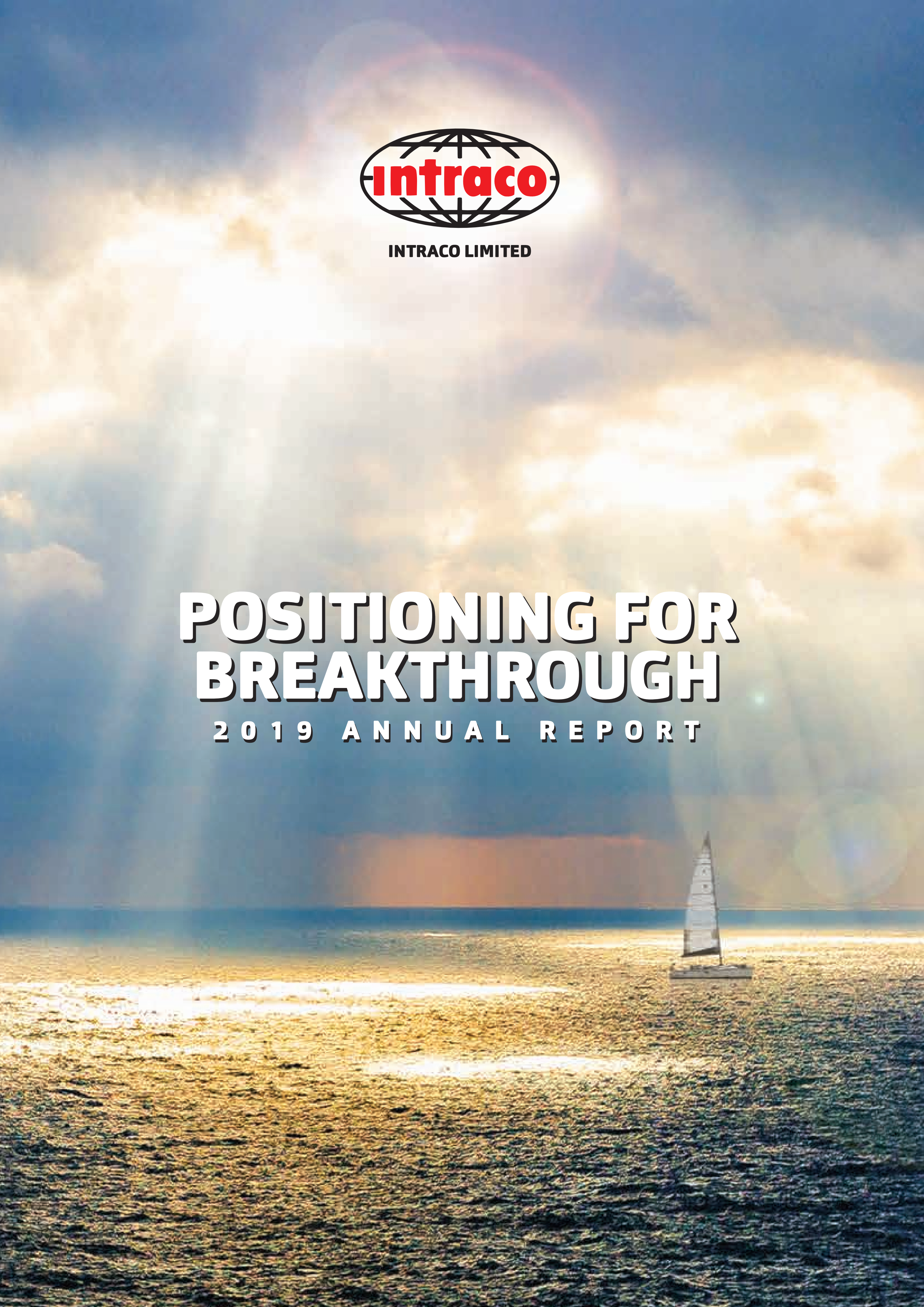


INTRACO LIMITED

POSITIONING FOR BREAKTHROUGH

2019 ANNUAL REPORT

OUR VISION

To be an investment holding company with diversified leading businesses, creating value for our stakeholders in the communities across Asia

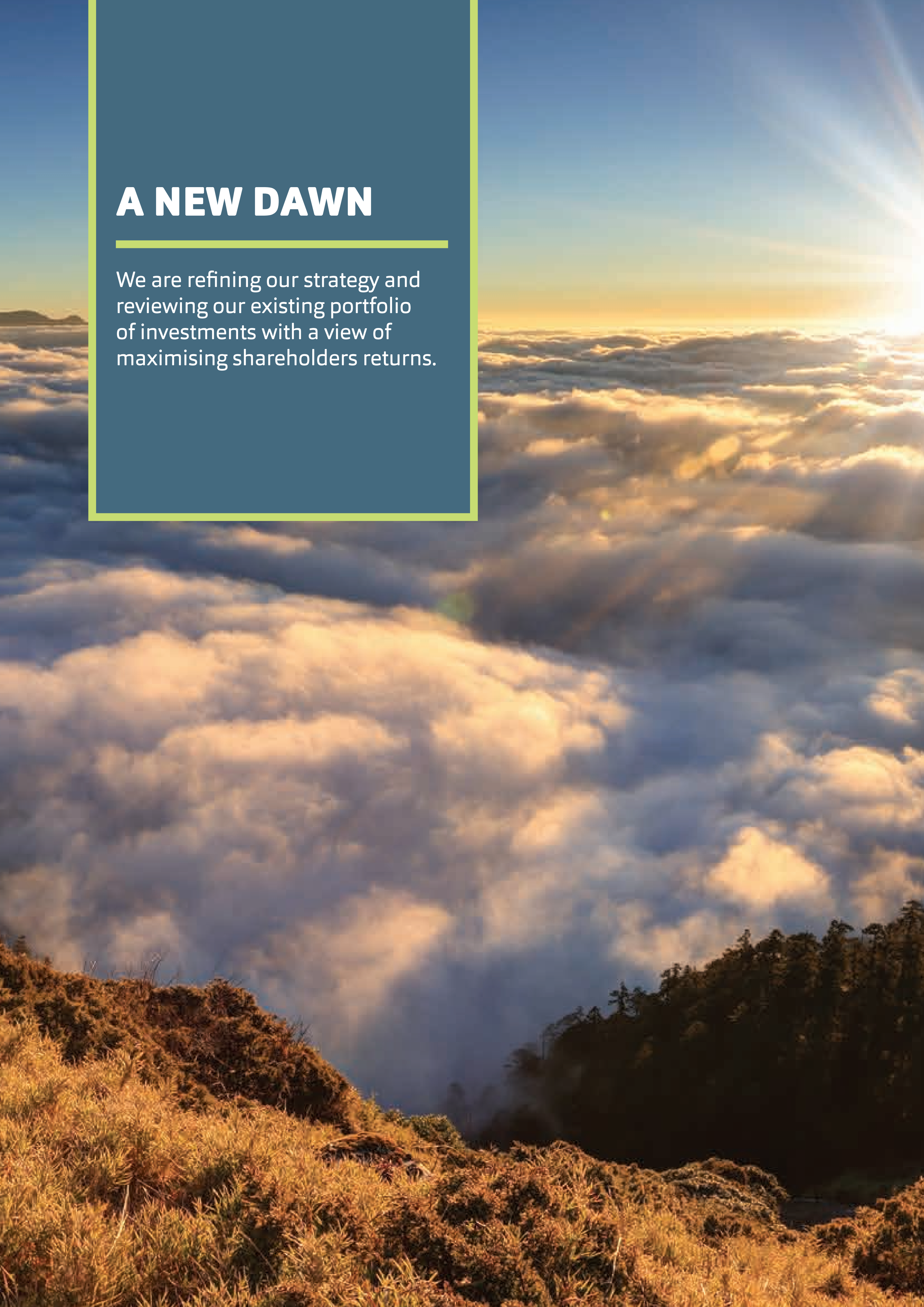
OUR MISSION

To grow our business with leadership positions in markets, industry and technology.

To achieve profitable and sustainable growth through value-add strategic and proactive management of our investments.

UPWARDS AND ONWARDS

The key to delivering long term and sustainable growth is to invest in new talents, new products and new markets. We are continuously exploring growth opportunities.



A NEW DAWN

We are refining our strategy and reviewing our existing portfolio of investments with a view of maximising shareholders returns.

CONTENTS

INTRACO IN NUMBERS

137,200,000
REVENUES

68,558,000
NET ASSET VALUE

29,333,876
MARKET CAPITALISATION

25,546,000
NET CASH

3,139
SHAREHOLDERS

131
EMPLOYEES

51
YEARS OF HISTORY

11
PERCENT GEARING

5
EXISTING BUSINESSES

2
MAJOR REGIONS

1
VISION

ABOUT INTRACO

Intraco Limited ("Intraco") was founded in 1968 by the Singapore Government and was the country's trading arm to explore overseas markets and identify new sources of raw materials. It played a key role in the growth of Singapore as a young nation, which then had to rely on an export-oriented industrialisation strategy.

Intraco has been listed on the Singapore Exchange since 1972 and for three decades from 1974 to 2003, Intraco was incorporated as part of the investment portfolio of Temasek Holdings, the state investment arm. Today, Intraco has evolved into a reputable investment holding company, with an experienced board and substantial major shareholders.

The Company invests in five lines of businesses with presence in the key emerging markets of Asia: Vietnam, Indonesia, Malaysia, Myanmar and China, in addition to its home base in Singapore.

Intraco, through its subsidiaries, associate and joint venture, is mainly engaged in: the trading of plastic resins; provision of passive fire protection services; manufacturing of heavy-duty polyethylene packaging materials and colour & modified resins compounds; provision of mobile radio infrastructure management services; and the provision of crane rental services.

The Company actively partners its portfolio companies by providing both financial and operational expertise and helping these companies chart their strategic direction and growth initiatives.

Intraco's strong regional network and culture of integrity, professionalism and performance have helped ensured an enduring brand reputation over the years.

With strengthening financials, improving liquidity and low gearing, the Company will strive to continually create shareholder value by growing the businesses in its portfolio and driving long-term growth and sustainability through new investments.

For more information, please visit www.intraco.com.sg.

MILESTONES

1968	Year of incorporation
1972	Listed on Singapore Exchange
1974	Incorporated into the portfolio of Temasek Holdings
1993	Reached all-time high market cap of S$278m
1994	Established Intraco Trading (Plastics Division)
1995	Recorded all-time high revenue of S$918m
1997	Established Intrawave
1999	Recorded all-time high PAT of S$19m
2003	Divested by Temasek Holdings
2009	Invested in Dynamic Colours
2013	Established Tat Hong Intraco JV in Myanmar
2014	Invested in K.A. Group
2019	Fifth consecutive year of profitability

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

I am pleased to report that the financial year ended 31 December 2019 ("FY2019") was another year that saw Intraco achieving profits. These are extraordinary times marked by ongoing macroeconomic and geopolitical uncertainty that continued to challenge and test the trading activities of the Group. Therefore, the performance achieved has been a result of focus and priority to continue to drive results across the Group and consistent appraisal of our entire assets and portfolio.

The Group's portfolio of diversified activities has allowed us to remain resilient in the current turbulent economic climate. The commendable performance of the Fire Protection segment, which had secured and completed more projects in FY2019, led to a 21.5% improvement in its revenue contribution. The volume-centric trading segment was continually impacted by volatility in the primary plastic resin prices that saw lower contribution that declined by 12.4%. Our investment in Dynamic Colours Limited provided significant earnings to compensate for the lower trading performance.

As an investment holding company, our long-term priority is to realign our portfolio, when possible, to reap long-term value for our shareholders. The Board and Management in its annual strategy session, a key event in the Board's calendar, provided huge insights into the heart of our business and talent pipeline. The session resulted in a tactical review of individual businesses, leading to long-term mapping of the five-year growth plans. A review of each divisional contribution and long-term fit was also made. At the same time, the Group looked at sourcing for accretive earnings and sustainable investments to add to and grow our holdings and portfolio.

Intraco's continuous efforts to adhere to the best practices in corporate governance, transparency and ethics have seen our standing in the Singapore Corporate Governance and Transparency Index ("SGTI") improve from 295 in FY2017, to 83 in FY2018, and now to 75 in FY2019.

In continuing our efforts on embracing digitisation, the Intraco Board linked up with Diligent Corporation to fully digitise its entire board and board committees meeting and annual evaluations in FY2019. The Board completed its first online evaluation that will enable us to drive towards better analytics and insights to further improve governance. The use of Diligent Board in the last two years also enabled the efficient digital management of corporate agendas, board and committees meeting minutes and real time communication updates with key management staff and company secretary.

Developing and growing talent is an area that we place great emphasis on, as part of succession planning and to support the growth of Intraco. Representing our commitment to enhance our operations and to support the current management bench strength and put in place succession plans at senior levels, the role of Chief

Operating Officer was reinstated. Mr Edmond Lee, who is the Senior Vice President of the Plastics Division, was identified and appointed to this role in March 2020, and will concurrently head his current function managing the Group's Trading business.

Our aim is to ensure the sustainability of our Group and the businesses we operate, while charting our path for the future. Leveraging on the deep experience of our Board, we will remain vigilant for opportunities to refresh our portfolio and enhance the value for shareholders. With the outbreak of COVID-19 earlier this year in 2020, new operating challenges have emerged that will impact global economies and supply chains. The Company will work on improving operational efficiencies and put in place crisis management, whilst engaging on stricter financial discipline to weather through these exceptionally challenging times.

On behalf of my Board and colleagues at Intraco Limited, I would like to thank the Management and staff of the Group for their invaluable contributions and efforts over the past year. I also wish to acknowledge my fellow Board members for their wise counsel and support. A special thank you to our shareholders and your unwavering loyalty and support.

COLIN LOW
Chairman of the Board
Intraco Limited

CEO'S STATEMENT

Dear Valued Shareholders,

2019 proved yet to be another demanding year, where the global economy continued to face headwinds in the form of rising trade tensions and related uncertainties that weighed on business sentiments and activities globally.

MAINTAINING PROFITABILITY AMID CHALLENGING CIRCUMSTANCES

In spite of these conditions, Intraco achieved another year of profitability with all five business lines again posting positive operating profits.

Revenue for FY2019 however slipped 10.8% from S$153.9 million in the previous year ("FY2018") to SS$137.2 million. This was mainly attributable to the decline at Intraco Trading where polymer prices fell by over 20% in spite of the 1.5% increase in volume. FY2019 profit after tax fell 64.1% year-on-year from S$2.5 million to S$1.0 million mainly due to the absence of one-off gains in 2019.

The Group's balance sheet remained robust with a net cash of S$25.6 million as at 31 December 2019, indicating capacity for further organic and inorganic growth. Earnings per share stood at 0.97 cents, while Net Asset Value per share was 66.0 cents and gearing ratio was 11.1%.

PRESSING NEED FOR A GROWTH CATALYST

The results in the past year highlighted some of the challenges besetting the existing businesses. Numerous initiatives were introduced during the year to achieve organic growth with a view of building our regional presence in South East Asia. Like all businesses, this however will take time before these initiatives yield results. The existing businesses remain important and Management continues to try and identify value seeking opportunities in our current assets and portfolio.

LAYING A SOLID FOUNDATION FOR THE FUTURE

Intraco has been seeking to transform its portfolio of investments for a number of years and the belief is that streamlining the diverse businesses can be a critical part of Intraco's transformation process. Having fewer businesses will allow Management to focus on developing greater synergies and maximising the full potential for each business.

It is my belief that we need to manage our reliance on the core trading business, which generates low margins. To this end, we are looking to invest in newer, more defensible and higher growth sectors, which would complement and bolster the performance of existing businesses and serve as a platform on which to drive more sustainable growth.

Intraco is in a good position with cash, limited debt and a rich history. The Company has the capacity to achieve much more. Whilst the Company's role and purpose have evolved over the years, it is certainly taking steps, albeit slowly, in the right direction. To that end, with the right opportunities and timing, I am optimistic on delivering a breakthrough in 2020.

CONCLUSION AND APPRECIATION

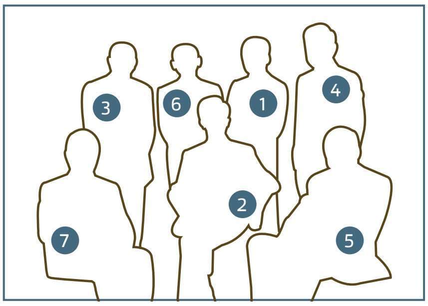
In closing, I would like to express my sincere appreciation to our Board of Directors, colleagues and business partners for their relentless efforts and unwavering support to Intraco. A special thank you to our shareholders for your long-term support in this journey of growth and transformation.

NICHOLAS YOONG
Chief Executive Officer
Intraco Limited

TRANSFORMATION

We are embarking on a new journey and charting the course for the next 50 years. Our focus will be on the existing sectors we operate in and potentially new high-growth and non-capital intensive sectors in South East Asia where we see opportunities for growth and value. This is determined by our resources, strengths and capabilities.

BOARD OF DIRECTORS



1. **MR COLIN LOW**
   Chairman and Independent Director
2. **DR TAN BOON WAN**
   Independent Director
3. **MR SHABBIR H HASSANBHAI**
   Independent Director
4. **MR CHARLIE NG HOW KIAT**
   Non-Executive Director
5. **MR TONY CHEW LEONG CHEE**
   (Alternate Director to Mr Charlie Ng How Kiat)
6. **DR STEVE LAI MUN FOOK**
   Non-Executive Director
7. **MR ROLAND NG SAN TIONG**
   (Alternate Director to Dr Steve Lai Mun Fook)

BOARD OF DIRECTORS

MR COLIN LOW

Chairman and Independent Director

Mr Low joined the Board of Intraco on 1 March 2014 as Vice-Chairman and Independent Director and was appointed as Chairman of the Board on 28 April 2015. He is also the Chairman of the Investment Committee and a member of the Audit and Remuneration Committees. Mr Low was last re-elected as Chairman at the Annual General Meeting on 18 April 2019.

