

CORPORATE GOVERNANCE

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. Since Mr Colin Low’s appointment as Chairman of the Board in April 2015, the focus has been on improving internal board communications and processes along with the strong support of the respective Chairs of Committees led by Dr Tan Boon Wan (Audit Committee Chairman) and His Excellency, Mr Shabbir H Hassanbhai (Chairman of both Nominating and Remuneration Committees). The Board is committed to adopting the best practices in ensuring the spirit of Corporate Governance while carrying out their duties and responsibilities under the framework and rules of Board’s operating processes and guidelines.

In keeping with its commitment to a high standard of corporate governance, the Board of Directors of the Company (the “**Board**”) and Management endeavor to align the Company’s governance framework with the recommendations of the Code of Corporate Governance 2012 (the “**Code**”).

This report describes the corporate governance framework and practices of the Company with specific reference made to each principle as set out in the Code.

A. BOARD MATTERS

The Board works closely with Management for the long-term success of the Company. The Board comprises the following members:

Mr Colin Low	(Chairman and Independent Director)
Dr Tan Boon Wan	(Independent Director)
Mr Shabbir H Hassanbhai	(Independent Director)
Mr Ng How Kiat Charlie	(Non-Executive Director)
Dr Steve Lai Mun Fook	(Non-Executive Director)
Mr Chew Leong Chee Tony	(Alternate Director to Mr Ng How Kiat Charlie)
Mr Ng San Tiong Roland	(Alternate Director to Dr Steve Lai Mun Fook)

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

The Role of the Board

The Board assumes responsibility for stewardship of the Company and 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.

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’s and Board Committees’ performance and succession planning process;

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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;
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. 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**"), evaluates their performance and reviewing their remuneration packages;
6. establishes goals and priority for Management and reviews Management's performance by monitoring the achievement of these goals;
7. identifies the key stakeholder groups and recognizes that their perceptions affect the Company's reputation;
8. sets the Company's values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met; and
9. considers sustainability issues (where applicable), e.g. environmental and social factors, as part of its strategic formulation.

Delegation by the Board

Management is responsible for the day-to-day operations and administration of the Group, and works within the guidelines, policies and framework approved by the Board.

The Board Committees

To assist in the execution of its responsibilities, the Board had established 4 Board Committees namely Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Investment Committee ("**IC**"), and delegate specific areas of responsibilities to these Committees. Each of these Board Committees functions within clearly defined terms of reference, which have been approved by the Board.

The composition of the Board Committees for the financial year ended 31 December 2016 ("**FY2016**") is tabulated below:

Directors	AC	NC	R C	IC
Colin Low	Member		Member	Chairman
Tan Boon Wan	Chairman	Member		
Shabbir H Hassanbhai	Member	Chairman	Chairman	
Ng How Kiat Charlie		Member	Member	Member
Steve Lai Mun Fook				Member

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The Board recognizes that while these Board Committees have the delegated power to make decisions, execute actions or make recommendations in their specific areas respectively, and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for the decisions and actions rests with the Board. 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. In addition, the Company has an established internal policy on the types of transactions/activities and financial authorisation limits that require Board approval. These include approval of annual budgets, financial plans, financial statements, business strategies, and material transactions, such as acquisitions, divestments, funding and investment proposals. Below the Board level, there is appropriate delegation of authority and approval sub-limits at management level, to facilitate operational efficiency.

The Board and Board Committees meet regularly and whenever necessary to discharge their duties. An annual schedule of Board and Board Committee meeting dates is set by the Directors in advance.

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 with members of the Board and Board Committees are achieved through electronic means and circulation of written resolutions for approval by the Board or relevant Board Committees. 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 reviewed by the Chairman of the Board and the Chairman of the respective Board Committees. Papers and/or other information are forwarded to the Directors before each meeting with ample time for their review and perusal. Members of Management are invited to attend the meetings to present information and/or render clarification when required.

Presentations are also made by senior executives on performance of the Group's various businesses and business strategies at these meetings. This allows the Board to have a good understanding of the Group's operations and be actively engaged in robust discussions with the Group's senior executives.

