will only be paid if approved at the next AGM.

Mr Mak Lye Mun, the Executive Director, is on a three-year term with the Company pursuant to his Service Agreement.

The total remuneration received by Mr Mak Lye Mun for FY2022 is S\$197,370 (includes S\$55,675 directors fee). Pursuant to Mr Mak Lye Mun's employment contract with the Company dated 7 July 2022, Mr Mak Lye Mun shall be awarded a total of 1,000,000 Shares under the proposed PSP which shall have a three (3)-year vesting period. This will be tabled at the forthcoming EGM for shareholders' approval. For further details, please refer to para 4.2.5 of the Circular to shareholders dated 3 April 2023.

# CORPORATE GOVERNANCE REPORT

A summary compensation table of the Directors receiving remuneration from the Company for FY2022 is appended below:

Name of Directors	Directors' Fees	Total (\$)
Mr Mak Lye Mun <sup>1</sup>	100%	55,675
Dr Tan Boon Wan	100%	77,176
Dr Steve Lai Mun Fook	100%	45,550
Ms Ong Beng Hong	100%	20,301
Mr Charlie Ng How Kiat	100%	59,125
Mr David Hoon Chee Wai (resigned on 1 March 2022)	100%	14,002
<b>Total</b>	<b>100%</b>	<b>271,829</b>

1 Refers to Mr Mak's tenure as Independent Director during the year

A summary compensation table of Dr Lai and Mr Ng receiving remuneration from KA Group Holdings Pte Ltd ("KA Group"), a wholly-owned subsidiary of the Company, for FY2022 is appended below:

Name of Directors	Total (\$)
Dr Steve Lai Mun Fook	9,658
Mr Charlie Ng How Kiat	3,000

The Directors' Fees in KA Group are structured in Chairmanship fee of S\$11,250 and attendance fee of S\$1,000 per meeting. Both Dr Lai and Mr Ng had stepped down as Director of K.A. Group on 5 August 2022.

A summary compensation table of the KMP receiving remuneration from the Company for FY2022 is appended below:

Remuneration Band & Name of CEO and KMP	Salary	Bonus	Other Benefits <sup>(1)</sup>	Total (\$)
<b>S\$500,000 to S\$749,999</b>				
-				
<b>S\$250,000 to S\$499,999</b>				
Mr Soh Yong Poon	78.1%	6.5%	15.4%	100.0%
Ms Caren Soh Ying Sin	75.7%	6.3%	18.0%	100.0%
Mr Edmond Lee Teng Chye <sup>4</sup>	74.3%	10.8%	14.9%	100.0%
Mr Nicholas Yoong Swie Leong (ceased on 30 June 2022) <sup>6</sup>	78.3%	6.5%	15.2%	100.0%
<b>Below S\$250,000</b>				
Mr Mak Lye Mun (re-designated on 15 July 2022) <sup>2</sup>	95.9%	-	4.1%	100.0%
Mr David Hoon Chee Wai (appointed on 1 March 2022) <sup>3</sup>	86.2%	7.2%	6.6%	100.0%
Mr Koit Ven Jee (appointed on 9 May 2022) <sup>5</sup>	83.5%	7.1%	9.4%	100.0%
Ms Maggie Yeo Sock Koon (resigned on 31 May 2022) <sup>7</sup>	72.0%	3.6%	24.4%	100.0%
Mr Peter Tan Kok Seng (resigned on 28 January 2022) <sup>8</sup>	54.6%	-	45.4%	100.0%

# CORPORATE GOVERNANCE REPORT

## Notes:

- <sup>1</sup> Other benefits refer to employer's CPF and other allowances.
- <sup>2</sup> Mr Mak Lye Mun re-designated as Executive Chairman of the Company on 15 July 2022
- <sup>3</sup> Mr David Hoon Chee Wai appointed as Chief Operating Officer of the Company on 1 March 2022
- <sup>4</sup> Mr Edmond Lee Teng Chye re-designated as CEO of Intraco Trading Pte. Ltd. and Intrawave Pte. Ltd. on 15 July 2022
- <sup>5</sup> Mr Koit Ven Jee appointed as Group Financial Controller of the Company on 9 May 2022
- <sup>6</sup> Mr Nicholas Yoong Swie Leong resigned as CEO of the Company on 30 June 2022
- <sup>7</sup> Ms Maggie Yeo Sock Koon resigned as CFO of the Company on 31 May 2022
- <sup>8</sup> Mr Peter Tan Kok Seng resigned as Senior Vice President of the Company on 28 January 2022