Mr Low is currently the Chairman of a boutique private equity and investment advisory firm, Singapore Investment Development Corporation (SIDC), investing in high growth companies involved in technology, intellectual property and industrial solutions and services across the Asia Pacific region.

Prior to SIDC, Mr Low held several key positions at General Electric ("GE"), where he served as President & Regional Executive of GE Group in South East Asia including GE Capital, GE Technology Infrastructure, GE Energy Infrastructure, GE Home Solutions and NBC Universal. He was also a Board Director of GE International financial and investment holding group for the Asia Pacific region, GE Pacific Pte Ltd, from 2005 to 2010. He was board director for GE Capital – Real Estate in Asia, and CNBC in China. In his early career at GE, he was the Managing Director & General Manager of GE Aviation – Aircraft Engines.

Mr Low holds several key board positions including AET Tankers Pte Ltd, a global petroleum crude and petrochemical tanker shipping and tanker management corporation with key operations across North and South America (Houston and Galveston TX, USA; and Rio De Janeiro, Brazil), Europe and Middle East operations (London & Norway); Asia Pacific operations including ASEAN. He is the Senior Advisor and Board Director for BLG Capital Advisors Asia, a global healthcare, real estate, technology and private equity investment company covering the Asia Pacific investment portfolio. Mr Low is also an ASEAN Council Member of INSEAD University (since 2008). He was conferred as a Certified International Board Director by INSEAD University in 2013. He is a current Fellow of the Singapore Institute of Directors.

Mr Low holds a Bachelor of Science in Management (Honours), Bachelor of Science in Marketing (Honours) and a Masters in Business Administration from Southern Illinois University Carbondale, USA.

BOARD OF DIRECTORS

DR TAN BOON WAN
Independent Director

Dr Tan has been an Independent Director of the Board since 5 October 2004. He serves as the Chairman of Audit Committee and a member of Nominating Committee. Dr Tan was last re-elected as a Director at the Annual General Meeting on 18 April 2019.

Dr Tan was a Member of Parliament for the Ang Mo Kio GRC from 1997 to 2006, during which he served on the Government Parliamentary Committees for Education; Finance and Trade & Industry; and Information, Communication and the Arts. He was awarded the Public Service Medal ("PBM") in 1993 for his contributions to the community.

He was previously an independent director of Hotung Investment Holdings Limited from 2012 to 2018, a company listed on SGX-ST.

He also sits on the boards of Provenance Capital Pte Ltd and Sebrina Holdings Pte Ltd.

Dr Tan holds a Doctorate in Mathematical Physics and Master's degree in Management from Imperial College at the University of London.

MR SHABBIR H HASSANBHAI
Independent Director

Mr Hassanbhai was appointed to the Board as an Independent Director on 16 August 2013. He is Chairman of both the Remuneration and Nominating Committees and a member of the Audit Committee. Mr Hassanbhai was last re-elected as a Director at the Annual General Meeting on 12 April 2018.

Mr Hassanbhai serves as a Non-Executive Director in Dynamic Colours Limited. He also serves on the boards of his own companies in Singapore and the Middle East and as an Independent Director and Chairman of the Audit, Nomination and Remuneration Committees at listed India-based companies Gateway Distriparks Limited – a multi-modal container and rail company; and Snowman Logistics Limited – temperature controlled logistics services provider. In addition to his corporate role, he is also active in non-profit and educational organisations in Singapore among which he is a Trustee of the Singapore Indian Development Association (SINDA); Trustee of Singapore Indian Fine Arts; on the Boards of ITE Education Services (Subsidiary of Institute of Technical Education) and MENDAKI Social Enterprise Network Singapore Pte Ltd; and Chairman of the Andhra Pradesh-Singapore Business Council, Singapore Business Federation.

Mr Hassanbhai was conferred the Public Service Medal (PBM) in 2010 and awarded the distinguished Long Service Award by the Ministry of Community Development, Youth and Sports (MCYS) in 2011 for his invaluable volunteer service to the community and awarded a medal for service to education from the Ministry of Education in 2014. In 2017, he received the Business Recognition Award for business development in Africa, Middle East and mentoring family businesses from the Singapore Business Federation. He was Singapore's Non-Resident High Commissioner to Federal Republic of Nigeria from 2008 to 2017.

Mr Hassanbhai is a Fellow of the Chartered Management Institute (CMI) and a Member of the Association of Chartered Certified Accountants (ACCA).

BOARD OF DIRECTORS

MR CHARLIE NG HOW KIAT

Non-Executive Director

Mr Ng was appointed to the Board as a Non-Executive Director on 22 November 2012. He is a member of the Remuneration, Nominating and Investment Committees. Mr Ng was last re-elected as a Director at the Annual General Meeting on 12 April 2018.

Mr Ng is the Managing Director of Asia Resource Corporation Pte Ltd and serves on the boards of several of its subsidiaries. He is also the President and Executive Director of Macondray Holdings Pte Ltd, a subsidiary of Asia Resource Corporation Pte Ltd, with investments in Indo-China and China.

He held previous senior appointments in SGX-listed Boustead Singapore Ltd and Easycall International Ltd, where he was responsible for investment and corporate development functions.

Mr Ng graduated from National University of Singapore in 1994 with a Business Administration degree.

MR TONY CHEW LEONG CHEE

Alternate Director to Mr Charlie Ng How Kiat

Mr Chew was appointed to the Board as an Alternate Director to Mr Charlie Ng How Kiat on 7 December 2012.

Mr Chew is Executive Chairman of Asia Resource Corporation which has diversified business interests in the Asian Region. He is also Chairman of Macondray Holdings Pte Ltd, and board member of Heineken Myanmar Limited, Grand Royal Myanmar Ltd, Cycle & Carriage Automobile Myanmar Co Ltd and KFC Vietnam Company.

Companies which he founded or led include Pepsi-Cola Vietnam, KFC Vietnam, JetStar Asia Ltd, Myanmar Airways International, Pepsi-Cola Philippines, Del Monte Pacific Ltd, RHB-Cathay Securities, Sterling Tobacco Corporation, Hua Feng Paper Mill, International Beverages Trading Company (Myanmar), Cycle & Carriage Automobile Myanmar Co Ltd, Heineken Myanmar, etc. He also served on boards of SGX-listed companies including Keppel Corporation, Keppel Tat-Lee Bank, Keppel Bank, CapitaLand Commercial and Del Monte Pacific.

In Singapore, he plays an active role in promoting regional businesses, having served as Chairman of Singapore Business Federation, Network Indonesia, Vietnam Business Club; Board Member of Singapore Trade Development Board, Economic Review Sub-Committee on Entrepreneurship & Internationalisation, Regional Business Forum, and ASEAN Business Advisory Council. He was also Member of the Economic Strategies Committee, National Productivity and Continuing Education Council, and founding Chairman of Duke-NUS Graduate Medical School Singapore.

He is currently Co-Chairman of ACCORD Employers & Business Council, Board Member of Singapore Health Services, Member of Chinese Development Assistance Council Board of Trustees, and Advisor to Singapore Institute of International Affairs. He was conferred the Singapore National Day Meritorious Service Medal (2013), Public Service Star (2008) and Public Service Medal (2001), as well as NUS Outstanding Service Award 2011, SG50 Outstanding Chinese Business Pioneers Award (2015) and SBF Appreciation Award 2017.

BOARD OF DIRECTORS

DR STEVE LAI MUN FOOK
Non-Executive Director

Dr Lai was appointed to the Board as a Non-Executive Director on 28 April 2015. He is a member of the Investment Committee and was last re-elected as a Director at the Annual General Meeting on 20 April 2017.

Dr Lai currently sits on the Board of Yongmao Holdings Limited, 3dsense Media School Pte Ltd and Singapore Institute of Power & Gas Pte Ltd.

Dr Lai was the Chief Executive Officer of PSB Academy Pte Ltd from November 2007 to August 2012, and was previously the Deputy Chief Executive Officer of TUV SUD PSB Corporation and PSB Corporation Pte Ltd from April 2006 to March 2007 and from April 2001 to March 2006, respectively. He was also the General Manager (Standards & Technology) of Singapore Productivity & Standards Board from April 1996 to March 1998.

For his contributions to eco-labelling and the environmental movement, Dr Lai was given the Singapore Ministry of the Environment's Green Lead Award (Individual), and he also received the Silver Public Service Award in 1997.

Dr Lai holds a Bachelor of Science (Honours) in Industrial Chemistry and a PhD from the Loughborough University, United Kingdom.

MR ROLAND NG SAN TIONG
Alternate Director to Dr Steve Lai Mun Fook

Mr Ng was appointed to the Board as an Alternate Director to Dr Steve Lai Mun Fook on 28 April 2015.

Mr Ng is the Managing Director of one of the world's largest crane rental company Tat Hong Holdings Ltd and he is vastly experienced in the areas of corporate management, business development and business management. He sits on the board of Tat Hong Holdings Ltd as well as its regional subsidiaries and associates across Malaysia, Indonesia, Australia and China. He is also currently a Director on the Board of the publicly listed company Yongmao Holdings Limited, a tower crane manufacturer.

In addition, Mr Ng is the President of the Singapore Chinese Chamber of Commerce & Industry (SCCCI), a member on the Board of Directors of the Business China and a member on the Board of Trustees of the Chinese Development Assistance Council (CDAC).

Mr Ng graduated with a Bachelor of Science (Honours) Degree from Loughborough University, College of Technology, in the United Kingdom. He was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 2002 and Bintang Bakti Masyarakat (Public Service Star) in 2010 by the President of Republic of Singapore. In September 2015, Mr Ng was appointed as the Justice of the Peace by the President of the Republic of Singapore.

INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

DR STEVE LAI MUN FOK ("DR LAI"), 69

Date of Appointment
28 April 2015

Date of last re-appointment (if applicable)
20 April 2017

Country of principal residence
Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)

The re-election of Dr Lai as Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Dr Lai's attendance, participation and contribution to the business and operations of the Company as well as Board processes

Whether appointment is executive, and if so, the area of responsibility

No

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)

Non-Executive Director and a member of the Investment Committee.

Professional qualifications

- Bachelor of Science in Industrial Chemistry
- PhD from the Loughborough University of Technology, United Kingdom

Working experience and occupation(s) during the past 10 years

Dr Lai currently sits on the Board of Yongmao Holdings Limited, 3dsense Media School Pte Ltd and Singapore Institute of Power & Gas Pte Ltd.

Dr Lai was the Chief Executive Officer of PSB Academy from November 2007 to August 2012, and was previously the Deputy Chief Executive Officer of TUV SUD PSB Corporation and PSB Corporation from April 2006 to March 2007 and from April 2001 to March 2006, respectively. He was also the General Manager (Standards & Technology) of Singapore Productivity & Standards Board from April 1996 to March 1998.

Shareholding interest in the listed issuer and its subsidiaries

Nil

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries

Nil

Conflict of interest (including any competing business)

Nil

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer

Yes

Other Principal Commitments* Including Directorships#

* "Principal Commitments" has the same meaning as defined in the Code.

These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)

Past (for the last 5 years)

Past Directorships:

- Singapore Test Services Pte Ltd

Present

Present Directorships:

- Yongmao Holdings Ltd
- 3dense Media School Pte Ltd
- Singapore Institute of Power and Gas Pte Ltd
- K.A. Fabric Shutters Pte Ltd
- K.A. Building Construction Pte Ltd
- K.A. Group Holdings Pte Ltd
- K.A. Firelite Pte Ltd
- K.A. Fireproofing Pte Ltd

INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

MR CHARLIE NG HOW KIAT ("MR NG"), 49

Date of Appointment
22 November 2012

Date of last re-appointment (if applicable)
12 April 2018

Country of principal residence
Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)

The re-election of Mr Ng as Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Ng's attendance, participation and contribution to the business and operations of the Company as well as Board processes.

Whether appointment is executive, and if so, the area of responsibility

No

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)

Non-Executive Director and a member of the Nominating Committee, Remuneration Committee and Investment Committee.

Professional qualifications

- Business Administration Degree

Working experience and occupation(s) during the past 10 years

Mr Ng is the Managing Director of Asia Resource Corporation Pte Ltd and serves on the boards of several of its subsidiaries. He is also the President and Executive Director of Macondray Holdings Pte Ltd, a subsidiary of Asia Resource Corporation Pte Ltd, with investments in Indo-China and China.

He held previous senior appointments in SGX-listed Boustead Singapore Ltd and Easycall International Ltd, where he was responsible for investment and corporate development functions.

Shareholding interest in the listed issuer and its subsidiaries

Nil

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries

Nil

Conflict of interest (including any competing business)

Nil

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer

Yes

Other Principal Commitments* Including Directorships#

* "Principal Commitments" has the same meaning as defined in the Code.

\# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)

Past (for the last 5 years)

Past Directorships:

- Nil

Present

Principal Commitment:

- Macondray Holdings Pte. Ltd.

Present Directorships:

- Alliance Asia Enterprise Pte. Ltd.
- Allied Invest Myanmar Services Co., Ltd
- Allied Invest Pte. Ltd.
- Amtrek Investment Pte Ltd
- Andaman Alliance Healthcare Limited
- Asia Resource Corporation Pte Ltd
- AAH Healthcare Pte Ltd
- GL-AMMK Company Limited
- Grand Royal Group International Company Limited
- Heineken Myanmar Limited
- K.A. Fabric Shutters Pte Ltd
- K.A. Building Construction Pte Ltd
- K.A. Group Holdings Pte Ltd
- K.A. Firelite Pte Ltd
- K.A. Fireproofing Pte Ltd
- K.A. Vermiculite Sdn Bhd
- Macondray Company Limited
- Macondray & Company, Inc
- Macondray Corporation Pte Ltd
- Macondray Healthcare Pte. Ltd.
- Macondray Investment Pte. Ltd.
- Macondray Pacific Pte. Ltd.
- Macondray Properties Pte. Ltd.
- MCI Investments Pte. Ltd.
- Myanmar Supply Chain and Marketing Services Company Limited
- O2 Asia Ventures Pte. Ltd.
- Pontirep Investment Pte. Ltd.
- Representations International Pte Ltd
- Tianjin Summer Palace Winery and Distillery Co., Ltd.

INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?

(c) Whether there is any unsatisfied judgment against him?

(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?

(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?

(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?

(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

Dr Steve Lai and Mr Charlie Ng have individually given a negative disclosure on each of the above items (a) to (k).

Disclosure applicable to the appointment of Director only.

Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

Not applicable for each of Dr Steve Lai and Mr Charlie Ng as this is a re-election of Director.

KEY MANAGEMENT

MR NICHOLAS YOONG SWIE LEONG
Chief Executive Officer

Mr Yoong is the Chief Executive Officer ("CEO") of SGX Mainboard-listed, Intraco Limited. He started his career with Arthur Andersen before spending almost a decade at the London offices of two major international accounting firms, working on transaction advisory assignments across Europe, specialising in turnaround and restructuring.

He returned to Singapore in 2010 as Executive Director with Ernst & Young before joining boutique restructuring firm, Borrelli Walsh as Director. In 2013, he moved into corporate as Chief Operating Officer at Taylor's Education Pte Ltd (Singapore), one of the largest private education companies in South East Asia, where he was responsible for overseeing the Group's overseas investments, international expansion and corporate finance.

Mr Yoong graduated from University of Cambridge where he received a Sime Darby scholarship. He was also a British Chevening scholar at the University of Warwick and a Malaysian Institute of Certified Public Accountants ("MICPA") scholar at the University of Malaya.

MR MAX TAY BOON ZHUAN
Chief Financial Officer

Mr Tay is the Chief Financial Officer ("CFO") of Intraco Limited. Reporting directly to the CEO, Mr Tay is responsible for all matters related to the financial and accounting functions including the review and implementation of corporate policies, regulatory compliance, risk management, financial planning and analysis, taxation, management accounting, budgeting, forecasting and corporate secretarial matters. Mr Tay was previously the CFO of Heatec Jietong Holdings Ltd. ("Heatec"), a market leader in piping and heat exchanger services for the marine and oil and gas industries, listed on the Singapore Exchange.

Prior to joining Heatec, Mr Tay was Head of Internal Audit for China Yuchai International Limited ("CYI"). Listed on the New York Stock Exchange, CYI is the largest diesel engine manufacturer in China and the major subsidiary of Hong Leong Asia, which is listed on the Singapore Exchange.

In addition, Mr Tay spent 11 years with PwC (including two years in Sydney) and two other leading accounting firms specialising in accounting, payroll, business advisory and assurance services.

Mr Tay attended Raffles Institution and Raffles Junior College; and graduated from Nanyang Technological University with a Bachelor in Accountancy degree (First Class Honours). He is also a qualified Chartered Accountant from both the Institute of Chartered Accountants in Australia ("ICAA") and the Institute of Singapore Chartered Accountants ("ISCA"). He holds an ASEAN CPA certification.

KEY MANAGEMENT

MR EDMOND LEE

Chief Operating Officer
(Appointed on 1 March 2020)

Mr Lee was Senior Vice President, Plastics Division for Intraco Trading Pte Ltd before he was promoted to Chief Operating Officer of Intraco Limited.

He has approximately three decades of sourcing and procurement experience in the petrochemicals and packaging sectors. He spent approximately three years with Chevron-Phillips prior to joining GE (Plastics) where he spent 14 years rising up to Sourcing Director for South East Asia and Australia. Throughout his stint with GE, he established the procurement function, developed production-sales-inventory optimisation models (to maximise margins) and delivered substantial cost savings from integrating new business acquisitions. As Pacific Sourcing Quality Leader in GE, he implemented procurement software solutions as well as automated the new global raw material introduction process.

At his most recent role as Director of Asia Peak Pte Ltd, the Asia Pacific sourcing and procurement arm of Pact Group (the largest manufacturer of rigid plastic packaging products in Australia & New Zealand), Mr Lee was responsible for leading the growth strategy for Pact Group in Asia. He also has vast management experience in managing teams of over 100 people across Australasia in his roles at GE and Asia Peak.