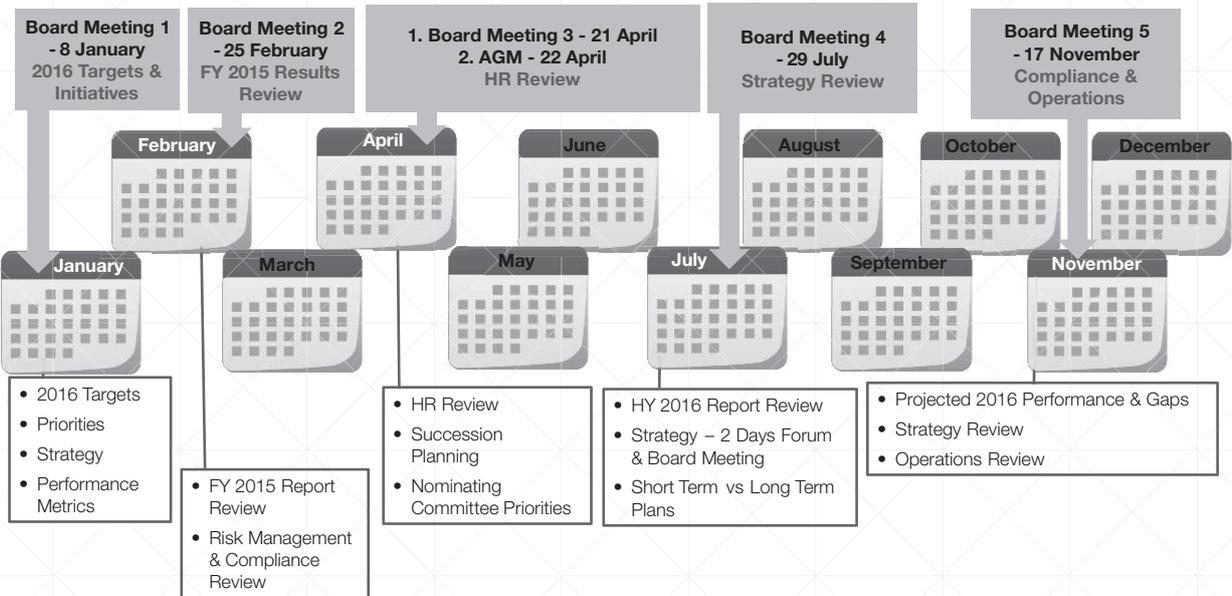
Directors are welcome to request for further explanation, briefings or discussions on any aspect of the Group's operations or business from Management. As and when required, Board members meet to exchange views outside the formal environment of Board meetings.

The number of meetings held by the Board and Board Committees and attendance records taken during FY2016 are as follows:

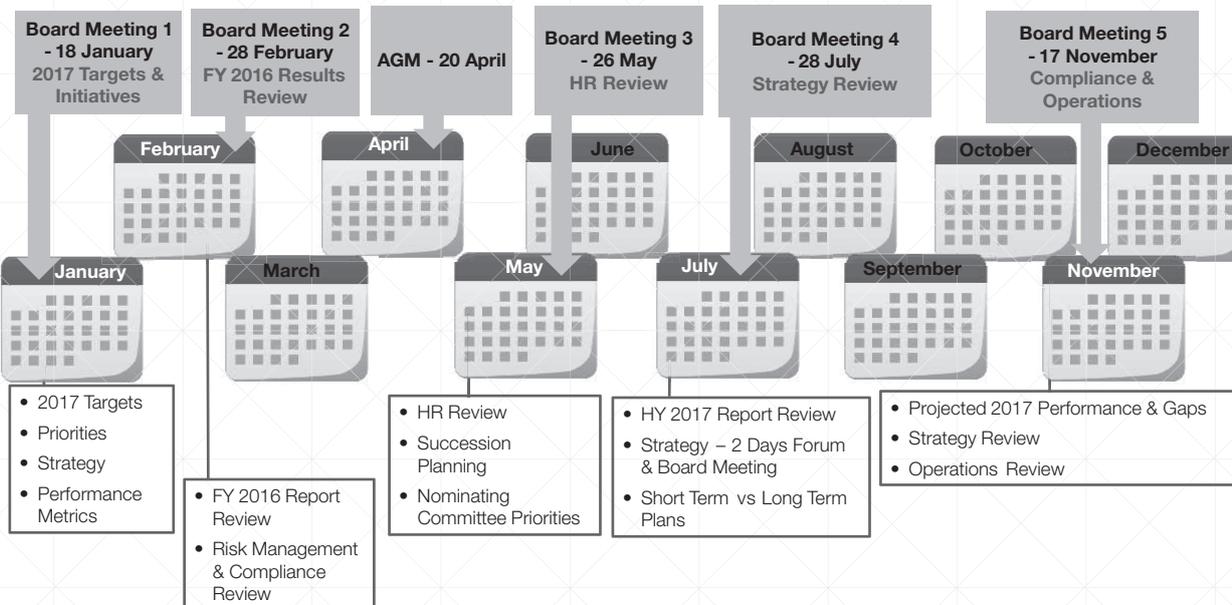
	Board	AC	NC	RC	IC
		No. of Meetings Held in FY2016			
	6	6	2	3	6
		No. of Meetings Attended			
Directors					
Colin Low	6	6	–	3	6
Tan Boon Wan	6	6	2	–	–
Shabbir H Hassanbhai	6	6	2	3	–
Ng How Kiat Charlie	6	–	2	3	6
Steve Lai Mun Fook	6	–	–	–	6
Chew Leong Chee Tony (Alternate Director to Ng How Kiat Charlie)	3	–	–	–	–
Ng San Tiong Roland (Alternate Director to Steve Lai Mun Fook)	5	–	–	–	–

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Management Operating System - 2016 Business Process & Operating Mechanisms



Management Operating System - 2017 Business Process & Operating Mechanisms



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Business Processes undertaken by the Board

The above set out the timeline of Board processes during a calendar year. In order to show the complete cycle for FY2016 Report, the processes for two calendar years, 2016 and 2017 were shown.