The disclosure of the CEO and KMP's remuneration in types of compensation in percentage terms and in bands of S\$250,000 (based on gross remuneration received and inclusive of employer's contributions to the Central Provident Fund) is as set out in the above table.

Given the confidentiality and sensitive nature of the subject, the Company is of the view that it is not in the best interest of the Company to disclose the specific remuneration of the KMP as this disclosure may adversely affect the Company's talent retention. The Company believes that disclosure of the KMP's remuneration in bands of S\$250,000 should be sufficient to provide an insight into the link between their compensation and performance and sufficient for shareholders to have an adequate appreciation of the remuneration of the Company's KMP. Further details are deemed to be not in the interest of the Company due to the competitiveness of the industry for key talents. The aggregate remuneration paid to the KMP (who are not Directors or CEO of the Company) in FY2022 amounted to S\$1,516,749, excluding KMP who had resigned during the financial year.

Apart from the above, no termination, retirement and post-employment benefits were granted to the Directors, CEO and the KMPs for FY2022.

## **Employees who are Substantial Shareholders, Immediate Family Members of a Director or the CEO or a Substantial Shareholder**

There are no employees who are substantial shareholders of the Company or immediate family members of a Director, the CEO or a substantial shareholder, and whose remuneration exceeds S\$100,000 in FY2022.

## **Employee Share Scheme**

The Company has a share option scheme known as "INTRACO Employee Share Option Scheme" (the "2013 Scheme") which was approved and adopted by shareholders of the Company on 29 April 2013. The 2013 Scheme gives the Group added flexibility in structuring more competitive remuneration packages to award, retain and motivate those executive personnel and Non-Executive Directors to successfully manage and guide the Group respectively for the long-term. This is vital to the well-being, sustained performance and value creation of the Group. The 2013 Scheme is administered by the RC. No options were granted since the commencement of the 2013 Scheme.

# CORPORATE GOVERNANCE REPORT

## Remuneration and Performance

The Company is of the view that the current disclosure provides sufficient overview of the remuneration of the Group while maintaining confidentiality of staff remuneration matters. Annual variable bonuses would be linked to achievement of financial and non-financial key performance indicators such as core values, competencies, key result areas, performance rating, and potential of the employees (including key management). Long-term incentive plans are conditional upon pre-determined performance targets being met and the long-term incentive plans serve to motivate and reward employees and align their interests to maximise long term shareholders' value.

The RC ensures that there is a strong correlation between bonuses payable, and the achievement and performance of the Group and individual staff. The RC also ensures that there is a good balance of short-term and long-term incentive schemes to motivate continuous and sustainable performance.

## RISK MANAGEMENT AND INTERNAL CONTROLS

**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.*

### Provision 9.1 & 9.2 – Design, Implementation and Monitoring of Risk Management and Internal Control Systems

The Board has overall responsibility for the governance of risk and exercises oversight of the material risks in the Group's business. The Board ensures that Management maintains a sound system of internal controls and effective risk management policies to safeguard shareholders' interests and the Group's assets and in this regard, is assisted by the AC which conducts the reviews of the adequacy and effectiveness of the Group's internal controls and risk management systems.

The identification and management of risks are delegated to Management, who assumes ownership and day-to-day management of these risks. Management reports to the AC on the Group's risks profile on a quarterly basis, evaluates results and counter measures to mitigate identified potential risks.

### Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board has adopted an enterprise risk management ("ERM") framework. This risk framework has five (5) principal risk categories, namely strategic, financial, operational, compliance and information technology risks.

The Group's risk management framework is aligned with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Controls Integrated Framework.