Mr Lee graduated with a bachelor's degree (honours) in Economics and Law from the University of London.

MR PETER TAN

Senior Vice President
Corporate Development

Mr Tan is Senior Vice President of Corporate Development. He started his career at Silicon Valley, USA at Sun Microsystems, as a product engineer before moving into corporate planning and business management. Over the years, he has held senior roles in corporate planning, strategy, mergers and acquisitions, corporate finance, business development and business operations at major organisations such as U.S. multinational companies and Singapore based companies in the technology, financial services and healthcare sectors. He has lived for over 10 years in the United States, six years in Hong Kong and the rest in Singapore.

He has substantial experience in the deals, start-up and corporate ventures space and has helped manage a portfolio of strategic ventures on behalf of a major organisation.

Mr Tan graduated with a bachelor's degree from the Massachusetts Institute of Technology and a master's degree from the University of Chicago Graduate School of Business.

KEY MANAGEMENT

MR SOH YONG POON

Chief Executive Officer, K.A. Group,
a subsidiary of Intraco Limited

Mr Soh is the founder of K.A. Group, a business he started in 1987 after identifying the huge potential for specialised fire proofing products and solutions in Singapore's burgeoning construction industry in the 1980s.

Under his stewardship, K.A. Group is today one of the market leaders in niche building materials in Singapore.

In September 2014, K.A. Group became a subsidiary of Intraco when the latter took a majority stake in the company.

Mr Soh is responsible for recommending its strategic direction as well as steering K.A. Group towards achieving its corporate objectives and goals. He continues to be responsible for product development.

MS CAREN SOH YING SIN

Chief Operating Officer, K.A. Group,
a subsidiary of Intraco Limited

Ms Soh has been with K.A. Group since 2008.

She is overall in charge of business development, including strategies to increase sales of the company's proprietary and agency fire-proofing products and solutions.

She is also responsible for establishing a strong customer base and maintaining the company's market share in Singapore.

In addition, Ms Soh oversees the day-to-day operations of the company and works closely with various regulatory agencies as well as suppliers.

Ms Soh majored in management at the University of London, where she graduated with a Bachelor of Science Management. She also holds a Master of Science (Wealth Management) from Singapore Management University.

KEY MANAGEMENT

INTRACO GROUP OF COMPANIES ORGANISATIONAL CHART

NICHOLAS YOONG
Chief Executive Officer

EDMOND LEE
Chief Operating Officer

MAX TAY
Chief Financial Officer

INTRACO LIMITED

- Corporate Development: **Peter Tan**, Senior Vice President
- Internal Audit: **Leonard Loh**, Manager
- Information Systems: **Yong Chin Kuo**, Manager
- HR & Admin: **Wong Shin Shin**, Manager

INTRACO TRADING

- ITPL: **Steve Sheu**, Senior Manager
- ITPL: **Monica Tran**, Country Manager, Vietnam
- ITPL: **Raymond Yee**, GM SE Asia

K.A. GROUP

- K.A. Group: **Soh Yong Poon**, CEO
- K.A. Group: **Caren Soh**, COO

INTRAWAVE

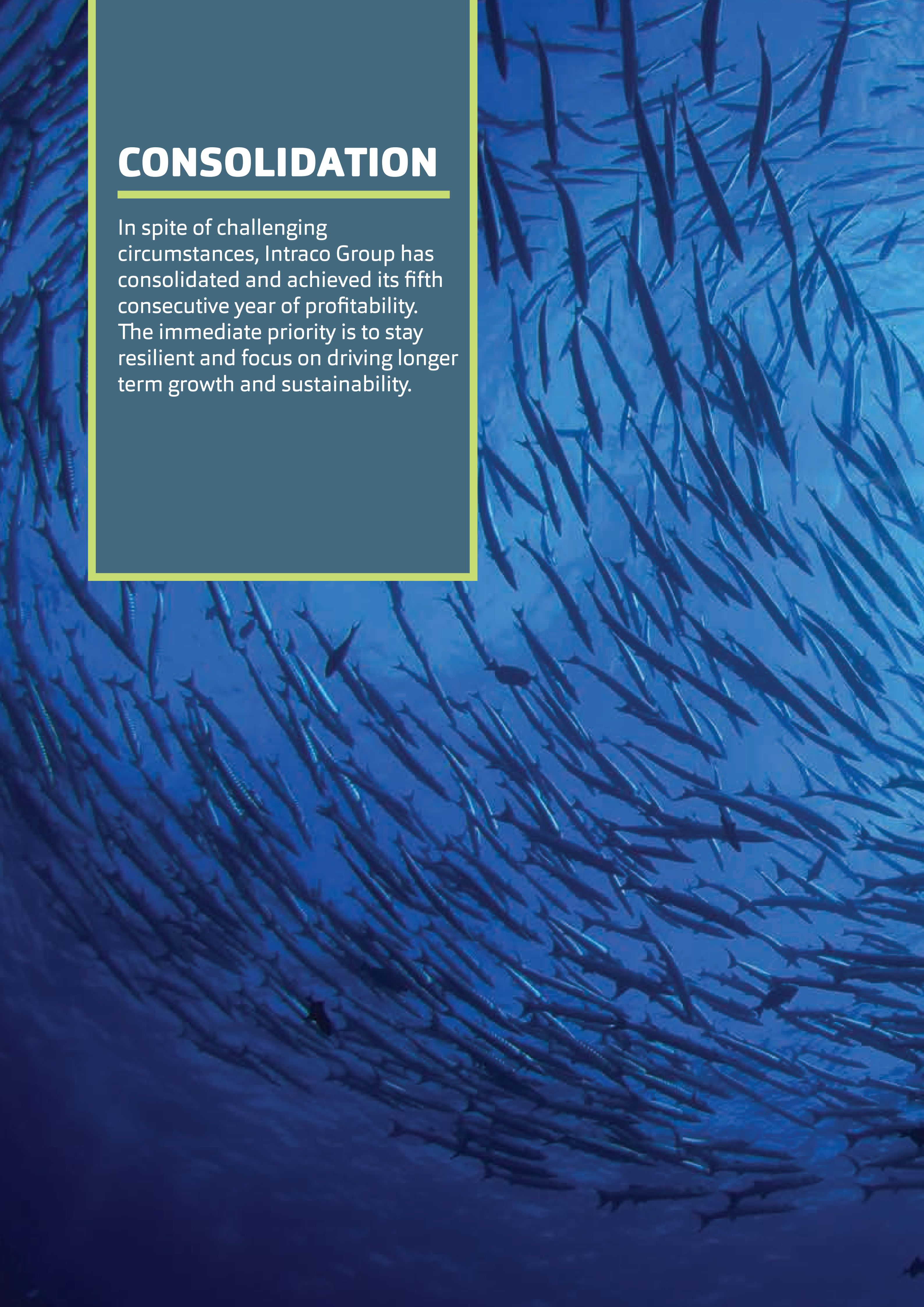
- Intrawave: **Chua Kok Ping**, Project Manager

TAT HONG INTRACO

- Tat Hong Intraco: **Maung Maung Lay**, General Manager

DYNAMIC COLOURS LIMITED

- Dynamic Colours Limited: **Associate Company**

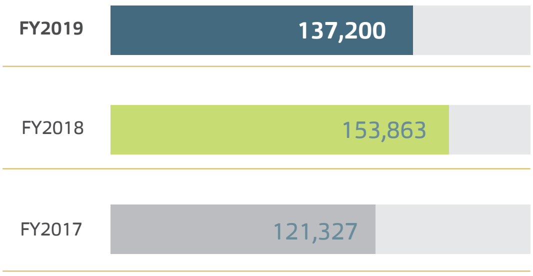


CONSOLIDATION

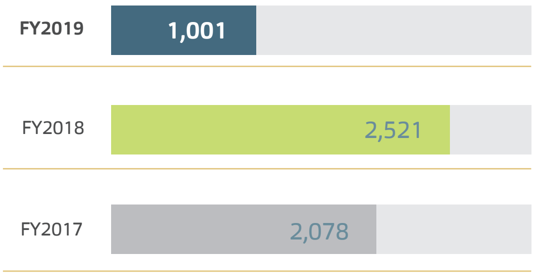
In spite of challenging circumstances, Intraco Group has consolidated and achieved its fifth consecutive year of profitability. The immediate priority is to stay resilient and focus on driving longer term growth and sustainability.

FINANCIAL HIGHLIGHTS

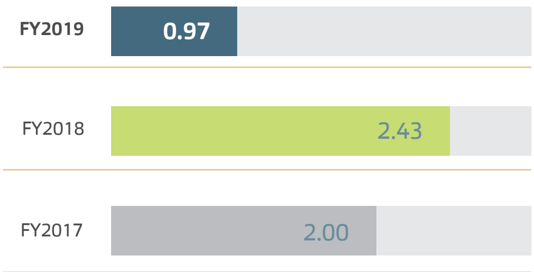
REVENUE *(S$'000)*



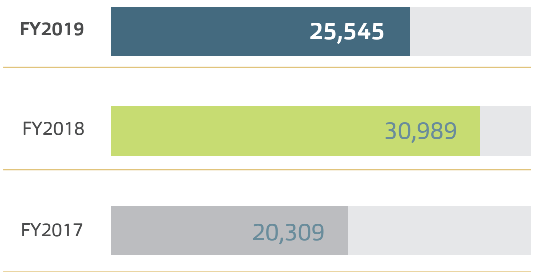
PROFIT AFTER TAX *(S$'000)*



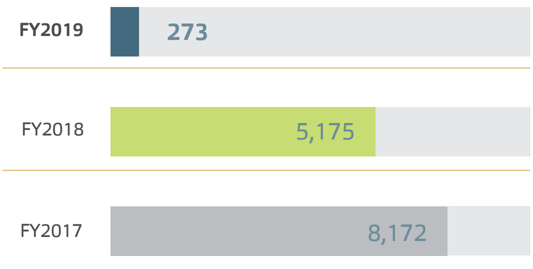
EARNINGS PER SHARE *($ cents)*



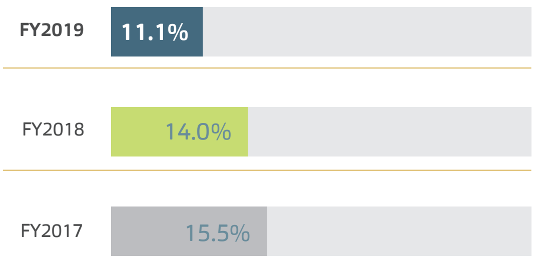
NET CASH *(S$'000)*



OPERATING CASH FLOW *(S$'000)*



GEARING *(%)*



OPERATIONS AND FINANCIAL REVIEW

OPERATIONS REVIEW

For the year ended 31 December 2019 ("FY2019"), the Group focused on consolidation and financial discipline amidst a tough operating environment across all segments. All five businesses remained profitable in FY2019 and overall results remained resilient with KA and DCL performing substantially better. The primary factors contributing to the decline in Net Profit After Tax ("PAT") (FY2019: S$1.0 million) compared to FY2018 (S$2.5 million) were the absence of profits from one-off gains in FY2018, 4G Upgrade Project of the North East MRT Line ("NEL") which was completed in FY2018 by INW and the weaker contribution from ITPL due to the adverse impact of the continued US-China trade war.

K.A. Group ("KA")

K.A.'s revenues and profitability improved by 21.5% and 63.9% respectively in FY2019 as a result of both new contract wins and cost control. The business kicked off the year with a relatively strong order book and it continued to secure a number of major projects during the year. Gross margins held steady whilst net margins improved on the back of cost cutting measures. The order book as at the end of FY2019 was reasonably strong although the realisation of these projects will depend on the impact of the COVID-19 outbreak.

Intraco Trading ("ITPL")

In spite of the 1.5% growth in sales volumes, revenues and operating profit declined by 12.4% and 7.2% respectively in 2019 compared to the previous year. The divisional results were adversely impacted by the following key factors:

- short supply from our principal supplier, particularly in the first four months of the year which reduced 30% of our targeted volume for FY2019;
- declining prices (>20%) for both polyethylene ("PE") and polypropylene ("PP") during the year due to weak global demand and oversupply. These were further exacerbated by:
  - o excessive supply and spill-over of PE from the US to South East Asia as a result of increased tariff for US cargoes to China; and
  - o new PP capacities coming on-stream from Vietnam, Korea and China.

The oversupply and trade tensions are set to continue in FY2020. If PE and PP prices continue to decline below cash cost, this may drive the depreciated and integrated plants to sell their feedstock instead of feeding their downstream PE/PP operations in order to maintain sustainable price levels. The recent increased attention on the use of environmentally friendly products would likely accelerate the shift from single-use plastics to recycled plastics.

Whilst ITPL continues to grow its established plastic packaging business organically, greater focus will be channelled towards developing new growth areas such as trading of medical applications and consumer segments with potential sources of supply coming from Malaysia, Korea, China and the US. In FY2019, tinplate and recycled plastics were added to the product portfolio along with new sales to Australia, the Philippines and Cambodia.

Some downstream capacities e.g., packaging and appliances manufacturing may move to South East Asia to avoid tariffs imposed as a result of the US-China trade war. This would in turn present further opportunities for growth, albeit it is likely to be a gradual process.

Intrawave ("INW")

INW's performance declined in FY2019 primarily as a result of the completion of the 4G upgrade project in FY2018. During the year, the NEL Extension Project commenced as planned and mitigated some of this impact. However, the TPG Project (required modification work to existing NEL network infrastructure) which was scheduled to start early in FY2019 was severely delayed (to November 2019) resulting in lower-than-budgeted profits. Some recovery is expected in FY2020 with the ongoing TPG Project and potential commencement of 5G Upgrade Project.

Tat Hong Intraco ("THI")

THI ended the year being marginally profitable. The business unit's FY2019 performance was characterised by a tale of two halves. H1 FY2019 was slow due to a severe delay in a number of major projects. When these projects eventually commenced in July 2019, average utilisation for all crawler cranes improved from 34% in H1 to 74% in H2 FY2019 resulting in a significant recovery in the latter part of the year. Compared to FY2017 and FY2018, rental rates continue to decline as a result of oversupply of cranes and slow growth in the construction sector in Myanmar.

OPERATIONS AND FINANCIAL REVIEW

REVENUE	GROSS PROFIT	PROFIT AFTER TAX
S$137.2 MILLION	S$9.2 MILLION	S$1.0 MILLION

Dynamic Colours Limited ("DCL")

DCL's profitability improved by 107.3% in FY2019, due to a recovery in customer demand and cost control measures. Further, there was a non-operating gain resulting from the recognition of initial compensation received from the Chinese authorities for the compulsory land acquisition in respect of DCL's production facilities in Suzhou. DCL expects a larger component of the compensation to be received in FY2020; and is still in the early stage of exploring opportunities for the intended use of the proceeds.

Going Forward

Despite the tough operating environment, the Group has a clear strategy to expand its businesses into new markets in South East Asia, China and Australia, mainly through partnerships. The recent outbreak of the COVID-19 virus will have an impact on the speed in which we penetrate and grow these markets, nonetheless the seeds for these initiatives are being planted. The Group is constantly reviewing its investment portfolio to enhance shareholder value and is confident of achieving a breakthrough in FY2020.

FINANCIAL REVIEW

Income Statement Review

In FY2019, Intraco Group's revenue decreased by 10.8% year over year to S$137.2 million due to lower contributions from ITPL and INW. This was partially offset by KA's revenue growth of 21.5%. In FY2018, ITPL and INW had experienced strong revenue growth, due to increased volume growth of plastic resin and contributions from the Indonesia market, while INW delivered revenue following a substantial completion of the 4G upgrade project of the NEL.

At ITPL, short supply and declining prices of the products due to weak global demand and oversupply contributed to a decline in top line for FY2019. This was exacerbated by the US-China trade war which saw the US shifting their supply towards South East Asia to avoid the increased tariffs for US exports into China.

At INW, performance declined compared to a year ago, due to the mentioned higher revenues achieved in the prior year coupled with a delay in a modification project at the NEL towards the end of FY2019. Some recovery is expected in FY2020 as the TPG Project straddles into FY2020.

KA's revenue grew by 21.5% in FY2019 year-on-year, due to new contract wins. With a strong order book at the beginning of FY2019, it continued to secure new contract wins and ended FY2019 with a healthy order book.

Intraco Group recorded a PAT of S$1.0 million in FY2019, compared to S$2.5 million a year ago, mainly due to absence of one-off gains.

Although revenue declined, the Group's gross profit margin increased from 6.4% in FY2018 to 6.7% in FY2019, reflecting a focus on margin and cost control. The share of profits from the equity accounted investee units of the Group also grew from S$1.0 million in FY2018 to S$1.7 million in FY2019, mainly due to the improved performance of DCL in FY2019.

Balance Sheet Review

The Group's balance sheet remains robust with cash and cash equivalents of S$33.2 million as at 31 December 2019, compared to S$40.6 million as at 31 December 2018. Against total loans and borrowings of S$7.6 million, the Group has a stable net cash position of $25.6 million as at 31 December 2019 (compared to S$31.0 million as at 31 December 2018).

The Group's net asset value remained at 66.0 cents per share as at 31 December 2019, compared to the previous year.

Cash Flow Review

During the year, the Group generated positive operating cash flow of S$0.3 million. Continuous management of debt resulted in the gearing ratio reduced from 14.0% in FY2018 to 11.1% in FY2019, providing the Group with additional debt capacity to drive further growth in the future.

SUSTAINABILITY

We will strive to ensure the long-term viability of our businesses by prioritising economic growth whilst promoting environmental, social and governance best practices.

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board is pleased to present the third Sustainability Report (the "Report") of Intraco Limited and its subsidiaries ("Intraco" or the "Group"). The Report will present Intraco's approach and progression along its sustainability journey. The Group continues its commitment in integrating sustainability in its business strategy and operations to enhance its economic, environmental, social and governance ("ESG") performance.