Typically, the Board will meet in January of each year to review budget and set financial targets for the new financial year. Key performance indicators for key management personnel (“**KMP**”) including the CEO are also deliberated and agreed at the beginning of the year.

In February, the Board will review the Group’s full year performance and Annual Report matters including the Company’s Corporate Governance Report. The adequacy and effectiveness of internal controls in the Group will be ascertained at the same time with regard to the risks management review undertaken as described under “Risk Management and Internal Controls” in this corporate governance report.

After the Company’s Annual General Meeting (“**AGM**”) in April, the Board will undertake a human resource review where discussion of KMP’s succession planning will take place. This will allow the Nominating Committee to set its priorities and look into the gaps concerning leadership within the Group, if any, both at KMP and Board levels.

In July, apart from the review of the Group’s half year performance, a forum of up to a maximum of 2 days will be organised for the Board to review its strategic planning, covering both short and long term plans. 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. The Board together with Management will discuss the mitigation or action plans in order to achieve the agreed targets.

In November, another performance gap review will be carried out where the Board and Management will fine tune the Group’s strategy going forward, if need be.

Induction, Information and Training of Director

All newly-appointed Directors attend an orientation programme to familiarize them with the Group’s business, operations and governance practices and they are also given materials containing such information. The Group’s policies and procedures are also extended 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 key executives, the Company Secretary, Auditors and Investor Relations to facilitate efficient and direct access.

Formal letters are provided to each Director upon appointment, setting out duties and responsibilities as a Director under the Companies Act, Cap. 50 (the “**Act**”) and the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

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.

During the year, the Board attended various training seminars, courses, conferences and workshops as part of the Board’s continuing development programme, which accounted for more than 100 training hours in aggregate. These include programmes conducted by the Singapore Institute of Directors, of which the Company is a corporate member. A tailored in-house orientation for Directors to refresh themselves on corporate governance was also organised by the Company during FY2016. 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, KPMG LLP, routinely update the AC on new and revised financial reporting standards applicable to the Company.

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PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Board Composition and Independent Directors

The Board comprises five Non-Executive Directors, three of whom (including the Chairman) are independent and two alternate directors.

The Non-Executive Directors exercise objective judgment 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 judgment to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors also meet regularly without presence of Management to facilitate more open discussions.

The Board comprises members with diverse expertise and experience in accounting, banking, law, marketing, fund management, business, management, finance, risk management, trading, logistics management and as a group provides core competencies necessary to lead and govern the Company effectively. The Directors' objective judgment, collective experience and knowledge are invaluable to the Group and allow for the useful exchange of ideas and views.

From time to time, 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 Board considers its current board size appropriate for effective decision-making, taking into account the scope and nature of the Group's operations.

Independence of Directors

The NC reviews annually the independence of each Director taking into account the existence of relationships or circumstances, including those provided in the Code. Each Non-Executive Director is required to complete a Confirmation of Independence form drawn up based on the Principle 2 of the Code for the NC's review and recommendation to the Board.

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 Boon Wan, has served on the Board beyond nine years from the date of his first appointment.

Dr Tan Boon Wan has served on the Board since 5 October 2004. 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 being that independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution to the Board.

The NC noted that Dr Tan has demonstrated strong independence in character and judgement over the years in discharging his duties and responsibilities as an Independent Director. He continues to express his individual viewpoint, debate on issues, objectively scrutinizes and challenges Management's proposals as well as participates actively in discussions on business activities and transactions involving conflicts of interests and other complexities. Dr Tan has served competently in his role, providing strong governance oversight to the Board from time to time.

Having considered the above and weighing the need for progressive refreshing of the Board, the NC had determined that Dr Tan's tenure had not affected his independence or ability to bring about independent and considered judgement to bear in the discharge of his duties as a member of the Board. Accordingly, the NC had recommended 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 had concurred with the NC's assessment.

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Taking into consideration the foregoing, the NC has determined Mr Colin Low, Dr Tan Boon Wan and Mr Shabbir H Hassanbhai, (who are the majority of the Board) to be independent. Each of these Directors has also confirmed their independence. Mr Charlie Ng and Dr Lai are not independent by virtue of them representing the interests of their 10% shareholders (as defined under the Code) of the Company.