Management is responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the AC and Board. Key business risks are proactively identified, addressed and reviewed on an ongoing basis. Identified risks that affect the achievement of the Group's business objectives are compiled in the Group Risks Register and are ranked according to the likelihood and consequential impact to the Group as a whole.

### Risk Management Policies and Processes

The main risks arising from the Group's financial operations are liquidity risk, foreign currency risk, credit risk, equity price risk and interest rate risk. Details on the foregoing are set out in the Notes to the Financial Statements. These risks are monitored by AC and the Board on a quarterly basis.

The Company's Internal Auditor ("IA") reviews material internal controls as part of the internal audit plan to provide independent assurance to the AC and the Board on the adequacy, effectiveness and integrity of the Group's internal controls and risk management systems.

# CORPORATE GOVERNANCE REPORT

## **Adequacy and Effectiveness of Internal Controls**

The IA presents his findings to the AC on a quarterly basis. If any non-compliance or internal control weaknesses are noted during the audit, the corresponding recommendations and Management's responses are reported to the AC.

In addition, the external auditors will highlight any material control weakness within the Group discovered in the course of the statutory audit to the AC.

The AC and the Board review the adequacy and effectiveness of the risk management and internal controls system at least annually.

On a half-yearly and annual basis, the CEO and CFO (or equivalent) provide written confirmations ("Management Assurance Letters") to the Board confirming that:

1. the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances;
2. nothing has come to Management's attention which might render the financial results of the Group as at the end of the financial year to be false or misleading in any material aspect;
3. Management is aware of their responsibilities for establishing, maintaining and evaluating the adequacy and effectiveness of the risk management and internal control systems of the Company; and
4. there are no known significant deficiencies or lapses in the risk management and internal controls systems relating to the Company's financial, operational, compliance and information technology controls which could adversely affect the Company's ability to record, process, summarise or report financial data, or of any fraud, whether material or not.

For FY2022, the Board had received the Management Assurance Letters duly signed by the (i) Executive Director and the Group Financial Controller; and (ii) the Executive Director and other key management personnel.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, reviews performed by Management and the various Board Committees and the Management Assurance Letters, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 December 2022 to address financial, operational and compliance risks, including information technology risks, which the Company considers relevant and material to its operations.

The Board is updated quarterly on the Group's financial position and performance with explanations for material variances in financial performance provided. The updates also include key business and operational activities.

While the Board acknowledges that the system of internal controls and risk management established by Management provide reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it endeavours to achieve its business objectives, it is also mindful that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, fraud or other irregularities.

Accordingly, the Company has complied with Listing Rule 1207(10).



# CORPORATE GOVERNANCE REPORT

## **Separate Risk Committee**

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC during the financial year 2022.

Management is responsible for the design, execution and reporting of the Enterprise Risk Management. Further, Management is responsible to propose to the AC, mitigation plans to reduce the reported risks.

Management is to report on events that represent new risks to the Company.

The AC is responsible for determining the Group's levels of risk tolerance and risk policies and oversees Management's implementation and monitoring of risk management and internal control systems

Having considered the Company's business operations as well as its existing internal control and risk management systems, a Group Risk Committee ("GRC") at Management level was set up in 2023. The GRC comprises seven members with five senior management, one finance manager and the internal audit manager. The GRC is accountable to the AC. The GRC regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The GRC reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

## **Accountability for Accurate Information**

The Board endeavours to ensure that the annual audited financial statements and half-yearly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through timely announcements via SGXNet.

The Audit Committee and the Board also meet to review and monitor the Group's performance at regular intervals besides the Group's half-yearly and full year financial performance.

## **Compliance with Legislative and Regulatory Requirements**

In line with the requirements of the SGX-ST, negative assurance confirmation statements were issued by the Board to accompany the Group's interim financial results announcements, confirming to the best of the Board's knowledge that nothing had come to the Board's attention which could render the Group's results announcements to be false or misleading in any material aspect. This is in turn supported by a written confirmation from the (i) Executive Director and Group Financial Controller and (ii) the Executive Director and KMPs of all subsidiaries (see explanation under Provision 9.2 above). The Group is not required to issue negative assurance confirmation statements for its full year results announcements.