Following the materiality review conducted by the Sustainability Steering Committee's ("SSC"), the Board re-validated the material ESG factors identified last year that are of concern to stakeholders and are significant to our business. The Board, supported by the SSC, continues to oversee the sustainability efforts of the Group and monitor the material ESG factors. The SSC adheres to its Terms of Reference in carrying out their responsibilities including reviewing the sustainability strategy, managing and monitoring all sustainability-related matters.

Corporate governance remains a core foundation of our business and we continuously strive to enhance transparency, governance and integrity. We do this through improving transparency on our website and in our Annual Report as well as professionalising our investor relations communications. These efforts have successfully led Intraco to rise up the rankings in 2019's Singapore Governance and Transparency Index ("SGTI")[1] from 83 to 75.

As we continue to grow our business, we remain committed to building a responsible business that delivers sustainable value to our stakeholders over the long term. We look forward to sharing with you our progress along this journey.

ABOUT THIS REPORT

The Report depicts Intraco's commitment, governance, sustainability policies, performance and targets in managing the ESG factors in FY2019. This Report is compliant with SGX Listing Rules 711A and 711B; and refers to the Global Reporting Initiative ("GRI") Standards 2016 including:

- Disclosure 201-1 (a) from GRI 201: Economic Performance 2016
- Disclosure 302-3 (a-d) from GRI 302: Energy 2016
- Disclosure 307-1 (b) from GRI 307: Environmental Compliance 2016
- Disclosure 403-2 (a) from GRI 403: Occupational Health and Safety 2016
- Disclosure 404-1 (a) and 404-2 (a) from GRI 404: Training and Education 2016
- Disclosure 405-1 (b) from GRI 405: Diversity and Equal Opportunity 2016
- Disclosure 414-1 from GRI 414: Supplier Social Assessment 2016
- Disclosure 416-2 (b) from GRI 416: Customer Health and Safety 2016
- Disclosure 419-1 (b) from GRI 419: Socioeconomic Compliance 2016

The scope of the Report considers key business activities and associated sustainability concerns related to the following entities which are based in Singapore:

- Intraco Trading Pte Ltd ("ITPL");
- Intrawave Pte Ltd ("INW"); and
- K.A. Group Holdings Pte Ltd and its subsidiaries ("KA")

Intraco welcomes feedback on this Report and any aspects concerning its sustainability, as engaging with each of you is essential to operating Intraco's business responsibly. Please send your comments and suggestions to admin@intraco.com.

1 SGTI is a leading index-survey conducted annually by NUS Business School (Centre for Governance, Institutions and Organisations, CGIO) to assess the quality of corporate governance practices for all Singapore-listed companies.

SUSTAINABILITY REPORT

SUSTAINABILITY APPROACH

Intraco's sustainability approach is founded on its long-term commitment to create value for its stakeholders and achieve sustainable growth. The Group continues to grow its business whilst incorporating responsible practices into our business strategy and activities.

The Board and Management make business decisions guided by the core values of the Group, which include integrity, trustworthiness, teamwork, performance, passion and professionalism. To identify its key sustainability concerns and business opportunities, the Group works closely with its stakeholders to manage ESG risks and opportunities. Through such collaboration, Intraco is not only able to create greater shareholder value but also strengthen its relationship with its stakeholders.

STAKEHOLDER ENGAGEMENT

The Group's stakeholders play a crucial role in its sustainability journey. 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 about 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. The following table presents Intraco's stakeholder engagement methods and key stakeholder concerns during the year.

Stakeholder Group	Key Topics and Concerns	Engagement Methods	Frequency
Customers	• Customer Health and Safety • Pricing and quality of products and services	• Frontline interaction by sales managers • Email queries • Contact form on company website • Customer feedback	When applicable
Employees	• Training and education • Personal development • Work environment • Fair compensation and benefits	• Open dialogue among teams • Training and development programmes • Employee social events • Employee feedback mechanism	Regularly
Shareholders	• Economic performance • Shareholders' returns	• Annual General Meeting • Annual Report • SGX Corporate Announcements • Company website • Press releases	Periodically
Suppliers	• Product quality requirements • Certificate of Analysis requirements	• Face-to-face meetings • Supplier assessment	Periodically
Government and Regulators	• Compliance with SGX Listing Rules • Fair market practices • Regulatory and Legal compliance	• Meetings and consultations • Regular reports	Periodically

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT AND REVIEW

Intraco's materiality assessment starts with a systematic process to identify, prioritise and validate the ESG factors that balance between business perspectives and stakeholders' concerns. In FY2017, Intraco with the help of an external consultant, conducted a materiality assessment workshop that was attended by the SSC and the Board. The list of identified material factors are reviewed by the SSC on an annual basis to ascertain that these factors continue to be relevant to the Group.

The materiality review for this year confirmed that there was no change in material factors from FY2018, as there was no significant change to our business nature and key activities. However, we have expanded our disclosure on Occupational Safety to include Intraco Trading, as health and safety of all our employees is a key priority to us.

Materiality Assessment Process

01 STEP
IDENTIFICATION
Identify a list of potential material factors that are of relevance to the Group's activities

02 STEP
PRIORITISATION
Prioritisation of the material factors based on stakeholders' concerns and significance to the business

03 STEP
VALIDATION
Validate the list of material factors to be disclosed in the Sustainability Report

04 STEP
REVIEW
Review whether the previously identified material factors are still relevant

SUSTAINABILITY REPORT

Categories	Material Factors	Description	Detailed Information
Economic[2]	Economic Performance	Economic value generated by the organisation for its shareholders.	Financial Review, page 26 Financial Statements, page 89 Sustainability Report, page 32
	Acquisition	Business growth through potential merger and acquisition activities and the due diligence process.	Sustainability Report, page 32
Environment	Energy	Electricity usage for daily operations.	Sustainability Report, page 33
Social	Customer Health and Safety	Health & Safety considerations for customers' policies for product and service quality control.	Sustainability Report, page 34
	Supplier Social Assessment	Procurement practices to select suppliers who maintain quality and comply with regulatory requirements.	Sustainability Report, page 35
	Occupational Safety	Address and mitigate occupational safety risks through policies and safety trainings.	Sustainability Report, page 35
	Employees' Well-being[3]	Employees' well-being, training and education as well as a positive and conducive workplace environment.	Sustainability Report, page 37
Governance[2]	Compliance with Laws and Regulations	Compliance with local legislations	Corporate Governance Report, page 44 Sustainability Report, page 38

2 Scope of Economic Performance and Governance include the listed entity – Intraco Limited

3 Employees' Well-being is mapped to the GRI factor Training and Education

SUSTAINABILITY REPORT

ECONOMIC

Intraco strives to create value for stakeholders through operations and the right mix of decisions. In order to deliver value, the Group focuses on maintaining a strong financial position to encourage long-term sustainable growth for stakeholders.

Economic Performance

Intraco strives to adopt an inclusive approach to balance the need of the Group, shareholders, employees and society at large. And in doing so, grow in an ethical and responsible manner. Strong economic performance enables the Group to continue delivering sustainable dividends to investors, providing rewards to employees and gaining confidence from stakeholders, which ultimately fuels Intraco's investment and development in the long run.

Intraco strongly believes that strategic growth plans coupled with sound financial management processes are key to delivering sustainable economic performance. In 2019, Intraco has implemented several initiatives that contribute to the long-term sustainability of our businesses, including:

- Establishing trading opportunities in China and Australia
- Increasing marketing efforts for the fire-proofing products and services under the K.A. Group in the region including Vietnam, Myanmar and Malaysia
- Improving cash and working capital management to minimise cost and maximise returns
- Introducing and implementing better cost control and cost management measures

Despite the weak market conditions and tough business environment in FY2019, Intraco continued its effort to drive further improvement in its financial returns through proactive management of its investments across the businesses. Looking ahead, the Group will continue its strategy to expand its businesses into new markets and review its investment portfolio constantly.

For more information on economic performance, please refer to the Operations and Financial Review, and Financial Statement of the Annual Report.

Acquisition

Merger and Acquisition ("M&A") was identified by Intraco as a material factor in FY2018. This year, the Group continues to be on the lookout for new M&A and partnership opportunities in order to deliver growth and value to all its shareholders.

At Intraco, decisions regarding M&A are made by the Board and Management who actively review and assess the company's portfolio of investments. Following that, the Investment Committee ("IC") will be required to evaluate and approve these investments. The primary responsibility of the IC is to provide advisory support to the Management for matters regarding to M&A as well as other capital investment and financial commitment matters. On the other hand, due diligence is performed by an external service provider on both legal and financial aspects.

ENVIRONMENT

During Singapore's 16th National Day Rally Speech, PM Lee highlighted Singapore's vulnerability to climate change and rising sea levels and has urged all Singaporeans to treat climate change seriously. At Intraco, the Group understands that every business has a part to play in taking care of the environment, and hence has committed to play its part in reducing its energy consumption and carbon footprint. For instance, the OG Albert Complex that houses Intraco's office has maintained its BCA Green Mark Gold Certification and has been identified among the top 10 most energy efficient commercial mixed developments in the last two editions of the BCA Building Energy Benchmarking Report.

SUSTAINABILITY REPORT

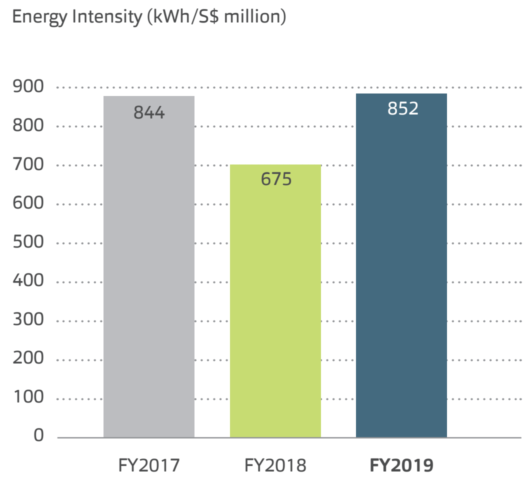
ENERGY

The Group's main environmental impact lies in our energy consumption in the form of electricity usage for operations of machines, air-conditioning and lighting; therefore, Intraco has taken measures to reduce energy consumption by enhancing its infrastructure. This will have an impact on costs such as utility bills. The Group will also be monitoring and reporting our energy consumption to ensure that measures taken are effective in the long run. On top of that, the Group puts effort in increasing employees' awareness on the significance of energy reduction. For instance, the Group puts up reminders on energy conservation practices such as:

- Switching off all lights and electronic equipment when not in use, including after office hours and during weekends.
- Enable energy-saving features on all electronic equipment.
- Asking staffs to set their computer to switch to sleep mode after 10 minutes of inactivity rather than switching into screen saver mode.
- Make sure external doors and windows are closed to prevent cool air from escaping.
- Maximise the use of natural lighting wherever possible.
- Maintain temperature of the air-conditioning at 24 degrees.

Apart from that, Intraco regularly maintains and services their equipment to ensure optimal performance to reduce electricity usage. Additionally, as much as possible, the Group uses energy efficient facilities such as air-conditioners that are certified under the Singapore Energy Labelling Scheme or equivalent COP (Certificate of Performance), installs occupancy sensors and LED lightings.

Table 1a. Intraco Energy Intensity[4]



In FY2019, Intraco's energy consumption has increased to levels consistent to FY2017 mainly due to increased production and higher sales at KA Group. Going forward, Intraco will continue to monitor energy consumption as well as identify initiatives to reduce electricity consumption across all operations.

SOCIAL

Intraco believes in empowering individuals and communities, as such, the Group organised several events to promote teamwork and a giving culture within the organisation.

In order to encourage a cohesive team and build bonds within the Group, four group trips and several team building days were organised, which included fun-filled activities such as go-karting in Johor Bahru, a trip to a kelong, durian eating sessions, etc.

As for a giving culture, the Group organised a charity day which involved visiting an old folks' home and a children's home in Johor Bahru where gifts were donated.

4 The total energy consumption includes electricity consumption from all 3 entities – Intraco Trading, Intrawave and K.A. Group. The electricity consumption for Intrawave excludes electricity consumption at the North East MRT line Telecom Equipment Room as it is under the control of mobile operators. The electricity consumption of Intraco Trading and Intrawave is calculated based on gross floor area allocation in the shared office including the common areas.

SUSTAINABILITY REPORT

In addition to the above, to align with Intraco's values, the Group has chosen the following social material factors: Employees' Well-being (Teamwork), Customer Health and Safety and Occupational Safety (Trustworthiness) and Supplier Social Assessment (Ethical).

Product Responsibility

Customer Health and Safety

The Group upholds the highest standard on customer health and safety protection. In the interest of our customers, it is crucial to assess risks both from within the Intraco Group of companies and at the supply chain level. The Group also recognises its duty of care in enforcing protocols and in preventing any lapse in health and safety protection compliance.

K.A. Group

K.A. Group recognises safety as a critical impact of its core business. Therefore, it has implemented a comprehensive system to ensure product quality and performance.

In compliance with relevant health and safety industry-specific regulations, K.A. Group conducts regular quality control inspections on its products and services when received. The fire performance of various products is closely monitored to ensure its adherence to local building regulations. For example, the Insulated Fire rated Fabric Shutters or the Fire Curtain is tested to SS489:2001 for its compliance with the local building regulation for up to 4 Hours Fire Integrity and 2 Hours Insulation. Every default case is filed in the incidents reporting system for evaluation and risk assessment.

Furthermore, K.A. Group maintains its high standard in the industry which is key to build trust and confidence in customers. For example, production and storage of fireproofing materials is certified for ISO 14001:2015 by Certification International Singapore for the scope of supply and installation of fireproofing system in building and construction.

Intraco Trading

ITPL aims to provide high quality plastic resin products to protect our customers' health. To do so, ITPL practices regular quality control inspections on its products and services. With the extensive range of our products, ITPL ensures that all suppliers are evaluated and assessed for Certificate of Analysis ("COA").

Besides COA, ITPL is working towards obtaining additional documents such as Europe ROHS Standards, REACH and US FDA to meet the specific needs of its clients. Material Safety Data Sheets are also available from suppliers on demand.

Furthermore, as the safety of plastic products is one of the main focuses of the industry, ITPL strives to go beyond standards and requirements to foster positive changes in the industry. Besides our practices of renewing the required licences, ITPL takes the initiatives to educate its clients on the proper use of products as well as potential risks and precautions that they should undertake to minimise potential incidents. This is done through trainings and demonstrations. Moreover, to investigate identified issues and make constant improvements, ITPL will communicate with its clients to obtain feedback on health and safety related issues.

Furthermore, ITPL also emphasises and advocates on the importance of recycling plastic given the potential impacts of fast-moving consumer goods ("FMCG") market segment on the climate and society.

Intrawave

Being part of the telecommunication sector, Intrawave recognises that the nature of its core business requires it to implement strict safety protocols to protect the wellbeing of its stakeholders. Risks and possible hazards are identified and evaluated before commencement of any projects to ensure proper safety precautions are taken into consideration. Intrawave also adheres to its hierarchy of controls and housekeeping rules to minimise installation related hazards when performing work.

To prepare its employees and ensure their awareness of safety practices, Intrawave makes arrangements with respective landlords to conduct safety courses before performing any works in the landlord's premises.

In 2019, Intraco had achieved its target of zero incidents of non-compliance concerning the health and safety impacts of products and services as well as zero significant incidents of non-compliance that resulted in regulatory breaches. The Group aims to maintain this performance in the following year.

SUSTAINABILITY REPORT

SOCIAL (cont'd)

Supplier Social Assessment

Maintaining the quality and safety of its products and services is quintessential to the success of Intraco's business. The Management strives to ensure that product and service safety extends to beyond the Group to its suppliers by conducting supplier procurement assessments to evaluate the quality and regulatory compliance of its suppliers

K.A. Group

K.A. Group ensures that proper documentation and authorisation processes for supplier engagement is completed to mitigate potential risks. Details of all existing suppliers are filed in the master list and approvals of new suppliers are required for amounts above S$1 million. The Group monitors the quality of its products by ensuring all direct materials are inspected upon arrival and all material suppliers are screened.

This year, we had 20 new suppliers and we had 45% of them were screened with our list of social criteria. The remaining suppliers were not assessed as they were not deemed material. K.A. Group strives to screen more suppliers in future.

Intraco Trading

As a trading company, it is imperative for ITPL to maintain the quality of its products so that it is deemed trustworthy by clients. ITPL checks the websites of its suppliers and conducts visits to determine suppliers' capability and capacity. This year, we had 5 new suppliers, however they were not assessed as we are is currently adopting a phased approach of developing a list of social criteria to assess major suppliers. In line with the Group's practice, ITPL ensures that all its suppliers are COA certified to uphold the standard of its business.

For this year, all suppliers that traded with ITPL had obtained a COA, which aligns with ITPL's target of purchasing materials from major suppliers with the certification. ITPL strives to continue its good practice of procuring materials from major suppliers with COA in the next year.

EMPLOYEES

Occupational Safety

Employees are at the heart of our business and an important determinant of our business's success. Therefore, the Group takes responsibility in creating a safe and conducive working environment for its employees. The Group does this by putting in place relevant policies and initiatives to ensure employees are safe over the course of carrying out their work. As the nature of Intraco's businesses pose several safety risks to its employees, the Group has adopted precautionary procedures to control and reduce risk.

A systematic approach is adopted by the Group to protect its employees from every aspect.

The Group has produced an Occupational Health and Safety Policy Manual as well as an Office Safety and Security Manual for all employees. These manuals are revised accordingly with regards to updates from the Ministry of Manpower's regulations or any associated regulations, and feedback collected from employees. The Group has also established an annual review on the Operational Risk Framework and Contingency Plan or Emergency Manuals to respond to adverse events and mitigate the disruptive nature of those events.

The Group has put in continuous efforts in ensuring the safety of the workplace. Regular checks are conducted to identify any areas of potential risks and safety inspections are conducted on equipment to ensure that they are in sound condition.