PRINCIPLE 3: CHAIRMAN AND CEO

The positions of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Mr Colin Low, an Independent Director, was appointed as the Chairman of the Board on 28 April 2015. Mr Will Hoon was appointed as the CEO of the Company on 1 January 2016. The Chairman and the CEO are not related.

The Board had adopted a role statement for each of the Chairman and CEO for greater transparency.

The Chairman, Mr Colin Low, 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 strategy;
2. ensuring that the Board is properly organized, functioning effectively and meeting its obligations and responsibilities;
3. setting the agenda and ensuring adequate time is available for discussion of all agenda items, in particular, strategic issues;
4. ensuring that Directors receive accurate, complete and timely information;
5. fostering effective communication and constructive relations amongst the Directors, within Board Committees, between shareholders, between the Directors and Management;
6. encouraging the constructive exchange of views within the Board and between Board members and Management;
7. facilitating the effective contribution of Non-Executive Directors and Independent Directors;
8. promoting a culture of openness and debate at the Board level and promoting high standards of corporate governance; and
9. establishing a relationship of trust with the CEO.

The CEO is the highest-ranking executive officer of the Company and whose primary role is to effectively manage and supervise the day-to-day operations of the Group and plays a key role in running the Group's business and operations in accordance with the strategy, policies, budget and operational objectives approved by the Board.

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His responsibilities include, *inter alia*:

1. running the Company's business and developing its vision, mission, core values, strategies and business objectives;
2. providing clear and decisive leadership and guidance to employees of the Company;
3. being accountable to the Board for all aspects of the Company's administration, operations and performance;
4. providing timely strategic and operational information to the Board, including performance reports and other matters that the Board may not otherwise be aware of;
5. managing and cultivating relationships with regulators, leading communication efforts with shareholders and the public and ensuring compliance with disclosure obligations; and
6. developing an organizational structure which ensures an effective and cohesive management team.

As the roles and responsibilities of the Chairman and the CEO are separate, given that the independence of the Chairman and the strong independence element on the Board to enable the exercise of independent and objective judgment on the corporate affairs of the Group, the Board is of the view that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is based on collective decision of the Directors, without any concentration of power or influence residing in any individual. In view thereof, there is no need for the Company to have a lead independent director.

PRINCIPLE 4: BOARD MEMBERSHIP

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

Mr Shabbir H Hassanbhai (Chairman)
 Dr Tan Boon Wan
 Mr Ng How Kiat Charlie

For the year under review, the NC held two meetings and the Chairman of the NC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. Members of the NC comprise persons of stature, integrity and accountability, who are able to exercise independent judgment in the performance of their duties.

The duties of NC include:

1. identifying candidates and reviewing all nominations for the appointment or re-appointment of Directors (including Alternate Directors), the CEO of the Group, and determining the selection criteria;
2. ensuring that all Board appointees undergo an appropriate induction programme;
3. reviewing training and professional development programmes for the Board;
4. reviewing the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
5. identifying gaps in the mix of skills, experience and other qualities required in an effective Board and to nominate or recommend suitable candidates to fill these gaps;

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6. 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;
7. reviewing the independence of each Independent Director annually;
8. reviewing Board and key management personnel succession plans;
9. deciding how the Board and Board Committees' performance may be evaluated and propose objective performance criteria for the Board's approval;
10. assessing the effectiveness of the Board as a whole; and
11. identifying candidates, in consultation with the CEO of the Company, for nominee director position to the board of the Company's subsidiaries and/or associate and/or joint venture companies.

Succession Planning and Procedure for Selection and Appointment of New Directors

The NC recognizes 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 short listing, evaluating and nominating candidates for appointment as new Directors. For FY2016, there was no appointment of new Director.

The NC, in consultation with Management and the Board, determines the qualifications and expertise required or expected of a new Board member taking into account 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 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 take into account his 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 appointment having regard to his other Board appointments and principal commitments, and if he is independent.

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 appointments to Board Committees are 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 specialization.

Succession Planning for KMP

The NC also reviews the succession and leadership development plans for KMP, including the identification and management of talent among the younger staff. The NC also gives guidance to senior management on talent development in the Group with the aim of building and reinforcing leadership succession for key positions.

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Procedure for Re-appointment of Directors

The Company's Constitution provide for the retirement and re-election of Directors at every Annual General Meeting ("AGM"). The Company's Constitution require all Directors to submit themselves for re-nomination and re-election at least once every 3 years; and at least one-third of the Directors for the time being to retire from office by rotation. New Directors appointed during the year are subject to retirement and re-election at the following AGM of the Company. The NC is responsible for the nomination of retiring Directors for re-election.