The Company also completes and submits the compliance checklists to SGX-ST (if applicable) to ensure that all financial results announcements, circulars and letters to shareholders comply with the minimum requirements set out in the listing manual of the SGX-ST.

## **Management Accounts**

Management provides the Board with a continual flow of relevant information on the Group's operational, financial and compliance matters on a timely basis, including quarterly management reports in order that the Board may effectively discharge its duties.

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

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

### **Provision 10.2 – Composition of the AC**

The AC oversees the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group. The AC comprises the following members:

Dr Tan Boon Wan (Chairman)

Dr Steve Lai Mun Fook (Independent Director, appointed on 1 January 2023)

Mr Charlie Ng How Kiat

Ms Ong Beng Hong was a member of the AC during the financial year 2022; Ms Ong stepped down on 1 January 2023 and in place, Dr Lai was appointed on the same date.

Mr Mak Lye Mun and Dr Steve Lai were members of the AC during the financial 2022; Mr Mak and Dr Lai stepped down on 1 September 2022 and in place, Ms Ong was appointed on the same date. As mentioned above, Dr Lai was re-appointed to the AC on 1 January 2023.

For the year under review, the AC held five (5) meetings and the AC Chairman reported formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The minutes of the AC meetings are also made available to the Board.

### **Expertise of AC Members**

The Board is of the view that the AC members, having accounting and related financial management expertise and experience, are appropriately qualified to discharge their responsibilities. All members of the AC have many years of experience in senior management positions in both financial and industrial sectors.

### **Authority of the AC**

The AC has explicit authority to investigate any matter relating to the Group’s accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources, and personnel to enable it to discharge its functions properly; and has full access to and cooperation of Management and the discretion to invite any Director or officer to attend its meetings.

### **Provision 10.1 – Duties of AC and Activities of the AC**

The AC is guided by its written Terms of Reference (“TOR”), which set out its authority and duties.

The TOR of the AC include:

1. reviewing the audit plans of the internal and external auditors of the Company, and their reports arising from their audits including Management’s response to their letter to Management;
2. reviewing the financial statements of the Company and the consolidated financial statements of the Group;
3. reviewing the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account to ensure the integrity of the financial statements and any formal announcements relating to the financial performance of the Company and of the Group; reviewing the half-year and full year results announcements of the Group before submission to the Board for approval;
4. reviewing and reporting the adequacy and effectiveness of material internal controls, including financial, operational, compliance and information technology controls and risk management systems;



# CORPORATE GOVERNANCE REPORT

5. the cost-effectiveness, independence and objectivity of the external auditors, nature and extent of non-audit services provided and approval of audit and non-audit fees payable to the external auditors. Audit and non-audit fees which comprised corporate tax compliance services paid to the external auditors, BDO LLP, amounted to S\$195,000 and S\$49,000 respectively;
6. making recommendations to the Board for the appointment or re-appointment of the external auditors of the Company.
7. reviewing interested person transactions (“IPTs”) to ensure that the current procedures for monitoring of IPTs have been complied with and that the IPTs are on normal commercial terms and not prejudicial to the interests of the Company’s minority shareholders;
8. reviewing the scope and results of the internal audit procedures, and the adequacy and effectiveness of the Company’s internal audit function;
9. approving the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced;
10. directing Management to report regularly to AC on the Company’s risk profile and the status of risk mitigation action plans; and
11. reviewing the Company’s whistle-blowing policy, and to ensure that arrangements are in place for concerns about possible improprieties in matters of financial reporting or other matters to be raised and independently investigated, and for appropriate follow-up action to be taken.

During FY2022, the AC had carried out the above duties as provided in their TOR. In addition, the AC also assessed the impact of the COVID-19 pandemic and ensured adequate cash flow to sustain the Group’s operations on an on-going basis and assisted the Board to review the Company’s sustainability reporting framework.

For FY2022, the AC had also reviewed its TOR to be in line with the Code.