Intraco has in place an incident reporting system which aims to promote open discussions about issues related to occupational safety. The Group understands that a robust and proactive incident reporting system is crucial for improvements and risk mitigation.

The Group has deployed various methods to enable fast responses in emergency situations. The Group's office is equipped with first aid boxes and Automated External Defibrillator and Cardiopulmonary resuscitation ("AED + CR") machines. When applicable, the Group provides workplace injury compensation for work accidents that occurred at work.

SUSTAINABILITY REPORT

K.A. Group

K.A. Group recognises that its employees deserve a safe working environment, and are committed towards providing a safe, healthy and conducive work environment. K.A. Group has adopted a Quality, Operational Health and Safety and Environmental ("QOHSE") policy that outlines the compliance for local health and safety requirements. QOHSE specifies the responsibilities of supervisors and site workers to ensure workplace safety at every level. In addition, the Group conducts a 2-day mandatory Workplace Safety Orientation ("WSOC") government course prior to commencement of any projects.

Moreover, K.A. Group advocates safety consciousness and instils a zero-tolerance attitude towards safety accidents through the use of channels such as regular briefings, safety posters and daily checks on safety and personal equipment.

K.A. Group continues to be certified for its safety efforts as stipulated below:

- Lloyd's Register Quality Assurance to Quality Management System Standards ISO 9001:2008 for the provision of passive fire protection application services for building and steel structures.

- SS506 Part 1:2009 and BS OHSAS 18001:2007 for the scope of supply and install of fireproofing system to building and construction, production and storage of fireproofing materials by Certification International Singapore for K.A. Fireproofing Pte Ltd.'s occupational safety & health management system

- bizSAFE Level Star Certificate by the Workplace Safety and Health Council.

- Compliance with BCA Contractors Registration System ("CRS") requirement for Fire Prevention and Protection Systems

Intrawave

Intrawave specialises in the industry of designing and building of radio coverage infrastructure for telecommunication operators, and recognises that safety is of the utmost importance. It complies with all local health and safety requirements while sub-contractors are engaged to do periodic maintenance of equipment. At the same time, employees, sub-contractors and customers are provided with health and safety training courses to enhance their understanding of workplace safety issues and procedures.

Due to the nature of its work with Singapore's North East MRT line ("NEL"), the Group's employees working on NEL are required to pass training courses conducted by SBST ("NEL Operator") or training refresher courses conducted once every three years. Before work commencement in NEL, SBST's approval on risks identification, assessment and control of any health and safety risk were also required.

To enhance compliance with these regulatory requirements and encourage long-term integrity from stakeholders, the Group has assigned its own Engineering person in-charge ("EPIC") and Track Protection Officer ("TPO") qualified by SBST to take charge of safe and efficient execution of engineering works in the NEL premises.

Intraco Trading

Although the business scope of ITPL is mainly commercial in nature which does not require onsite work, it nevertheless takes the initiative to ensure health and safety risks are minimised in its business functions.

For example, ITPL provides driver services for its sales staff in Vietnam and Indonesia to reduce fatigue for long distance driving. ITPL has further upgraded the office furniture and equipment by replacing computer screens with visual friendly LED monitors and purchasing ergonomically designed chairs for all staffs.

Table 2. Intraco workplace injuries and fatalities

Workplace Permanent Disabilities or Fatalities	0
Workplace Injuries	1

SUSTAINABILITY REPORT

Overall, in 2019, the Group has achieved its targets of maintaining zero workplace fatalities or permanent disabilities and zero significant incidents of non-compliance resulting in regulatory breaches under the Workplace Safety and Health Act. This minor workplace injury is a one-off event due to a KA Group driver slipping from his delivery runs. This incident resulted in a minor injury to the driver and was due more to human carelessness. Going forward, the Group will continue to maintain its good practice and performance next year.

Employees' Well-being

Intraco hopes to build a culture that is centred around its employees' wellbeing and development. The Group aims to keep employees engaged, motivated and equipped with relevant skills that can enhance their work performance and prepare them for future challenges as well as enhance our business performance.

Employees' Benefits and Welfare

The Board and Management work to promote a healthy and positive working environment for their employees by introducing benefits and welfare initiatives to enhance their physical and social wellness. Some of the programmes are highlighted below:

- To better protect our employees, the Group initiated a policy of purchasing insurance for both personal accident insurance and Group term life insurance for all employees. These insurance policies are reviewed and updated annually by the Human Resource department depending on the adequacy of the coverage for employees. This year, the insurance coverage was extended to cover immediate family members to all staff as the Group considers family as an important part of staff's lives.

- To promote healthy work-life balance, all employees are entitled to medical benefits and leave, including Maternity Leave and Paternity Leave as well as medical and dental insurance. In addition, offsite activities such as gatherings and lunch outings and afternoon refreshments are implemented for employees to recharge.

- To raise awareness on mental and social wellbeing, management invites external vendors to conduct inspirational seminars on topics such as positive thinking.

- To encourage community engagement and involvement, activities such as blood donation drive was also organised to promote a giving back culture.

- To promoted social cohesion and teamwork, seven team building lunches and an annual company dinner were organised.

- Extended insurance coverage for immediate family members to all staff

To promote continuous improvement and learning, the Group increased training and development with training hours increasing by 29% from 823 to 1,058 YTD Dec 2019 with investment decreasing by 18% to $26,974.50.

Training and Education

The Group hopes to future-proof its employees' career and help them navigate the fast-pace industry through training and development programmes. Trainings and updating of skills have always been encouraged. We actively encourage employees to pursue further development that suits their roles. The learning and development opportunities are provided based on the employees' respective strengths and needs in their career to reach their fullest potential. The Group further expands our employees' job exposure through programmes such as job rotation and job enlargement. In addition, the Management is in progress of developing a Group training plan to further upskill employees and provide relevant trainings for their careers.

In 2019, the Group's employees received an average of 12.30 hours of training each, compared to last year's average of 8.95. Some of the external and internal training highlights are as follows.

- Financial trainings on topics such as corporate tax planning, financial reporting, financial statements and Government and Service Tax ("GST").

- Soft skills trainings such as presentation skills, writing impactful business correspondence, Microsoft Excel reporting skills and growing businesses with Microsoft Dynamics 365.

- External seminars such as Seminar on Business Outlook 2019 – Opportunities amidst uncertainties – where should business look, Singapore Perspectives 2019 – Singapore, World Asia Infrastructure Forum (AIF) 2019, Corporate Governance Code Briefing and SID Directors' Conference 2019.

SUSTAINABILITY REPORT

- Technical development trainings on risk management implementation plan, supervision of metal scaffold erection, managing work at height, supervise construction work for WSH, internal audit for ISO, CSOC course, waterproofing works, electrical wiring installation, boom lift and scissor lift operation, occupational first aid course.

After training sessions, feedback is collected from participants through training review forms. This is for Intraco to review the adequacy and effectiveness of the training programmes and make further improvements.

This year, Intraco had achieved its target of providing all employees with equal opportunities and access to relevant training. In total, the Group clocked 1,058 hours of training, compared to last years of 823. In the year ahead, the Group will continue this good practice to enhance its employees' development.

Positive Workplace Environment

A conducive working atmosphere is vital for Intraco to drive the ownership of goals and instil a sense of belonging. The Board and Management does this by promoting open discussions with our employees to understand and address their needs and concerns.

The Board and Management organised a Strategy Session on 1 August 2019 to review the strategy and long-term direction of the Group. The Board also organised a Corporate Governance and Compliance session on the same day to further align and reinforce organisation goals, vision and core values. Furthermore, regular staff engagement activities such as lunch outings, monthly team meetings and 1-to-1 conversations are organised to keep employees informed on the latest updates, align goals and continuously establish ways to improve the organisation.

The Board and CEO focused on aligning performance with incentivisation and setting clear KPIs and growth targets. The management closely tracks data such as employee turnover and absence rate, number of training days to better grasp employee morale and evaluate policies. As a continuous effort, HR also conducts exit interviews for all voluntary cessation of valued employees. Furthermore, the Group adopts an annual 360-appraisal process and regular feedback structure to gain a better understand each employees' strengths and weaknesses as well as assess their fit with the working culture.

Furthermore, to facilitate team-building and demonstrate staff appreciation, the Group held bonding activities and celebrations on special occasions such as Chinese New Year, Hari Raya and Deepavali. Additionally, team lunches are organised regularly to welcome new joiners and celebrate on team performance.

GOVERNANCE

Intraco is committed to having a strong corporate governance within the group to promote the long-term interests and value of its stakeholders, strengthen transparency and accountability and build trust.

Compliance with Laws and Regulations

Intraco understands that sound corporate governance policies coupled with high level of integrity and ethics are essential to achieve sustainable success. The Group has disclosed the law and regulations it complies to, to demonstrate its commitment to corporate social responsibility.

Employment Act

The Group adheres to the requirements in the Employment Act and is committed to protecting the wellbeing of our employees in the areas of welfare of employees, CPF contributions, provision of paid annual leave and sick leave. Additionally, Intraco recognises the contribution of National Servicemen ("NSmen") to Singapore's national defence by dedicating NSmen within the Group flexible leave arrangements to accommodate the needs of NSmen.

We are devoted to practicing fair employment policies in the Group. We ensure that recruitment of employees is based on their merits, such as skills, experience, ability, organisational and job fit. This has helped us maintain a good level of diversity at the workplace. In terms of development and assistance, the Group's Human Resource department provides equal training and development opportunities for all regardless of their ethnicity, religion, gender, marital status or age. Intraco respects employees and recognises their efforts and contribution towards the Group.

SUSTAINABILITY REPORT

Anti-Child and Anti-Forced Labour

At Intraco, the Group has declared its zero-tolerance attitude towards Child Labour and Forced Labour. Measures and policies which are guided by Singapore's Employment Act, Retirement Act, Workplace Safety and Health Act, and Factories Act are in place to mitigate risks and incidents of child and forced labour. Employment terms and conditions are clearly stated in the contract for employees to better understand their rights and obligations. In addition to compliance with labour laws, the Group adopts Singapore's Tripartite Guidelines on Fair Employment Practices.

In 2019, Intraco achieved its target of having no significant fines or non-monetary sanctions for non-compliance. There were also zero cases brought through dispute resolution mechanisms for non-compliance this year. Intraco targets to continue maintaining the target of having zero incidents and grievances of child and forced labour being reported.

Diversity and Inclusion

The Group promotes diversity and inclusion within its teams by providing equal employment opportunities for all regardless of their ethnicity, religion, gender, marital status or age. Intraco believes that having a diverse team with a vast range of knowledge and skillsets is important as it helps navigate through the tumultuous business landscape.

There was an increase in the percentage of female employees from 22% in 2017 to 24% in 2019. Some of our business segments such as fire protection solutions have high male ratio due to the labour-intensive nature of the respective industries.

Chart 1a. Percentage of employees by age group

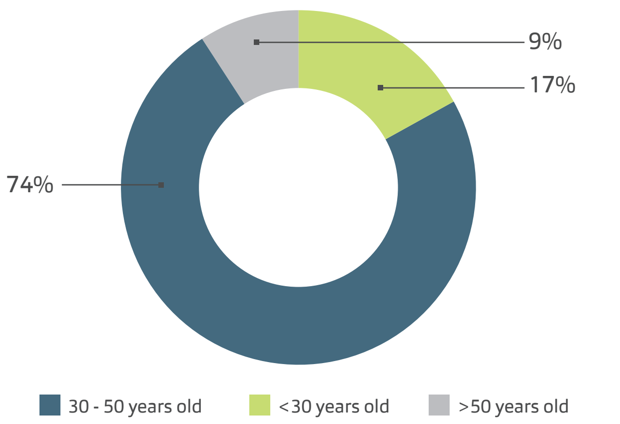


Chart 1b. Percentage of employees by gender

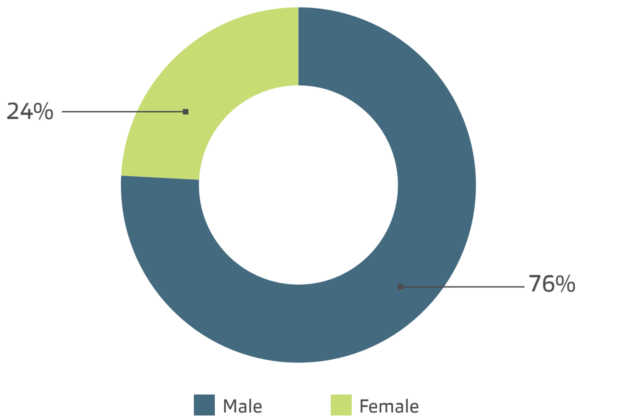
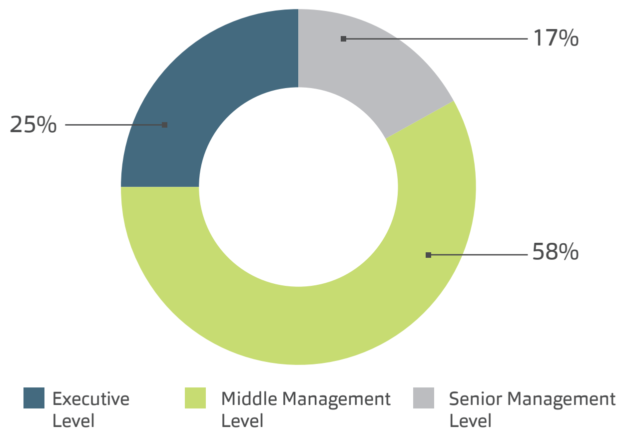
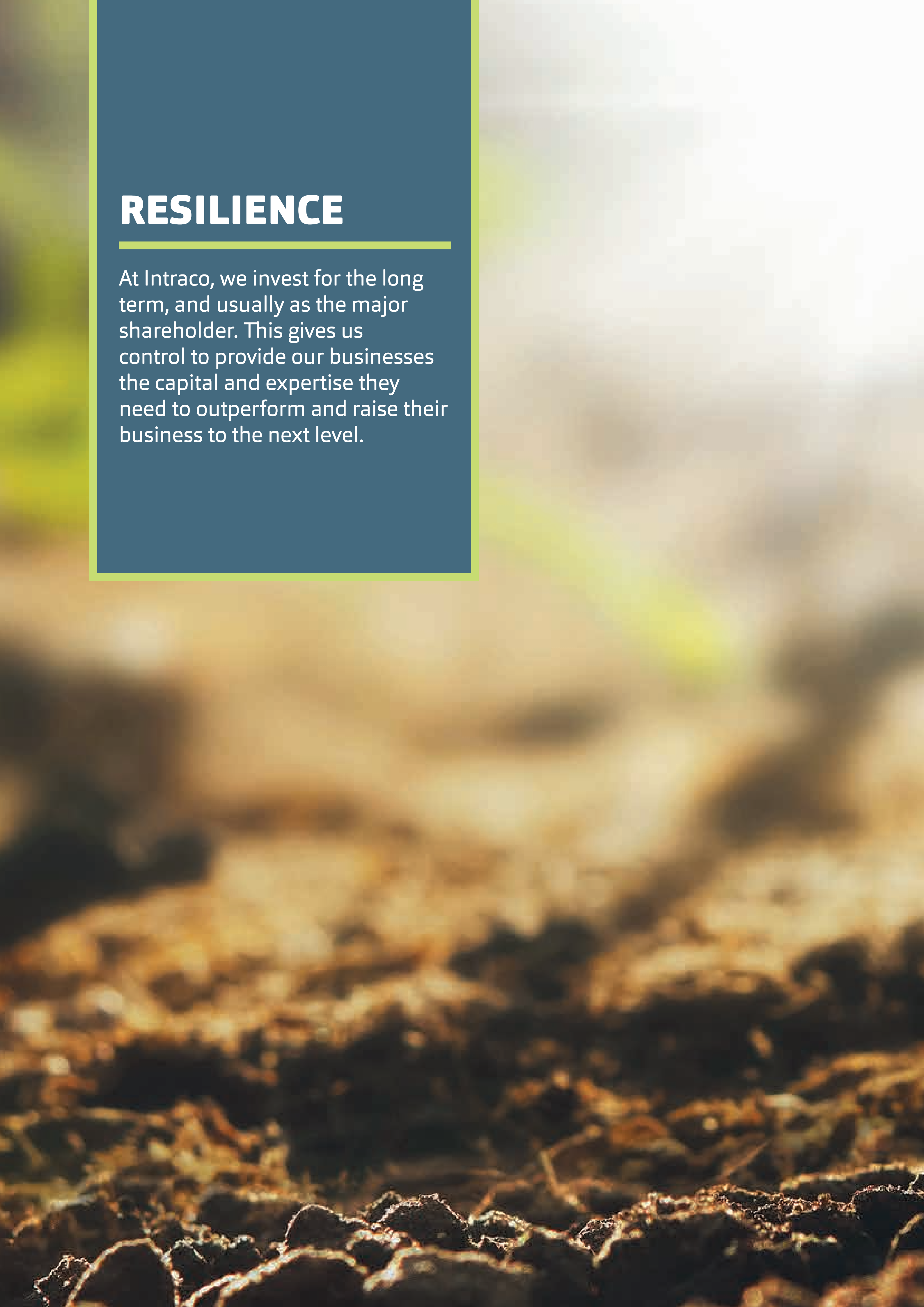