In determining the nomination of a Director for re-election, the NC takes into account 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 Board Committee meetings. A Director's time and effort accorded to the Company's business and affairs will also be considered. Where appropriate, the NC will also consider the Director's independence.

Dr Tan Boon Wan and Dr Steve Lai Mun Fook would be retiring pursuant to Article 115 of the Company's Constitution at the forthcoming AGM of the Company. The retiring Directors, being eligible, had consented to continue in office and would seek re-election at the forthcoming AGM. Each of these Directors, being interested in the matter, had abstained from all discussions and recommendations in respect of their own re-election. Dr Tan is considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual. Dr Lai is not independent by virtue of him representing the interests of his 10% shareholder (as defined under the Code) of the Company.

Having regard to the above and taking into consideration the retiring Directors' attendance, participation and contribution to the business and operations of the Company as well as Board processes, the NC had recommended their nominations for re-election at the forthcoming AGM of the Company. The Board concurred with the NC's recommendation.

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. 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 will review 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 directorships and principal commitments disclosed by each Director and was of the view that the existing directorships and principal commitments of the respective Directors have not impinged on their abilities to discharge their duties. The Board concurred with the NC.

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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:

Directors	Past Directorships in other listed companies and principal commitments over the preceding three years	Present Directorships in other listed companies and principal commitments
Colin Low	Listed – OSIM International Ltd	Principal – Singapore Investment Development Corporation Pte. Ltd. and Cancer Treatment Centres of America (USA)
Tan Boon Wan	–	Listed – Hotung Investment Holdings Ltd.
Shabbir H Hassanbhai	–	Principal – Indo Straits Trading Co Pte Ltd Listed – Gateway Distriparks Limited, India and Snowman Logistics Limited, India
Ng How Kiat Charlie	–	Principal – Macondray Holdings Pte Ltd
Steve Lai Mun Fook	–	Listed – Yongmao Holdings Limited

Other key information on each Director, including their current directorship, is set out on page 5 to 6 of this Annual Report.

Alternate Directors

The Companies Act defines a “director” to include alternate director and an alternate director is therefore a full director under the law. An alternate director owes the same fiduciary duties as a full director and is subject to the same liabilities to the Company. The Company’s Constitution provides for the terms of appointment of alternate directors.

There are currently two alternate directors appointed to the Board namely Mr Chew Leong Chee Tony (alternate to Mr Ng How Kiat Charlie) and Mr Ng San Tiong Roland (alternate to Dr Steve Lai Mun Fook). Both the alternate directors are accomplished entrepreneurs and they play an active role in providing valuable guidance to the Board in the Board meetings. The alternate directors attend most of the Board meetings, notwithstanding the attendance or presence of their respective principal director.

PRINCIPLE 5: BOARD PERFORMANCE

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, which is used 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 analyzed and discussed by the NC, with comparatives from the previous year’s results and reported to the Board.

The Board performance evaluation exercise 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. Directors are encouraged to propose changes to enhance effectiveness as a whole.

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The NC also has an annual performance evaluation exercise for each of the Board Committees. The performance evaluations of the AC, NC, RC and IC are similarly carried out with questionnaires. The results are collated and the findings are analyzed and discussed by the NC, with comparatives from the previous year's results, and reported to the Board. Each individual Board member 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.

In discussing the results of the performance evaluations for FY2016, the Board and Board Committee members were able to identify areas for improving their effectiveness. The NC was generally satisfied with the FY2016 Board and Board Committees' performance evaluation results. No significant problems were identified. Board members had been engaged in more discussions and the NC together with the Board Chairman concurred that the Board had made good progress during the year. The NC had recommended that the respective Board Committee work with Management on the findings where they relate to their areas of responsibility. The NC will continue to review the evaluation process from time to time. The Board concurred with the NC's recommendation.

PRINCIPLE 6: 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, and on an on-going basis. However, sensitive matters may be tabled or discussed at Board meetings without any board papers distributed. The Board has separate and independent access to Management and the Company Secretary and where required, can obtain additional information to facilitate informed decision-making.

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 Company Secretary attends 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 periodically updates 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.

The Company has in place the 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. The appointment of such professional advisor is subject to approval by the Board.

B. REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Mr Shabbir H Hassanbhai (Chairman)

Mr Colin Low

Mr Ng How Kiat Charlie

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The Chairman of the RC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The members of the RC have many years of corporate experience and are knowledgeable in the field of human resource knowledge. In addition, the RC has access to expert professional advice on remuneration matters as and when necessary.

No remuneration consultants were engaged in FY2016.