The external auditors provide regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the AC to keep abreast of such changes and their corresponding impact on the financial statements, if any. The AC is entitled to seek clarification from Management, the external auditors and independent professional advisors and to attend relevant seminars at the Company’s expense to apprise themselves of accounting standards/ financial updates.

During FY2022, the AC had reviewed and recommended the change of auditors from KPMG LLP to BDO LLP. The AC believed the change of auditors would enable the Company to benefit from fresh perspective from the new auditors and also for cost saving reason, having considered the business and operational needs of the Group. The change of auditors to BDO LLP was approved by shareholders at the last AGM held on 20 April 2022.

The AC had recommended and the Board had accepted proposing to shareholders of the Company, the re-appointment of BDO LLP as the independent auditors for the Group in the ensuing year. The Company has complied with Listing Rules 712 and 715 in relation to the appointment of the same auditing firm based in Singapore to audit the financial statements of the Company, all of its Singapore-incorporated subsidiaries and joint venture.



# CORPORATE GOVERNANCE REPORT

The Group's subsidiaries and joint venture are disclosed under Notes 6 and 7 of the Notes to the Financial Statements on pages 134 to 138 of the Annual Report.

## **Meeting with External Auditors and Internal Auditors**

The AC had met with the internal auditors at least once without the presence of Management. This is part of the routine business of the AC meeting where the internal auditors will report directly to the AC on its internal audit matters.

The AC meets with the external auditors without the presence of Management, at least annually to discuss any issues they may have (including suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on the Company and Group's operating results or financial position), and Management's response thereof.

Both sets of auditors had confirmed that they had access to and received full co-operation and assistance from Management and no restrictions were placed on the scope of their audit.

## **Review the Independence of External Auditors**

The AC confirms that the Company has complied with Listing Rule 712 in that BDO LLP is registered with the Accounting and Corporate Regulatory Authority (ACRA). The AC is satisfied that the resources and experience of BDO LLP, the audit engagement partner and the team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group. The AC also reviewed all non-audit services provided by the external auditors and is of the opinion that the nature and provision of such services would not affect the independence and objectivity of the external auditors. The external auditors have confirmed their independence in this respect.

## **Whistle-blowing Policy**

The AC also reviews arrangements by which staff of the Company and external parties may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Group has in place a whistle-blowing policy to ensure independent investigations of such matters and for appropriate follow up action. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation.

The policy is aimed at encouraging the reporting of such matters in good faith, with the confidence that staff of the Company and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal. Complaints or suspicions of impropriety can be made in the form of emails, faxes, letters or written reports. A dedicated email address is maintained by the Company's Internal Audit Department to receive such complaints or reports. Anonymous complaints may be considered, taking into account factors such as the seriousness of the issues raised, the credibility and the likelihood of confirming the allegation from attributable sources.

New employees are briefed on the Whistle-blowing policy during their induction.

The Whistle-blowing Policy as well as whistle-blowing communications channel, have been disseminated to all staff via email and also made available on the Company's internal shared drive for staff reference.

The AC reports to the Board any issues/concerns received by it. Where appropriate, the AC and the Board have access to the appropriate external advice where necessary.

All reported whistle-blowing incidents or concerns will be independently investigated and remedial actions will be taken to address the whistle-blowing incidents. There were no whistle-blowing reports for FY2022.

# CORPORATE GOVERNANCE REPORT

## **Provision 10.3 – Former Partner or Director of the Company’s Existing Auditing Firm**

The AC does not have any member who is a former partner or Director of the Company’s existing audit firm.

## **Provision 10.4 – Internal Audit**

The role of IA is to provide independent and objective assurance that adds value and improves the Group’s operations. The IA helps the Group to accomplish its objectives by providing a systematic, disciplined approach to evaluate and improve the effectiveness of internal controls, risk management and governance processes. The IA conducts regular audits of the Group’s subsidiaries based on a risk-based audit approach in its audit plan approved by the AC. The IA of the Company reports functionally to the AC Chairman and administratively to the Executive Director. The AC is responsible for the appointment, termination and remuneration of the IA.