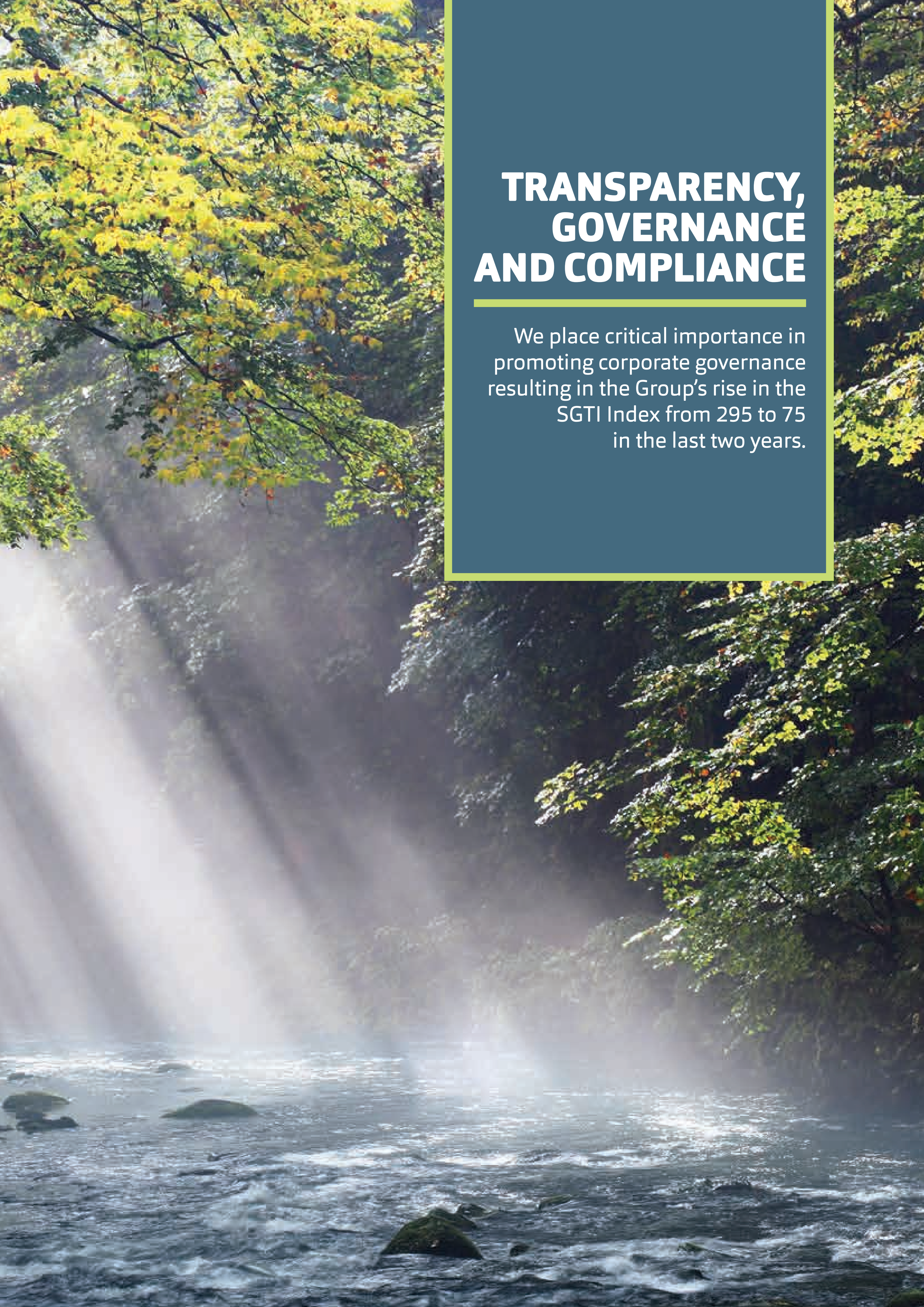
Chart 1c. Percentage of employees by employee category



RESILIENCE

At Intraco, we invest for the long term, and usually as the major shareholder. This gives us control to provide our businesses the capital and expertise they need to outperform and raise their business to the next level.



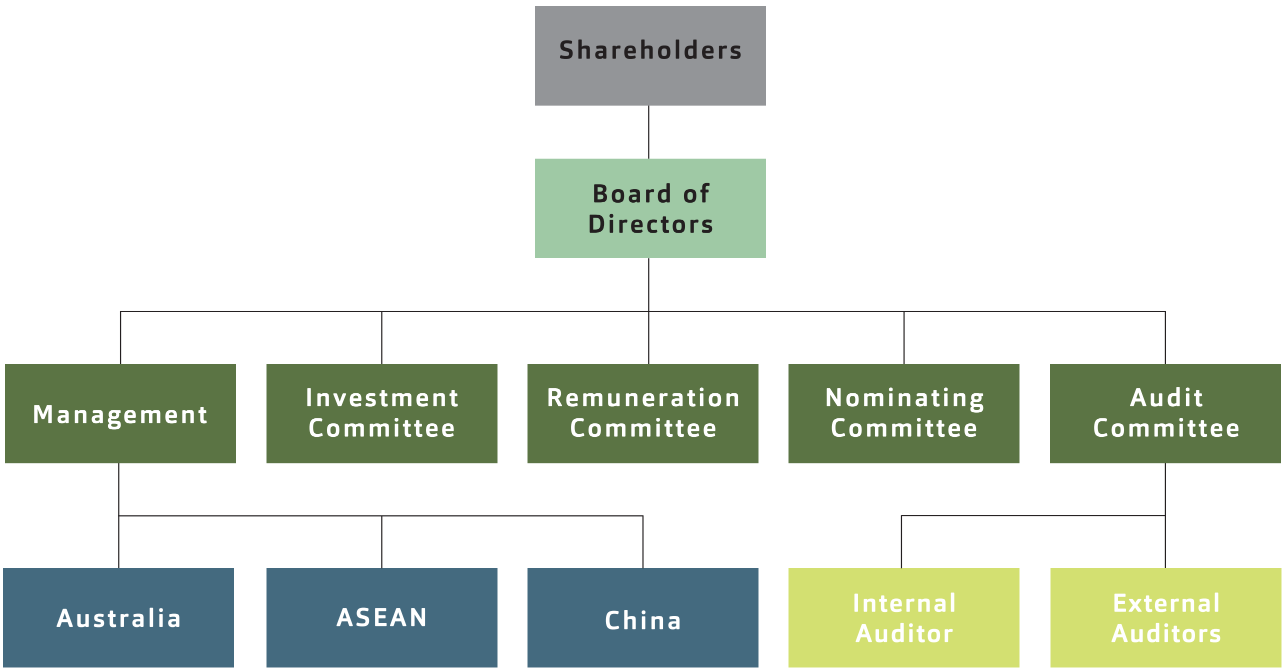


TRANSPARENCY, GOVERNANCE AND COMPLIANCE

We place critical importance in promoting corporate governance resulting in the Group's rise in the SGTI Index from 295 to 75 in the last two years.

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 the Board through regular Board Committees' meetings and guiding Management in improving internal processes with the support of the Board and respective Chairs of Board 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 endeavour to align the Company's governance framework with the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"), issued by the Monetary Authority of Singapore on 6 August 2018 which will take effect for annual reports covering financial years commencing from 1 January 2019.

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. For the financial year ended 31 December 2019 ("**FY2019**"), the Company has complied in all material aspects with the Code. Where there are deviations from any of the guidelines of the Code, an explanation has been provided within this report.

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
Provision 1.3 – Board Approval

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;

CORPORATE GOVERNANCE REPORT

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**" or "**KMP**"), 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. approves the nominations for the Board by the Nominating Committee;

8. reviews recommendations made by the Audit Committee on the appointment, re-appointment or removal of external auditors;

9. reviews recommendations made by the Remuneration Committee and approving the remuneration packages for the Board and KMP;

10. identifies the key stakeholder groups and recognises that their perceptions affect the Company's reputation;

11. sets the Company's values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met; and

12. considers sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

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 four (4) Board Committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Investment Committee ("**IC**"), and delegated specific areas of responsibilities to these Committees. Each of these Board Committees functions within clearly written terms of reference ("**TOR**"), which have been approved by the Board.

CORPORATE GOVERNANCE REPORT

The composition of the Board Committees for FY2019 is tabulated below:

Directors	AC	NC	RC	IC
Mr. Colin Low	Member	–	Member	Chairman
Dr Tan Boon Wan	Chairman	Member	–	–
Mr. Shabbir H Hassanbhai	Member	Chairman	Chairman	–
Mr. Charlie Ng How Kiat	–	Member	Member	Member
Dr Steve Lai Mun Fook	–	–	–	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 rests with the Board.

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. An annual schedule of Board and Board Committee meeting dates is set by the Directors in advance 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 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 sufficient time for their review and consideration. Members of Management are invited to attend the meetings to present information and/or render clarification when required.

The Company places great emphasis and importance on sustainability and security of information, i.e. moving towards a digitalisation era and using a secured online portal ("**portal**") for the dissemination of Board and Board Committees' papers, viewing the minutes of Board and Board Committees' meetings for discussion and streamlining the process of Board and Board Committees' performance assessments (streamlining process will be found under the relevant section in this Annual Report).

Soft copies of Board and Board Committees' papers are uploaded onto the portal which can be accessed anytime on tablet devices provided to Directors. This initiative not only reduces paper waste but heightened information security as the papers are downloaded through an encrypted channel. A separate resource folder in the portal contains the terms of reference of all Board Committees and all operating policies of the Group for the Directors' reference. The minutes of all Board and Board Committees' meetings are uploaded for discussion and ease of reference. These materials are made available on the portal for the Directors' access at all times for reference and follow-up.

CORPORATE GOVERNANCE REPORT

Presentations are also made by senior executives 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 be actively engaged in robust discussions with the Group's senior executives.

Directors are welcomed 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.

	Board		AC		NC		RC		IC		AGM	EGM
	Scheduled	Ad-Hoc	Scheduled	Ad-Hoc	Scheduled	Ad-Hoc	Scheduled	Ad-Hoc	Scheduled	Ad-Hoc	Scheduled	Scheduled
No. of Meetings Held in FY2019	5	2	4	1	2	1	3	2	1	5	1	1
Name of Directors	**No. of Meetings attended in FY2019**											
Mr Colin Low	5	2	4	1	N.A.	N.A	3	2	1	5	1	1
Dr Tan Boon Wan	5	2	4	1	2	1	N.A.	N.A.	N.A.	N.A.	1	1
Mr Shabbir H Hassanbhai	5	2	4	1	2	1	3	2	N.A.	N.A.	1	1
Mr Charlie Ng How Kiat	5	2	N.A.	N.A.	2	1	3	2	1	5	1	1
Dr Steve Lai Mun Fook	4	2	N.A.	N.A.	N.A.	N.A	N.A.	N.A.	1	5	1	1
Mr Tony Chew Leong Chee (Alternate Director to Charlie Ng How Kiat)	3	1	N.A.	N.A.	N.A.	N.A	N.A.	N.A.	N.A.	N.A.	1	1
Mr Roland Ng San Tiong (Alternate Director to Dr Steve Lai Mun Fook	0	0	N.A.	N.A.	N.A.	N.A	N.A.	N.A.	N.A.	N.A.	0	0

* Ad-hoc meetings were held to discuss other important and strategic matters.

CORPORATE GOVERNANCE REPORT

BUSINESS PROCESSES UNDERTAKEN BY THE BOARD

Management Operating System – 2020 Business Process & Operating Mechanisms

1st Quarter 2020

Board Meeting 1

Setting of Corporate Targets & Initiatives

Board Meeting 2

Review of FY 2019 Results

Evaluation of Board Performance

2nd Quarter 2020

Annual General meeting
Board Meeting 3

HR Talent Assessment Review

3rd Quarter 2020

Board Meeting 4

Half-Year Ops Report, Offsite Strategy Forum & Planning Session

4th Quarter 2020

Board Meeting 5

Review of 2020 Performance & Gap

Review of 2021 Budget

Management Operating System – 2019 Business Process & Operating Mechanisms

1st Quarter 2019

Board Meeting 1

Setting of Corporate Targets & Initiatives

Board Meeting 2

Review of FY 2018 Results

2nd Quarter 2019

Annual General meeting
Board Meeting 3

HR Talent Assessment Review

3rd Quarter 2019

Board Meeting 4

Half-Year Ops Report, Offsite Strategy Forum & Planning Session

4th Quarter 2019

Board Meeting 5

Review of 2019 Performance & Gap

Review of 2020 Budget

The above sets out the timeline of Board processes during a calendar year. In order to show the complete cycle for FY2019 Report Review, the processes for the new calendar year, 2020 are also shown.

The Board will meet in January of each year to review budget and set financial targets for the new financial year. Key performance indicators ("**KPI**") for 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 simultaneously when reviewing risks under "Risk Management and Internal Controls" under the corporate governance report below.

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 NC to set its priorities and look into the gaps concerning leadership within the Group, if any, both at KMP (including the CEO) and Board levels.

Apart from the review of the Group's half year performance, strategic and other meetings, a separate session for the Board and Management will also be organised for the Board for a more focused discussion on 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 and elaborating the plans and strategies for the future. Heads of business units will be invited to participate in the session. The Board together with Management will discuss the mitigation or action plans in order to achieve the agreed targets.

For FY2019, the Board Chairman led a session with heads of the Group's division on the Group's Conduct, emphasising on the Group's culture of upholding highest standards of integrity and probity.

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.

During the year, a full day offsite session was organised on 1 Aug 2019 for the Board and Management for the above purposes.

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. Board and Board Committees papers are provided electronically and can be accessed via tablet devices.

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.

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.

Role of the Company Secretary

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.

CORPORATE GOVERNANCE REPORT

Access to independent professional advice at the Company's expense

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. 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.

Provision 1.2 – Disclosure on Directors discharge of duties and responsibilities

All Directors exercise due diligence and independent judgment 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. This is one of the performance criteria for self assessment in the NC's annual evaluation on the effectiveness of the Directors.

Role of Non-Executive 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 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 to discuss underlying issues of the Group.

In addition, all directors are required to declare if they have a conflict of interest in any corporate transactions, and to voluntarily recuse themselves from all decisions pertaining to those transactions.

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. 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 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.

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As part of the Board continuing professional development, the Directors had received more than 114 training hours in aggregate through attending various training seminars, courses, conferences and workshops during the year. The Company is a corporate member of the Singapore Institute of Directors ("**SID**"). The Directors had attended professional development programme organised by SID with collaboration with ACRA and SGX such as ACRA-SGX-SID Audit Committee Seminar 2019, Elevating the AC Role with Analytics and AC Commentary, Breaking the Rules – An Insider's Perspective, Masterclass for Directors (MCD) Programme MCD 3: Strategy at the Board Level, Financial Reporting: Fraud in China, SGX Regulatory Symposium and SID Directors Conference 2019, as well as Insead University Symposiums.

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.

The Directors are engaging and committed to their roles.

Directors may request for further explanations, briefings and formal discussions on any aspects of the Group's operations or business and any other issues.

A formal letter of appointment is provided to any newly appointed Director, setting out his duties and responsibilities as a member of the Board. No new Director was appointed during the year under review.

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.*

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

The Board comprises five (5) Non-Executive Directors, three (3) of whom (including the Chairman) are independent and two (2) Alternate Directors. More than half of the Board is made up of Independent Directors which is in compliance with the Code. The composition of the Board is as follows:

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

The Company is also represented by its Directors, CEO and CFO on the Boards of its subsidiary, joint-venture and associated companies.

Dr Steve Lai as Chairman, Mr Charlie Ng and the CEO as Directors, are representatives of the Company on the Board of K.A. Group Holdings Pte. Ltd. of which it now owns 90% shareholding to provide guidance and drive growth in the region and internationally.

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Mr Shabbir H Hassanbhai represented the Company as a Nominee Director in Dynamic Colours Limited, of which the Company holds a 41.27% shareholding providing oversight and governance on its investment.

The CEO and CFO represented the Company on the Board of its joint-venture Company, Tat Hong Intraco Pte. Ltd. for the pro-active management of its investment and to develop new business opportunities.

The appointees on the Group's subsidiary, joint-venture and associated companies are also guided by its in-house nominee policy where the responsibilities and the duties of the nominee directors are stated clearly therein, notwithstanding that they each owes a fiduciary duty to act in the best 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).

Independence of Director

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.

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. Dr Steve Lai Mun Fook and Mr Charlie Ng How Kiat are not independent by virtue of them representing the interests of their 5% shareholders (as defined under the Code) of the Company.

The Board concurred with the views of the NC. Each of the Directors abstained from the deliberation of his own independence.

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 first appointment.

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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 Colin Low	(Chairman and Independent Director)	1 March 2014	18 April 2019
Dr Tan Boon Wan	(Independent Director)	5 October 2004	18 April 2019
Mr Shabbir H Hassanbhai	(Independent Director)	16 August 2013	12 April 2018
Mr Charlie Ng How Kiat	(Non-Executive Director)	22 November 2012	12 April 2018
Dr Steve Lai Mun Fook	(Non-Executive Director)	28 April 2015	20 April 2017

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 that Dr Tan's long and commendable role on the Board as an Independent Director and as Chairman of the AC and 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.

Having considered the above, the NC has determined that Dr Tan has continually demonstrated strong independence in character and judgement over the years 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 has concurred with the NC's assessment that Dr Tan be considered independent.

CORPORATE GOVERNANCE REPORT

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

Board Diversity

The Board has previously adopted a Board Diversity Policy and conducted a review in FY2019. The Board Diversity Policy sets out the framework for promoting diversity on the Board of the Company. In the process of searching for qualified persons to serve on the Board, 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 believes that board diversity is more than just about gender diversity and embraces other factors such as a need for individuals from all backgrounds, skill-sets, life experiences, abilities and beliefs for a better Board performance.

The Board is made up of a team of high calibre leaders whose diverse expertise and experience in accounting & finance, 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 judgment, collective experience and knowledge are invaluable to the Group and allow for the useful exchange of ideas and views.

CHAIRMAN AND 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

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 and Mr Nicholas Yoong was appointed as the CEO on 1 July 2017. The Chairman and the CEO are not related. During the year, the NC and Board had reviewed and adopted the terms of reference of Chairman and CEO which sets out clearly their respective duties.

Provision 3.2 – Role of Chairman and CEO

The 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 Chairman provides close oversight, guidance, advice and leadership to the CEO and senior management. The Chairman also plays a crucial role in fostering constructive dialogue between shareholders, the Board and Management at the Company's Annual General Meeting. The 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.