The duties of the RC, which are defined in its terms of reference, include:

1. recommending Non-Executive Directors' fees and Executive Directors' remuneration to the Board in accordance with the approved remuneration policies and processes of the Company;
2. reviewing service contracts for the Executive Directors, 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 CEO, Executive Directors and KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group;
4. reviewing and approving the remuneration of the CEO, Executive Directors and the top 5 KMP (who are not Directors) in accordance with the approved remuneration policies and processes of the Company;
5. reviewing the eligibility of the CEO, Executive Directors 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. More information on the 2013 Scheme is set out in the Directors' Statement on page 37 to 38;
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 the year under review, the RC held three meetings. The RC also sets aside time to meet without the presence of management at each RC meeting, where necessary, to discuss matters such as the remuneration of KMP.

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.

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.

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.

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The CEO, Mr Will Hoon is remunerated as part of Management. He is under a service contract, which is for a fixed term of 3 years commencing 1 January 2016. The renewal of his service contract is subject to the approval of the Board with the prior review and endorsement by the RC.

The RC also reviews all matters concerning the remuneration of the Non-Executive Directors to ensure that remuneration commensurate with their contribution and responsibilities.

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 fees and additional fees for holding appointment as Chairman of the Board or Chairman/member of Board Committees. No Director is involved in the deliberation and decision in respect of his own individual fees. The annual quantum of Directors' fees to be paid is reviewed by the RC and the Board before submission to shareholders for approval at the Company's AGM.

The RC had also recommended that the Company sets aside a budget of S\$40,000 as travel allowance outside Singapore so that the Chairman and Directors can assist Management by visiting the target companies to better understand their operations. This would enable the Board to make a well informed decision in evaluating the targets. The Board concurred with the RC and this S\$40,000 will be part of the Directors' fees for shareholders' approval at the Company's AGM.

The Directors' fee framework remains unchanged.

During FY2016, Dr Steve Lai Mun Fook, a non-executive Director, was appointed as a Special Adviser to the KA Group of companies (referred as "the KA Group" being subsidiaries of the Group). He was nominated for the role due to his technical expertise to look at specific areas of the KA Group ranging from intellectual property strategy to new business development. The proposed remuneration for Dr Lai's Special Adviser role is S\$1,500 per day, subject to a maximum of two days per week, and is remunerated by KA Group.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The RC has recommended to the Board a total amount up to S\$440,000 (including the S\$40,000 travel allowance) as Directors' fees for the financial year ending 2017 ("FY2017"), to be paid quarterly in arrears. This would be tabled at the forthcoming AGM for shareholders' approval.

A summary compensation table of the Directors receiving remuneration from the Company for FY2016 is appended below:

Directors	Directors' Fees	Salary	Bonus	Other Benefits	Total (\$)
Colin Low	100%	–	–	–	114,875
Tan Boon Wan	100%	–	–	–	71,625
Shabbir H Hassanbhai	100%	–	–	–	86,500
Ng How Kiat Charlie	100%	–	–	–	65,875
Steve Lai Mun Fook	100%	–	–	–	49,625

CORPORATE GOVERNANCE

The disclosure of the CEO's and KMP's remuneration in bands of S\$250,000 (based on gross remuneration received and inclusive of employer's contributions to the Central Provident Fund) is set out below. The aggregate remuneration paid to the said KMP (excluding the Director and CEO) in FY2016 amounted to S\$1,266,086.

Remuneration Band & Name of CEO and KMP	Salary	Bonus	Other Benefits ⁽¹⁾	Total (S\$)
[S\$500,000 to S\$749,999]				
Will Hoon	82.11%	7.48%	10.41%	100.00%
[S\$250,000 to S\$499,999]				
Yeo Choon Tat ⁽²⁾	50.65%	5.99%	43.36%	100.00%
Soh Yong Poon	80.29%	6.69%	13.02%	100.00%
Soh Ying Sin	77.29%	6.44%	16.27%	100.00%
[Below S\$250,000]				
Lim Kim Liang ⁽³⁾	26.07%	0	73.93%	100.00%
Chua Wui Lik ⁽⁴⁾	86.70%	7.22%	6.08%	100.00%

Notes:

- (1) Other benefits refers to allowance.
- (2) Mr Yeo Choon Tat retired as GFC of the Company on 15 September 2016.
- (3) Mr Lim Kim Liang resigned as Chief Operating Officer of the Company on 26 February 2016.
- (4) Mr Chua Wui Lik was appointed as GFC of the Company on 15 September 2016 and his remuneration was pro-rated in the above table.

The Company is of the view that this 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 maximize 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.

In recognition of Mr Yeo Choon Tat's contributions to the Group, a 3-month ex-gratia payment of approximately S\$57,000 was paid to him upon his retirement.

Apart from the above, no termination, retirement and post-employment benefits were granted to the Directors, CEO and top five KMP for FY2016.

Remuneration of Employees who are Immediate Family Members of a Director or the CEO

No employee of the Group was an immediate family member of a Director or the CEO in FY2016.

Long-term Incentive Scheme

The employees of the Group, including Executive Directors, if any, 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 FY2016.