The AC also ensures that the IA function is adequately resourced and has appropriate standing within the Group. The IA has unfettered access to all the Group’s documents, records, properties and personnel and direct access to the AC.

The role of the IA is to support the AC in ensuring that the Group maintains a sound system of internal controls by highlighting any weaknesses in the current process, ascertaining that operations were conducted in accordance with established policies and procedures, and identifying areas for improvement where controls can be strengthened.

The IA has the relevant qualifications and experience in internal audit to discharge his duties effectively. The International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (the IIA Standards) laid down in the International Professional Practices Framework are used as a reference and guide by the Company’s IA. The Company’s IA has confirmed to the AC that he is in compliance with the IIA Standards.

The IA adopts a risk-based approach in formulating the annual plan. The AC approves the IA Plan annually and reviews the adequacy and effectiveness of the internal audit function. Reports prepared by the IA are reviewed by the AC on a quarterly basis. The AC assesses the adequacy and effectiveness of the IA function and ensures that the IA has direct and unrestricted access to the AC Chairman. Management also helps the AC to assess the adequacy and effectiveness of the IA function through completing a questionnaire and discussing their evaluation with the AC.

During FY2022, the IA completed its internal audit review of the Group on key processes in treasury, operations, finance, regulatory compliance, information technology and sustainability reporting process. The findings and recommendations of the IA, Management’s responses and implementations have been reviewed and approved by the AC.

For FY2022, the AC and Management reviewed the IA’s effectiveness and adequacy by completing a questionnaire evaluating the IA’s standing within the Company, resources in the IA department and the effectiveness and adequacy of the internal process based on the nature and extent of the Group’s operations.

Pursuant to Rule 1207(10C) of the Listing Manual, the AC had assessed and is satisfied with the adequacy, effectiveness, independence, scope and results of the Company’s internal audit function.

# CORPORATE GOVERNANCE REPORT

## KEY AUDIT MATTER

In the review of the financial statements, the AC had discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements and considered the clarity of key disclosures in the financial statements. The AC reviewed, amongst other matters, the following key audit matter reported by external auditors for FY2022.

Key Audit Matter	How these issues were addressed by AC
The measurement of revenue in the project business	<p>The AC considered the findings of the external auditors that there were no identified deviations in operating effectiveness of controls applied by the Group over revenue from construction contracts. The estimates applied for recognition of construction contracts revenue were found to be reasonable and that there were no material variance identified.</p> <p>The AC was satisfied with the accounting of the Group's revenue.</p>

## 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.*

### Provision 11.1 – Participation of Shareholders at General Meetings

The Company welcomes the views of shareholders on matters concerning the Company and encourages shareholders' participation at shareholders' meetings. All shareholders are entitled to attend the general meetings and are given ample opportunity and time to participate effectively and vote at the meetings.

Shareholders are welcomed to communicate their views on matters relating to the Group with the Board and the Chairmen of the Board Committees and the external auditors of the Company in attendance. Shareholders are informed of the rules, including voting procedures that govern the general meetings. The Company's Constitution allows a shareholder to appoint up to two (2) proxies to attend and vote on behalf of the shareholders.

Specified intermediaries, such as banks and capital markets service licence holders which provide custodial services, may appoint more than two proxies. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate in shareholders' meetings. Such indirect investors, where so appointed, will have the same rights as direct investors to vote at shareholders' meetings.

### Provision 11.2 – Separate Resolutions at General Meetings on Each Substantially Separate Issue

The Company does not practise bundling of resolutions at general meetings. Each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the meetings.

All resolutions proposed at the general meeting are conducted by way of poll voting. A scrutineer is appointed to count and validate the votes cast at the meeting. The total number of votes cast, for or against, and the respective percentages, in respect of each resolution are tallied and announced at the meeting. The detailed voting results will also be announced to SGX-ST via SGXNet on the same day after the conclusion of the meetings. Shareholders who are present in person or represented by proxies will be entitled to one vote for each share held.