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The 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 strategy;

2. ensuring that the Board is properly organised, 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 complete, adequate 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 leads the Management and ensures the development and execution of the Company's long-term strategy and plans:

1. day-to-day running of the Group's business in accordance with the business plans and within approved budgets;

2. meeting or communicating with the Chairman on a regular basis to review key developments, issues, opportunities and concerns;

3. developing and proposing the Group's strategies and policies for the Board's consideration;

4. implementing the strategies and policies approved;

5. maintaining regular dialogue with the Chairman on important and strategic issues facing the Group;

6. providing timely reports to the Board which contain relevant, accurate, timely and clear information necessary for the Board to fulfil its duties;

7. ensuring the Board is alerted to forthcoming complex, contentious or sensitive issues affecting the Group of which they might otherwise not be aware; and

8. overseeing the affairs of the Group in accordance with the practices and procedures adopted by the Board and promoting the highest standards of integrity, probity and corporate governance within the Group.

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Provision 3.3 – Lead Independent Director

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.

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:

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

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 (including Alternate 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 make 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 KMP;

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 and composition and balance and make recommendations to the Board; and

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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. Where appropriate, the NC will also consider the Director's independence.

Summary of activities carried out by the NC during the year includes:

i) Reviewed the succession planning of KMP during the year

ii) Conducted a review of its terms of reference to be in line to the Code

iii) Reviewing and recommending nomination for re-appointment of Directors

The Company's Constitution requires 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.

Mr Charlie Ng and Dr Steve Lai are subject to retirement 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. Each of Mr Charlie Ng and Dr Steve Lai is considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

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.

Information regarding the Directors nominated for re-election/re-appointment, including the information required under Appendix 7.4.1 of the Listing Rules is given in the "Board of Directors" section and pages 15 to 17 of the Annual Report.

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.

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.

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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.

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 (including the Alternate Directors):

Name of Director	Present Directorships in other listed companies and principal commitments
Mr Colin Low	Principal Commitment – Singapore Investment Development Corporation Pte. Ltd. AET-Tankers Sdn Bhd BLG Capital Advisors Asia Pte. Ltd.
Dr Tan Boon Wan	–
Mr Shabbir H Hassanbhai	Listed – Gateway Distriparks Limited, India Snowman Logistics Limited, India Dynamic Colours Limited, Singapore Principal Commitments – Indo Straits Trading Co Pte Ltd Hassanbhai Realty Pte Ltd Zee Chin & Co Pte Ltd
Mr Charlie Ng How Kiat	Principal Commitment – Macondray Holdings Pte Ltd
Dr Steve Lai Mun Fook	Listed – Yongmao Holdings Limited
Mr Tony Chew Leong Chee	Principal Commitment – Asia Resource Corporation Pte. Ltd.
Mr Roland Ng San Tiong	Listed – Yongmao Holdings Limited Principal Commitments – Tat Hong Holdings Ltd Chwee Cheng & Sons Pte Ltd Tat Hong Investments Pte Ltd Tat Hong Equipment (China) Pte. Ltd. TH Investments Pte Ltd TH60 Investments Pte Ltd Tat Hong Belt Road Pte. Ltd. THSC Investments Pte Ltd Singapore Chinese Chamber of Commerce & Industry

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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 KMP within the Group.

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 Non-Executive Directors of the Board, namely Mr Tony Chew (alternate to Mr Charlie Ng) and Mr Roland Ng (alternate to Dr Steve Lai). 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.

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 short listing, evaluating and nominating candidates for appointment as new Directors. For FY2019, 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 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 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 his 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.

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Key Information on Directors

The profiles of the directors are set out on pages 10 to 14 of this Annual Report.

Please refer to Provision 4.5 on page 59 for the information on the directorships or chairmanships held over the preceding three years in other listed companies as well as other principal commitments of each respective Director.

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.*

Provisions 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, 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 analysed and discussed by the NC, with comparatives from the previous year's results and reported to the Board.

For FY2019, Directors participated in the evaluation through a secured online portal, providing more efficiency and convenience as the portal can be accessible anytime. The portal allows the viewing, editing and submission online without and eliminated the need for physical forms to be returned to the Company Secretary for the collation of results. It also ensured accuracy during results extraction and collation by reducing human error.

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

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.

The Board evaluation questionnaire takes into consideration qualitative factors such as Board composition, information flow to the Board, Board process, Board accountability, matters concerning CEO and top management and standards of conduct of Board members. The NC would review the need to set quantitative targets as performance criteria in future when 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 the onus should be on the Board to justify the decision.

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 analysed and discussed by the NC, with comparatives from the previous year's results, and reported to the Board.

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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 individual Director assessment also extends to the Alternate Directors.

The results of the Board, Board Committees and Individual Director evaluation are compiled by the Company Secretary and given to the NC. In discussing the results of the performance evaluations for FY2019, the Board and Board Committee members were able to identify areas for improving their effectiveness.

The NC was generally satisfied with the FY2019 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.

The assessment of CEO's performance is undertaken by the NC and the results are reviewed by the Board. Feedback is also provided to the CEO by the NC Chairman and the NC will also report the same to the Board.

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.*

Provisions 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 Directors:

Mr Shabbir H Hassanbhai (Chairman)
Mr Colin Low
Mr Charlie Ng How Kiat

For the year under review, the RC held five meetings and the RC Chairman reports 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 Directors' (if any) and the CEO's 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;

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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 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 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 79 to 82;

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.

In FY2019, the RC conducted a review of its terms of reference to be in line with the Code. The RC also oversaw the development of the employee handbooks for Indonesia, Vietnam and Myanmar.

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 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. When required, Directors travel to assist Management by visiting target companies to better understand their operations. This would enable the Board to make a well-informed decision in evaluating the targets. A budget of S$40,000 as travel allowance has been recommended by the RC and it will form part of the Directors' fees to be approved by the shareholders at the Company's AGM. 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.

The RC also reviews the remuneration packages of the CEO 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.

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The Company's external lawyers were last engaged in 2017 to assist the RC to review the Company's obligations arising in the event of termination of the KMP's contracts of service and the RC is satisfied that the termination clauses remain fair and reasonable and not overly generous.

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.

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.

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 such KPIs will be tied to the profitability of the specific business which the individuals are managing.

The CEO, Mr Nicholas Yoong is remunerated as part of Management. He is under a service contract for a fixed term of 3 years commencing 1 July 2017. The renewal of his service contract is subject to the approval of the Board with the prior review and endorsement by the RC.

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 FY2019.

The RC will look into implementing other appropriate long-term incentive plan for KMP of the Group to encourage alignment of KMP's interests with that of shareholders.

The Company has also adopted a Share Buyback Mandate in FY2018 which will provide 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 in utilising treasury shares instead of new issuance of shares would provide greater flexibility to manage and minimise the dilution impact (if any) arising from these share incentive schemes.

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Reclaim Incentive Components

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.

Provision 7.2 – Remuneration of Non-Executive Directors

The RC has recommended to the Board a total amount up to S$440,000 (including the $40,000 travel allowance) as Directors' fees for the financial year ending 2020 ("**FY2020**"), to be paid quarterly in arrears. This would be tabled at the forthcoming AGM for shareholders' approval. The Directors' fees for FY2020 remain the same as FY2019.

The Board concurred with the RC that the proposed Directors' fees for FY2020 is appropriate and not excessive, taking into consideration the level of contributions by the Directors, their responsibilities and obligations and factors such as effort and time spent for serving on the Board and Board Committees.

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

A summary compensation table of the Directors receiving remuneration from the Company for FY2019 is appended below:

Name of Directors	Directors' Fees	Total (S$)
Mr Colin Low	100%	113,875
Mr Shabbir H Hassanbhai	100%	87,500
Dr Tan Boon Wan	100%	71,625
Mr Charlie Ng How Kiat	100%	72,875
Dr Steve Lai Mun Fook	100%	63,371

A summary compensation table of the CEO and KMP receiving remuneration from the Company for FY2019 is appended below:

Remuneration Band & Name of CEO and KMP	Salary	Bonus	Other Benefits [1]	Total (S$)
S$500,000 to S$749,999				
Mr Nicholas Yoong Swie Leong	80.2%	6.7%	13.1%	100.0%
S$250,000 to S$499,999				
Mr Soh Yong Poon	78.6%	6.6%	14.8%	100.0%
Ms Caren Soh Ying Sin	76.4%	6.4%	17.2%	100.0%
Below S$250,000				
Mr Max Tay Boon Zhuan	84.9%	7.2%	7.9%	100.0%
Mr Edmond Lee Teng Chye	83.7%	7.0%	9.3%	100.0%
Mr Daniel Lim Kuan Jiou[2]	94.7%	0.0%	5.3%	100.0%

Notes:

(1) Other benefits refer to employer's CPF and other allowances

(2) Mr Daniel Lim Kuan Jiou resigned as General Manager of K.A. Group on 11 October 2019 and his remuneration was pro-rated in the above table

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The disclosure of the CEO 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 as set out in the above table. Due to sensitivities and confidentiality reasons, the Company believes that disclosure of their remuneration in bands of S$250,000 should be sufficient to provide an insight into the link between their compensation and performance. 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 said KMP (who are not Directors or CEO of the Company) in FY2019 amounted to S$1,270,890.

Apart from the above, no termination, retirement and post-employment benefits were granted to the Directors, CEO and the KMPs for FY2019.

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

No employee of the Group was an immediate family member of a Director or the CEO or a substantial shareholder in FY2019.

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. There were no options granted since the commencement of the 2013 Scheme.

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.

During the year, the RC had discussed and considered the implementation of a long-term incentive plan on shares grants. However, due to the liquidity of the Company's shares, the shares grants might not be an attractive incentivisation tool at this point in time. The RC will continue to review the shares grants option when appropriate.

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.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9: *The Board is responsible for the governance of risk and ensures that Management*

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.

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 4 principal risk categories, namely strategic, financial, operational and compliance risks.

The Group's risk management framework is aligned with the Committee of Sponsoring Organisations 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 Company will be engaging an external firm to re-fresh the Group's ERM framework next year.

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 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 being 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 more particularly 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.

The IA presents his/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.

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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.

Adequacy and effectiveness of internal controls

On half-yearly and annual basis, the CEO and CFO will provide a written confirmation 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 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.

Separately, the CEO and other key management personnel also provide a written confirmation of the above items (3) and (4).

(the written confirmation collectively, "**the Management Assurance Letters**")

For FY2019, the Board has received the Management Assurance Letters duly signed by the (i) CEO and CFO; and (ii) the CEO 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 2019 to address financial, operational and compliance risks, including information technology risks, which the Company considers relevant and material to its operations.

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 judgment in decision making, human error, losses, fraud or other irregularities.

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

CORPORATE GOVERNANCE REPORT

Separate Risk Committee

The Company does not have a Risk 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.

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 interval 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 CEO and CFO (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 should 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 monthly management accounts 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, all of whom are Independent Directors:

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

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

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 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;

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, KPMG LLP, amounted to S$234,430 and S$76,808 respectively;

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6. making recommendations 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;

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; and

10. directing the Management to report regularly to AC on the Company's risk profile and the status of risk mitigation action plans.

During FY2019, the AC has carried out the above duties as provided in their TOR. In addition, the AC has assisted the Board to review the Company's sustainability report framework. Management has put in place the terms of reference for the internal Sustainability Steering Committee who oversees the development, review and implementation of the Group's sustainability policies, practices and initiatives.

In FY2019, the AC also conducted a review of its terms of reference 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 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.

In performing its functions, the AC also:

1. confirms that the Company has complied with Listing Rule 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; and

2. confirms that the Company has complied with Listing Rule 716 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 Notes 6 and 7 of the Notes to the Financial Statements on pages 129 to 133 of the Annual Report.

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Meeting with external auditors and internal auditors

The AC meets with the external and internal 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 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.

Review the independence of external auditors

The AC confirms that the Company has complied with Listing Rule 712 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. The AC also 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.

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.

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. 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 policy.

There was no significant whistle blowing report received for FY2019 which had a material impact on the Group's financial statement and operations. All reported incidents or concerns had been independently investigated and remedial actions had been taken to address the whistle blowing incidents.

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 10.5 – Internal Audit

The role of IA is to provide independent and objective assurance that adds value and improve 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 CEO. 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.

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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. 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 thorough completing a questionnaire and discuss their evaluation with the AC. For FY2019, the AC is satisfied that the internal audit function is effective and adequately resourced.

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 FY2019.

Key Audit Matters	How these issues were addressed by AC
Measurement of revenue and profit in the projects business	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. The AC considered the findings of the external auditors that there were no identified deviations 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. The AC was satisfied with the accounting of the Group's revenue and profit recognition for the project business.

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Key Audit Matters	How these issues were addressed by AC
Recoverability of goodwill	The AC considered the approach and methodology applied in determining the recoverable amount of K.A. Group, being the cash generating unit which goodwill was allocated. The AC received reporting from the external auditors that the assumptions and resulting estimates on the recoverable amount of K.A. Group (derived using the value in use method) were within a reasonable range of outcomes and there were no errors identified in the calculations. The AC was satisfied with the valuation approach, estimation of recoverable amount of the K.A. Group and adequacy of related disclosures in the financial statements.
Valuation of interest in associate	The AC considered the methodology applied in determining the recoverable amount of the associate. The AC received reporting from the external auditors that the assumptions and resulting estimates on the recoverable amount of the associate (derived both using the value-in-use method and fair value less cost of disposal) were within a reasonable range of outcomes. The AC was satisfied with the methodology, assumptions and key estimates applied to estimate the recoverable amount of the associate and adequacy of related disclosures in the financial statements.
Valuation of interest in joint venture	The AC considered the methodology applied in determining the recoverable amount of the joint venture. The AC received reporting from the external auditors that the assumptions and resulting estimates on the recoverable amount of the joint venture (derived using the value-in-use method) were mildly optimistic. The AC considered the impact of the assumptions to the estimated recoverable amount and is of the view that the difference was not significant. The AC was satisfied with the methodology, assumptions and key estimates applied to estimate the recoverable amount of the joint venture and adequacy of related disclosures in the financial statements.

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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.

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 is also announced at the general meetings. Shareholders who are present in person or represented by proxies will be entitled to one vote for each share held. The detailed voting results will also be announced to SGX-ST via SGXNet on the same day after the conclusion of the meetings.

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 11.2 – Separate resolutions at general meetings on each substantially separate issue

The Company does not practice 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.

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.

Provision 11.5 – Minutes of general meetings

The Company prepares minutes of general meetings which incorporate substantial and relevant comments or queries from shareholders, and responses from Board and Management, and beginning from the Company 2018 AGM, releases these on the SGX-ST and its 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 take into account of 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.

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The Company did not declare any dividends for FY2019. There was insufficient distributable profits available for the declaration of dividend as there was a loss at Company level despite net profits at Group level. The Company level loss was mainly due to fair value losses on the KA Group Holding Pte Ltd ("**KA Group**") written call and put options in connection with the exercise of the put options for 20% stake in the KA Group held by the *Vendors on 27 September 2019.

* *As defined in the Company's announcement dated 27 September 2019.*

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 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 believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholder, the information in a timely and fair manner via SGXNet, its corporate website at www.intraco.com.sg and the media. Where there is inadvertent disclosure made to a selected Group, the Company will make the same disclosure publicly to all others as soon as possible.

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.

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

The Group's Investor Relations ("**IR**") Team is led by the Board Chairman, and actively supported by the CEO as well as an external Investor Relations agency, Citigate Dewe Rogerson Singapore Pte Ltd ("**CDR Singapore**"). The Chairman and CEO are empowered to act as spokespersons towards security holders and securities markets professionals. Enquiries are to be directed to the Group's external IR agency, CDR Singapore at (65) 6534 5122 or email AllCDRSGIntraco@citigatedewerogerson.com. To-date, given the nature of the Company's business which has not materially changed, the Company has not solicited the views of shareholders other than those expressed by them during its general meetings. The Company will review the need for analyst briefings, investor roadshows or Investors' Day briefings when necessary.

CORPORATE GOVERNANCE REPORT

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 about 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.

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

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 members, of whom one, the Chairman, is an Independent Director and the other two are Non-Executive Directors:

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

For the year under review, the IC held six meetings and the IC Chairman 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.

The IC's primary role, which is outlined in its written 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);

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3. other capital investments and financial commitments (including treasury management); and

4. Group investment and treasury management policy guidelines and related procedures/processes.

Summary of activities carried by the IC during the year include:

1. Review of the Group's investment in associated companies and subsidiaries;

2. Review of investment of proceeds from bond divestment; and

3. Review of new investment opportunities.

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 had at its last AGM adopted a Share Buyback Mandate and will be seeking a renewal 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 FY2019.

In FY2019, the Company has repurchased 800,000 shares from the open market. These repurchased shares will be held as treasury shares and a portion of it may be used for any long-term incentive plans that the Company may adopt.

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

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 FY2019, there was no IPT.

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 FY2019.

DIRECTORS' STATEMENT

We are pleased to submit this directors' statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 89 to 171 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

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

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Mr Tony Chew Leong Chee		
(Alternate Director to Mr Charlie Ng How Kiat)		
Intraco Limited		
– ordinary shares		
– deemed interests	28,998,400	28,998,400

DIRECTORS' STATEMENT

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Mr Roland Ng San Tiong		
(Alternate Director to Dr Steve Lai Mun Fook)		
Intraco Limited		
– ordinary shares		
– deemed interests	29,486,148	29,486,148

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2020.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

The Intraco Employee Share Option Scheme (the "2013 Scheme") of the Company was approved and adopted by its shareholders at an Extraordinary General Meeting held on 29 April 2013.

Information regarding the 2013 Scheme is set out below:

- Under the rules of the 2013 Scheme, Executive Directors, Non-Executive Directors and employees of the Company, its subsidiaries and its associated companies over which the Company has control ("Associated Companies"), who are not controlling shareholders or their associates, are eligible to participate in the 2013 Scheme.