CORPORATE GOVERNANCE

C. ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board endeavors 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.

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 monthly management accounts in order that the Board may effectively discharge its duties.

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. The Group is not required to issue negative assurance confirmation statements for its full year results announcements.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibilities 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 at least annually.

The Company does not have a Risk Management Committee. However, Management 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. Management reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

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.

The Board has adopted an enterprise risk management framework. This risk framework has 4 principal risk categories, namely strategic, financial, operational and compliance risks.

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

The risk framework is reviewed regularly taking into account changes in the Group's business and operating environment as well as evolving corporate governance requirements.

The identification and management of risks are delegated to Management, who assumes ownership and day-to-day management of these risks. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the 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 being ranked according to the likelihood and consequential impact to the Group as a whole.

CORPORATE GOVERNANCE

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 more particularly set out in the Notes to the Financial Statements. These risks are monitored by the 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.

The IA presents her 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.

The external auditors report any significant deficiencies of such internal controls 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 half-yearly and annual basis, the CEO and GFC will provide a written confirmation ("**Management Assurance Letter**") 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 had 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 was aware of their responsibilities for establishing, maintaining and evaluating the 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, summarize or report financial data, or of any fraud, whether material or not.

The Board, with the concurrence of the AC, has confirmed that it has received the Management Assurance Letter duly signed by the CEO and GFC.

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 Letter signed by the CEO and the GFC, 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 2016 to address financial, operational and compliance risks, including information technology risks, which the Group considers relevant and material to its operations.

While the Board acknowledges that the system of internal controls and risk management established by Management provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it endeavors 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 judgment in decision making, human error, losses, fraud or other irregularities.

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

CORPORATE GOVERNANCE

PRINCIPLE 12: AUDIT COMMITTEE (“AC”)

The AC comprises three members, all of whom are Independent Directors:

Dr Tan Boon Wan (Chairman)
 Mr Colin Low
 Mr Shabbir H Hassanbhai

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

The Chairman of the AC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. All members of the AC have many years of experience in senior management positions in both financial and industrial sectors. 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.

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

The AC held six meetings in FY2016 and addressed the following matters, which are part of its duties as stipulated in its terms of reference:

1. 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. the financial statements of the Company and the consolidated financial statements of the Group;
3. the half-year and full year announcements of the results of the Group before submission to the Board for approval;
4. the adequacy and effectiveness of material internal controls, including financial, operational, compliance and information technology controls and risk management systems;
5. regulatory matters that may have a material impact on the financial statements, compliance policies and programmes and any reports received from regulators;
6. 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, KPMG LLP, amounted to S\$234,990 and S\$36,700 respectively.

The AC undertook a review of 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;

7. any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact to the Group’s operating results or financial position;
8. the recommendation to the Board for the appointment or re-appointment of the external auditors of the Company. The AC, with the concurrence of the Board, recommended the re-appointment of KPMG LLP, Public Accountants and Chartered Accountants, as the Company’s Auditors for the ensuing year based on their performance and quality of their audit; and

CORPORATE GOVERNANCE

9. review 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.

In performing its functions, the AC:

1. meets the external auditors and internal auditor (“IA”) (who have direct access to the AC) at least annually, without the presence of Management, and reviews the overall scope of the external audit and the assistance given by Management to the auditors. Both set 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;
2. confirms that the Company has complied with Rule 712 of the SGX-ST in that KPMG LLP is registered with the Accounting and Corporate Regulatory Authority (ACRA). The AC is satisfied that the resources and experience of KPMG 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;
3. confirms that the Company has complied with Rule 715 of the SGX-ST 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;
4. confirms that the Company has complied with Rule 716 of the SGX-ST in relation to the appointment of the different auditing firm based in Singapore to audit the financial statements of its associate, Dynamic Colours Limited. The AC, with the concurrence of the Board, is satisfied that such an appointment would not compromise the standard and effectiveness of the audit of the Company. The Group’s subsidiaries, associate and joint venture are disclosed under Note 7 and 27 of the Notes to the Financial Statements on pages 77 to 79 and 108 to 109 of the Annual Report;
5. 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
6. has full access to and cooperation of Management and the discretion to invite any Director or officer to attend its meetings.

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.

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. A summary of the policy can be found in the Company’s website. New staff who joined the Company will also be briefed of the policy. There was no whistle blowing report received for FY2016.

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

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Key Audit Matters

In the review of the financial statements, the AC has 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 matters as reported by external auditors for the financial year ended 31 December 2016.