# CORPORATE GOVERNANCE REPORT

## **Provision 11.3 – Attendance at General Meetings**

All Directors, including the Chairman of the Board and the respective Chairman of the AC, NC and RC, as well as external auditors are present at general meetings to address shareholders' queries. Management is also present at general meetings to respond, if necessary, to operational questions from shareholders that may be raised.

As permitted under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company will convene its forthcoming AGM ("2023 AGM") and EGM by electronic means. Alternative arrangements relating to attendance at the 2023 AGM as well as the EGM via electronic means include arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the meeting in advance of the meeting, or by posing questions "live" at the virtual meeting during the live audio-visual webcast, and "live" voting at the AGM and EGM. The relevant rules including the voting procedures are set out in the notices of general meetings.

An independent external party is appointed as scrutineer for the electronic poll voting process. It is the role of the scrutineer to review the proxies and the electronic poll voting system, as well as attend to the proxy verification process to ensure that the poll voting information is compiled correctly. All of the Company's resolutions are voted on via a poll.

At the general meetings, the voting results for each resolution are disclosed to shareholders. When voting for a resolution has concluded, the poll voting results including the number and percentage of votes cast (both for and against the resolution) are immediately made known to shareholders. The poll voting and proxy voting results are promptly released to the SGX-ST via SGXNet.

## **Provision 11.4 – Absentia Voting**

If any shareholder is unable to attend a shareholders' meeting, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms which are sent together with the Annual Reports or Circulars (as the case may be).

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

## **Provision 11.5 – Minutes of General Meetings**

The Company prepares minutes of general meetings which include substantial and relevant comments or queries from shareholders, and responses from Board and Management. Minutes of general meetings will be published within one month after the meeting on the SGX-ST and the Company's corporate website.

## **Provision 11.6 – Dividend Policy**

The Company does not have a formal dividend policy. The Company targets to provide sustainable dividend payouts that consider the Group's profit growth, cash position, positive cash generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividends and where dividends are not paid, the Company will disclose its reason(s) accordingly.

No dividend was declared or recommended as the Company recorded a loss for FY2022.

# CORPORATE GOVERNANCE REPORT

## 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.*

### Provision 12.1 – Communication with Shareholders

The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet. The released announcements are then posted on its corporate website at [www.intraco.com](http://www.intraco.com) to allow shareholders, investors and members of the public to keep abreast of development in the Group's business and activities. Where there is inadvertent disclosure made to a select group, the Company will make the same disclosure publicly to all others as soon as possible.

The Company does not practise selective disclosure. Price-sensitive information is publicly released, financial results and annual reports/circulars are announced to the SGX-ST via SGXNET on a timely basis and are available on the Company's website. Prior to the release of the Company's half year and full year results, the Company will also make an announcement informing shareholders of the Company the date of releasing its half year and full year results.

Shareholders of the Company can download the Company's annual report/circular and notice of AGM/EGM from the Company's website or SGXNet.

The Company's website at [www.intraco.com](http://www.intraco.com) is the key resource of information for shareholders. Among other things, it contains corporate announcements, financial results, annual reports and circulars.

### Provision 12.2 & 12.3 – Investor Relations Policy

The Board recognises the importance of engaging with shareholders, investors and analysts to obtain and understand their concerns and feedback. As a demonstration of the Company's commitment to transparency and fair disclosure, the Company has adopted an Investor Relations Policy to promote regular and effective communication with shareholders.

The Executive Chairman is empowered to act as spokespersons towards security holders and securities markets professionals. Enquiries are to be directed to the Company's email at [investor.relations@intraco.com](mailto:investor.relations@intraco.com). General meetings have been and are still the principal forum for dialogue with shareholders. The Company will review the need for analyst briefings, investor roadshows or Investors' Day briefings when necessary.

## MANAGING STAKEHOLDERS RELATIONSHIPS

**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.*

The Group's stakeholders play a crucial role in our business. Intraco's vision and the success of its business is closely aligned with the interests and needs of its key stakeholders. Effective stakeholder engagement can help the Group to better understand the needs of its key stakeholders and incorporate these into its corporate strategy.