Key audit matters	How these issues were addressed by AC
Measurement of revenue and profit in the projects business	<p>Management briefed the AC on the Group's processes for determining the percentage of completion and forecast profit margin for each project, including deriving the total budgeted project costs and budgeted costs incurred to-date.</p> <p>The AC considered the findings of the external auditor that there were no identified deviation in operating effectiveness of controls applied by the Group. The estimates and assumptions applied for recognition of revenue and profit were found to be balance and there were no errors identified in relation to calculation of estimated revenue and profit for significant projects.</p> <p>The AC was satisfied with the accounting of the Group's revenue and profit recognition for the project business.</p>
Recoverability of goodwill	<p>The AC considered the approach and methodology applied in determining the recoverable amount of KA Group, being the cash generating unit which goodwill was allocated.</p> <p>The AC received reporting from the external auditor that the assumptions and resulting estimates on the recoverable amount of KA Group (using the value in use method) were within a reasonable range of outcomes and there were no errors identified in the calculations.</p> <p>The AC was satisfied with the valuation approach, estimation of recoverable amount of the KA Group and adequacy of related disclosures in the financial statements.</p>
Valuation of contingent consideration and financial derivatives	<p>Management presented the valuation outcomes by the independent external valuer to the AC.</p> <p>The AC took into consideration the findings of the external auditor, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied by the independent external valuer to derive the valuation of contingent consideration and financial derivatives.</p> <p>The AC was satisfied with the valuation process, the methodologies used and the valuation for contingent consideration and financial derivatives as adopted and disclosed in the financial statements.</p>

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PRINCIPLE 13: INTERNAL AUDIT (“IA”)

The IA of the Company reports functionally to the Chairman of the AC and administratively to the CEO. 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 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 to identify areas for improvement where controls can be strengthened.

The IA has the relevant qualifications and experience to discharge her 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.

INVESTMENT COMMITTEE (“IC”)

With the important priorities placed by the Board on inorganic growth and enhanced financial investment returns, an Investment Committee was set up and given the mandate to conduct due assessments of all merger and acquisition opportunities as well as investment activities of the Group.

The IC comprises the following Directors, of whom one, the Chairman, is an Independent Director and the other two are Non-Executive Directors:

Mr Colin Low (Chairman)
Mr Ng How Kiat Charlie
Dr Steve Lai Mun Fook

The Chairman of the IC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The members of the IC have broad business experience, financial and investment knowledge.

In FY2016, IC had six meetings with Management of the Company and the IC’s primary role, which is outlined in its terms of reference, is to provide advisory support to Management/the Company on the following:

1. investment, merger, acquisition and disposal transactions;
2. participation in joint venture or partnership (or such similar arrangement);
3. other capital investments and financial commitments (including treasury management); and
4. Group investment and treasury management policy guidelines and related procedures/processes.

In the year under review, the Chairman of the IC had also visited a potential investment on assets centered in China with the Management.

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D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Company believes that a high standard of disclosure is key to raising the level of corporate governance. Accordingly, financial results and other material information on the Company are published through SGXNET and the corporate website of the Company in a timely manner.

The Company does not practice selective disclosure. Price-sensitive information is publicly released and results and annual reports are announced or issued within the mandatory period and are available on the Company's website. All shareholders of the Company receive the annual report and notice of AGM as well as any circular and notice of Extraordinary General Meeting. These notices are advertised in the newspaper and made available on the Group's website.

The Company welcomes the views of shareholders on matters concerning the Company and encourages shareholders' participation at shareholders' meetings. Shareholders are given ample opportunity and time 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.

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). At shareholders' meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the meetings. Relevant intermediaries as defined in Section 181 of the Act may appoint more than two proxies to attend general meetings and vote.

In support of greater transparency of the voting process, poll voting will be conducted at meetings for all resolutions proposed at the general meeting. A scrutineer is appointed to count and validate the votes cast at the meeting. The total number of votes cast for or against is also announced in the general meeting via SGXNet. Shareholders who are present in person or represented by proxies will be entitled to one vote for each share held.

Investor Engagement

The Board recognizes 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 had adopted an Investor Relations Policy to promote regular and effective communication with shareholders.

Dealings in Securities

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 has complied with its best practices on dealings in securities in accordance with Listing Rule 1207(19).

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Dividends

The Company does not have a policy on payment of dividends. The form, frequency and amount of dividends declared each year will take into consideration 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 endeavors to pay dividends and where dividends are not paid, the Company will disclose its reason(s) accordingly.

The Company did not declare any dividends for FY2016. The Company is preserving its cash reserves to pursue strategic business opportunities.

Interested Person Transactions ("IPT")

The Company has in place internal procedures 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. The Company currently does not have an IPT mandate in place. For FY2016, the AC had reviewed the IPTs and none exceeds S\$100,000. No announcement or shareholders' approval pursuant to Chapter 9 of the Listing Manual of SGX-ST was therefore required. The transactions were conducted on an arm's length basis.

MATERIAL CONTRACTS

Except as disclosed in Note 26 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 FY2016.