The Group has identified 5 key stakeholder groups based on their relevance and influence to Intraco's business. They include customers, suppliers, employees, investors and regulators. The Group engages with these stakeholders through various informal and formal channels of communication to learn and understand their concerns. For example, the Group maintains a corporate website to leverage on internet platforms, which enables it to communicate with key stakeholders and the public.



# CORPORATE GOVERNANCE REPORT

The other sections of the annual report set out the Group's strategy (for more information, please refer to Chairman's Statement) and key areas of focus in managing stakeholder relationships (for more information, please refer to the Company's Sustainability Report).

## CONDUCT AND ETHICS POLICY

All employees are required to observe and maintain high standards of integrity, as well as comply with laws, regulations and Company's policies. The Company sets standards of ethical conduct for employees, which covers all aspects of the business operation of the Group such as work ethics, personal conflicts of interest, and confidentiality of information, related party transactions, gifts and dealing in the Company's securities.

## DEALINGS IN SECURITIES (LISTING RULE 1207(19))

The Group has in place internal guidelines in relation to dealing in the Company's securities. The Directors and all employees of the Group are prohibited from trading in the Company's securities during the relevant blackout period of one (1) month prior to the release of the Group's half-year and full year results. They are also required at all times to observe the insider trading rules stipulated in the Securities and Futures Act, Cap. 289 and are discouraged against dealing in the Company's securities on short-term considerations. Directors and the CEO are also required to notify their dealings in the Company's securities within 2 business days.

The Company will be seeking a renewal of its Share Buyback Mandate at the upcoming AGM. In connection with the Share Buyback Mandate, the Company has also put in place a Share Buyback Policy. The Company confirmed that it has adhered to its policy for securities transactions for FY2022.

## INTERESTED PERSON TRANSACTIONS ("IPT") (LISTING RULE 907)

The Company has in place internal procedures written in the approved IPT policy and procedure to ensure that all transactions with interested persons are reported to AC in a timely manner, and an IPT register is maintained by the Company's IA. IA will compile and submit to AC a full listing of IPTs including those less than \$100,000 and their aggregate including cases of non-compliance on a quarterly basis. Where an IPT or its aggregate reaches 3% of the Group's latest audited net tangible assets, an immediate announcement is made after the AC's review and approval. Where an IPT or its aggregate reaches 5% of the Group's latest audited net tangible assets, Shareholders' approval will be sought through a general meeting, while the interested Shareholder (and any associate) will abstain from voting. The Company currently does not have an IPT mandate in place.

# CORPORATE GOVERNANCE REPORT

In accordance with Rule 907 of the SGX-ST Listing Manual, the IPT for FY2022 is as follows:-

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
		2022 S\$'000	2021 S\$'000
<b>Tat Hong Heavy Equipment (Pte.) Ltd</b>	An entity of which Mr Roland Ng San Tiong (a controlling shareholder of the Company) has a deemed interest of 100%		
Net proceeds from sale of cranes		-	374
<b>Tat Hong Holdings Pte Ltd</b>	An associate of the Company's controlling shareholders, namely TH investments Pte Ltd, Tat Hong Investments Pte Ltd, Chwee Cheng & Sons Pte Ltd, Ng San Tiong, Ng Sun Ho, Ng San Wee and Ng Sun Giam.		
Proceeds receivable from Tat Hong Holdings Ltd ("THH") from disposal of investment in joint venture.		1,127	-

## MATERIAL CONTRACTS (LISTING RULE 1207(8))

Except as disclosed in Note to the Financial Statements and the Supplementary Information, there were no material contracts entered by the Company or its subsidiaries involving the interests of the CEO, each Director or controlling shareholders in FY2022.

## USE OF PROCEEDS

The Company refers to the announcements made by the Company on 24 December 2021, 13 January 2022 and 17 January 2021 (the "Announcements") in relation to the placement of 10,000,000 new ordinary shares in the capital of the Company (the "Placement"). To date, there have been no utilisation of the net proceeds arising from the Placement amounting to approximately S\$4.4m (after deducting expenses in relation to the Placement). The Company will continue to make periodic announcements on the utilisation of the proceeds from the Placement as and when such proceeds are materially disbursed.