- The 2013 Scheme is administered by the Company's Remuneration Committee (the "Committee"), comprising three directors, Mr Shabbir H Hassanbhai (Chairman), Mr Colin Low and Mr Charlie Ng How Kiat, with powers to determine, inter alia, the following:

  (i) persons to be granted options;

  (ii) number of options to be offered; and

  (iii) recommendations for modification to the 2013 Scheme.

  A member of the Committee who is also a participant of the 2013 Scheme must not be involved in its deliberation in respect of options granted or to be granted to him.

DIRECTORS' STATEMENT

- The aggregate number of shares over which the Committee may grant options on any date, when added to the number of shares issued or issuable and/or transferred or transferable in respect of all options granted under the 2013 Scheme and any other share schemes of the Company for the time being in force, shall not exceed 15% of the issued shares (excluding treasury shares) of the Company on the date immediately preceding the grant of an option.

- The options that are granted under the 2013 Scheme may have exercise prices that are, at the Committee's discretion, set at a price equal to the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") over the three (3) consecutive trading days immediately preceding the date of grant of that option (Market Price) or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the Options.

- Options granted to non-executive directors of the Group, and employees and directors of Associated Companies will have a life span of 5 years or such earlier date as may be determined by the Committee. Options granted to employees and executive directors of the Group will have a life span of 10 years or such earlier date as may be determined by the Committee.

- The 2013 Scheme shall continue in operation for a maximum duration of ten (10) years and may be continued for any further period thereafter with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

There were no options granted since commencement of the 2013 Scheme till the end of the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this statement are:

- Dr Tan Boon Wan (Chairman), Independent Director

- Mr Colin Low, Independent Director

- Mr Shabbir H Hassanbhai, Independent Director

The Audit Committee performs the functions specified in Section 201B of the Act, the Listing Manual of the SGX-ST and the Code of Corporate Governance.

The Audit Committee has held five meetings during FY2019. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' STATEMENT

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Mr Colin Low
Chairman

Dr Tan Boon Wan
Director

Singapore
27 March 2020

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY INTRACO LIMITED AND ITS SUBSIDIARIES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Intraco Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2019, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 89 to 171.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The measurement of revenue and costs in the projects business

(Refer to Note 18 – Revenue)

Risk

The amount of revenue and costs recognised on the projects business is dependent on the assessment of the total project costs to be incurred to fulfil the contract and costs incurred to-date to determine the timing of satisfaction of performance obligations (using the input method). As significant judgement and uncertainty is involved in estimating the total project cost to be incurred to fulfil the contract and costs incurred to-date of each project, the Group might inappropriately account for revenue and costs.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY INTRACO LIMITED AND ITS SUBSIDIARIES

Our response

We tested the controls designed and applied by the Group in assessing total project costs to be incurred to fulfil the contract and costs incurred to-date, and that the resulting estimated revenue and costs on such projects are accurately reflected in the financial statements; these controls operated over both the inputs and results of the calculations. We evaluated the reasonableness of the total project costs to be incurred to fulfil the contract by comparing total project costs and costs incurred to-date against project progress. We assessed the reasonableness of the assumptions applied to estimate the cost incurred to-date, and corroborated the key assumptions to supporting evidence such as quantity surveyors' reports.

We also checked the mathematical accuracy of the revenue and costs for each significant project and considered the implications of identified errors and changes in estimates.

Our findings

Our testing did not identify any deviation in the operation of controls. Based on our procedures, we found the estimates and assumptions applied for recognition of revenue and costs to be balanced. We did not identify any mathematical errors in respect of revenue and costs calculation for significant projects.

Recoverability of goodwill
(Refer to Note 5 – Intangible assets)

Risk

The Group has significant goodwill on the statement of financial position in connection with the acquisition of K.A. Group in 2014. Goodwill is stated at cost less accumulated impairment losses. The determination of the estimated recoverable amount of K.A. Group cash generating unit ("CGU"), involves significant judgement in estimating the underlying assumptions to be applied. The estimation of recoverable amount using value in use of K.A. Group CGU is sensitive to key assumptions applied in deriving the future cash flow forecasts, growth rates and discount rates.

Our response

We evaluated K.A. Group's future cash flow forecasts, and the process by which they were drawn up, including testing the underlying calculations and comparing them to the latest Board approved budgets of the K.A. Group. We assessed the appropriateness of the key assumptions used including revenue, growth rates, operating costs and discount rates in estimating the value in use of the CGU. Our assessment was mainly based on our understanding of K.A. Group's commercial prospects, comparison of assumptions with publicly available data and the historical accuracy of the estimates in previous periods. We tested the mathematical accuracy of the value in use calculations.

Our findings

We found that the assumptions and resulting estimates on the recoverable amount of K.A. Group to be balanced, within a reasonable range of outcomes and there were no errors identified in the value in use calculations.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY INTRACO LIMITED AND ITS SUBSIDIARIES

Valuation of associate

(Refer to Note 7 – Associate)

Risk

The Group equity-accounts its interest in Dynamic Colours Limited ("DCL"), an associate listed on Singapore Stock Exchange. During the year, the share price of DCL was trading below the Group's carrying value. Accounting standards require an assessment of impairment for associate where there are indications that it may potentially impaired.

Management performed impairment assessment using different scenarios to determine the recoverable amount of the investment in DCL.

Our response

We read the Board papers supporting the assumptions and held discussion with management personnel to understand their assessment of the different possible scenarios.

We considered management's assessment and challenged the reasonableness of key estimates used, including the discount rates, revenue growth rates and long term growth rates based on the historical trend and industry statistics relevant to the business and we reviewed management's documentation on assessment of fair value less cost of disposal.

Our findings

Based on our audit procedures, we found management's assessment to be reasonable.

Valuation of joint venture

(Refer to Note 7 – Joint venture)

Risk

The Group has interest in a joint venture which is principally engaged in the leasing and sale of cranes and other heavy equipment in Myanmar. Significant judgement is involved in estimating the recoverable amount using value in use, which is sensitive to key assumptions applied in deriving future cash flow forecasts, growth rate and discount rate.

Our response

We evaluated management's future cash flow forecasts, including testing the underlying calculations. We challenged the appropriateness of key assumptions applied (including the cash flow forecasts, growth rate and discount rate) in estimating the recoverable amount using value in use. We also identified and analysed changes in assumptions from prior periods and compared the assumptions to publicly available data, where these are available.

Our findings

We found the future cash flow forecasts and resulting estimate on the recoverable amount of the joint venture are mildly optimistic.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY INTRACO LIMITED AND ITS SUBSIDIARIES

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of the auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY INTRACO LIMITED AND ITS SUBSIDIARIES

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY INTRACO LIMITED AND ITS SUBSIDIARIES

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Sarina Lee.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 S$'000	Group 2018 S$'000	Company 2019 S$'000	Company 2018 S$'000
Assets					
Non-current assets					
Property, plant and equipment	4	15,098	15,131	128	158
Intangible assets	5	6,899	6,913	–	–
Subsidiaries	6	–	–	21,285	22,037
Associate and joint venture	7	21,750	20,741	16,694	16,748
		43,747	42,785	38,107	38,943
Current assets					
Other investments, including derivatives	8	–	–	1,208	2,494
Inventories	9	1,109	1,542	–	–
Trade and other receivables	10	15,781	16,419	16,191	12,492
Contract assets	11	2,520	1,165	–	–
Cash and cash equivalents	12	33,184	40,586	14,432	18,354
		52,594	59,712	31,831	33,340
Total assets		96,341	102,497	69,938	72,283
Equity					
Share capital	13	84,069	84,069	84,069	84,069
Treasury shares	13	(175)	–	(175)	–
Reserves	13	(607)	(338)	7,651	8,403
Accumulated losses		(14,729)	(15,249)	(24,425)	(23,635)
Equity attributable to owners of the Company		68,558	68,482	67,120	68,837
Liabilities					
Non-current liabilities					
Loans and borrowings	15	751	777	–	–
Trade and other payables	16	–	2,208	–	–
Deferred tax liabilities	17	538	554	–	–
		1,289	3,539	–	–
Current liabilities					
Loans and borrowings	15	6,887	8,820	72	–
Trade and other payables	16	19,323	21,336	2,746	3,446
Current tax liabilities		284	320	–	–
		26,494	30,476	2,818	3,446
Total liabilities		27,783	34,015	2,818	3,446
Total equity and liabilities		96,341	102,497	69,938	72,283

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 S$'000	2018 S$'000
Revenue	18	137,200	153,863
Cost of sales		(127,993)	(143,966)
Gross profit		9,207	9,897
Other income		246	668
Distribution expenses		(34)	(51)
Administrative expenses		(10,122)	(8,858)
Other expenses		(17)	(198)
Results from operating activities		(720)	1,458
Finance income		556	643
Finance costs		(388)	(455)
Net finance income	19	168	188
Share of profit of equity-accounted investees (net of tax)		1,667	994
Profit before tax	20	1,115	2,640
Tax expense	21	(114)	(119)
Profit for the year		1,001	2,521
Earnings per share	22		
Basic and diluted earnings per share (cents)		0.97	2.43

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Note	2019 S$'000	2018 S$'000
Profit for the year		1,001	2,521
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences of foreign operations*		(255)	250
Share of other comprehensive income of associate*	7	(14)	(87)
Other comprehensive income for the year, net of tax		(269)	163
Total comprehensive income for the year		732	2,684

* There are no tax effects relating to these components of other comprehensive income.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

Group	Share capital S$'000	Treasury shares S$'000	Capital reserve S$'000	Translation reserve S$'000	Accumulated losses S$'000	Total equity S$'000
Balance as at 1 January 2019	84,069	–	976	(1,314)	(15,249)	68,482
Total comprehensive income for the year						
Profit for the year	–	–	–	–	1,001	1,001
Other comprehensive income						
Foreign currency translation differences of foreign operations	–	–	–	(255)	–	(255)
Share of other comprehensive income of associate	–	–	–	(14)	–	(14)
Total other comprehensive income	–	–	–	(269)	–	(269)
Total comprehensive income for the year	–	–	–	(269)	1,001	732
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares	–	(175)	–	–	–	(175)
Dividends paid/payable to selling shareholder of a subsidiary*	–	–	–	–	(481)	(481)
Total contributions by and distributions to owners	–	(175)	–	–	(481)	(656)
Total transactions with owners	–	(175)	–	–	(481)	(656)
Balance as at 31 December 2019	84,069	(175)	976	(1,583)	(14,729)	68,558

* Pursuant to call and put options entered into between the Group and the selling shareholder of K.A. Group on 5 September 2014 to acquire the remaining 30% in K.A. Group by 2020. During the financial year 2019, the selling shareholder of K.A. Group exercised the put options for the first 10% and subsequent 10%.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

Group	Share capital S$'000	Capital reserve S$'000	Translation reserve S$'000	Accumulated losses S$'000	Total equity S$'000
Balance as at 1 January 2018 as previously reported	84,069	976	(1,830)	(16,496)	66,719
Adoption of SFRS(I) 1	–	–	353	(353)	–
Balance as at 1 January 2018	84,069	976	(1,477)	(16,849)	66,719
Total comprehensive income for the year					
Profit for the year	–	–	–	2,521	2,521
Other comprehensive income					
Foreign currency translation differences of foreign operations	–	–	250	–	250
Share of other comprehensive income of associate	–	–	(87)	–	(87)
Total other comprehensive income	–	–	163	–	163
Total comprehensive income for the year	–	–	163	2,521	2,684
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid/payable to selling shareholder of a subsidiary*	–	–	–	(921)	(921)
Total contributions by and distributions to owners	–	–	–	(921)	(921)
Total transactions with owners	–	–	–	(921)	(921)
Balance as at 31 December 2018	84,069	976	(1,314)	(15,249)	68,482

* Pursuant to call and put options entered into between the Group and the selling shareholder of K.A. Group on 5 September 2014 to acquire the remaining 30% in K.A. Group by 2020.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 S$'000	2018 S$'000
Cash flows from operating activities			
Profit for the year		1,001	2,521
Adjustments for:			
Depreciation	4	765	523
Amortisation of intangible assets	5	14	13
Gain on disposals of property, plant and equipment		–	(108)
Property, plant and equipment written off		1	1
Write-back of trade payables		–	(28)
Reversal of allowance for doubtful receivables		(20)	(4)
Write-down of inventory to net realisable value		1	1
Share of net profit of equity-accounted investees, net of tax		(1,667)	(994)
Impairment loss on debt investments at fair value through other comprehensive income ("FVOCI")		–	139
Change in fair value of the contingent consideration		461	(427)
Net finance income	19	(168)	(188)
Tax expense	21	114	119
		502	1,568
Changes in:			
– inventories		432	(116)
– trade and other receivables		554	(4,283)
– contract assets		(1,355)	967
– trade and other payables		306	7,393
Cash generated from operating activities		439	5,529
Taxes paid		(166)	(354)
Net cash flow from operating activities		273	5,175
Cash flows from investing activities			
Interest received		602	741
Settlement of contingent consideration		(4,773)	–
Purchase of property, plant and equipment		(222)	(4,474)
Dividends from an associate	7	433	1,300
Proceeds from redemption of debt investments at FVOCI		–	9,500
Proceeds from disposals of property, plant and equipment		–	291
Net cash flow (used in)/from investing activities		(3,960)	7,358
Cash flows from financing activities			
Proceeds from loans and borrowings	15	6,714	8,743
Repayment of loans and borrowings	15	(8,713)	(9,428)
Payment of lease liabilities (2018: finance lease liabilities)	15	(347)	(58)
Purchase of treasury shares		(175)	–
Interest paid	15	(392)	(453)
Dividends paid to selling shareholder of a subsidiary		(782)	(1,427)
(Increase)/Decrease in deposits pledged		(163)	9
Net cash flow used in financing activities		(3,858)	(2,614)
Net (decrease)/increase in cash and cash equivalents		(7,545)	9,919
Cash and cash equivalents at 1 January		40,225	30,304
Effects of exchange rate fluctuations on cash held		(20)	2
Cash and cash equivalents at 31 December	12	32,660	40,225

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 March 2020.

1 DOMICILE AND ACTIVITIES

Intraco Limited (the "Company") is incorporated in the Republic of Singapore. The address of the Company's registered office is 60 Albert Street, #07-01 OG Albert Complex, Singapore 189969.

The financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The Group is primarily involved in the trading of plastics products, providing fire protection solutions and services relating to wireless telecommunication related infrastructure.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – key assumptions underlying recoverable amount of goodwill;
- Note 7 – impairment assessment on joint venture;
- Note 18 – revenue recognition: whether revenue from fire protection solutions and services relating to wireless telecommunication related infrastructure is recognised over time or at a point in time;
- Note 16 and 24 – key assumptions for measurement of contingent consideration.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. The Chief Financial Officer has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable.

The Chief Financial Officer regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values (Continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated losses at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including office unit and office equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group applied this approach to all leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

Leases classified as operating leases under SFRS(I) 1-17 (Continued)

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under SFRS(I) 1-17

The Group leases a number of items of production equipment. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

Impact on financial statements

Impact on transition

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019	
	Group S$'000	Company S$'000
Right-of-use assets – property, plant and equipment	511	271
Lease liabilities	(511)	(271)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 6%.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

Impact on financial statements (Continued)

Impact on transition (Continued)

	1 January 2019	
	Group S$'000	Company S$'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	1,133	872
Discounted using the incremental borrowing rate at 1 January 2019	1,101	861
Finance lease liabilities recognised as at 31 December 2018	93	–
Recognition exemption for leases with less than 12 month of lease term at transition	(590)	(590)
Lease liabilities recognised at 1 January 2019	604	271

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Business combinations (Continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Business combinations are accounted for using the anticipated acquisition method in accordance with SFRS(I) 3 Business Combination as at the acquisition date, which is the date on which control is transferred to the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(ii) Written put option or forward with NCI

When the Group writes a put or enters into a forward purchase agreement with the NCI in an existing subsidiary or their equity interest in that subsidiary and provides for settlement in cash or in another financial asset by the Group, then the Group recognises a liability for the present value of the exercise price of the option or of the forward price. Subsequent to initial recognition of the financial liability, the changes in the carrying amount of the financial liability is recognised in profit or loss.

The Group applies the anticipated-acquisition method to account for the underlying NCI.

Under the anticipated-acquisition method, the interests of the non-controlling shareholders that hold the written put options or forwards are derecognised when the financial liability is recognised. The profits and losses attributable to the holder of NCI subject to the put options or forwards are presented as attributable to the Group in the statement of financial position and in the statement of profit or loss and other comprehensive income (OCI).

If the put option expires unexercised, then the financial liability is derecognised and NCI are recognised and treated consistently with a decrease in ownership interests in a subsidiary while retaining control.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(v) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries, associates and joint ventures in the separate financial statements

The subsidiaries are classified as equity investments at fair value through other comprehensive income ("FVOCI"). Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Investments in associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold properties	50 to 60 years
Leasehold improvements	3 years
Plant, machinery, tools and equipment	2 to 10 years
Furniture, fittings and equipment	3 to 10 years
Motor vehicles	3 to 6 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Subsequent measurement and gains and losses (Continued)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings and trade and other payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(iii) Derecognition (Continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Service concession arrangements

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction or upgrade services provided, and the right to receive cash depends only on the passage of time. Such financial assets are measured at fair value on initial recognition and classified as financial assets measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is initially recognised at the fair value of the consideration.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(vii) Derivative financial instruments

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(viii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.5 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible assets (Continued)

(iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Order backlogs	28 months
Customer relationships	64 months

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.7 Contract assets

A contract asset is recognised when the Group recognises revenue (see note 3.12(i)) before being unconditionally entitled to the consideration under the payment terms sat out in the contract. Contract assets are assessed for the expected credit losses (ECL) in accordance with the policy set out in note 3.9(i) and are reclassified to receivables when the right to consideration has become unconditional (see note 3.4).

3.8 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability is fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

As a lessee (Continued)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases – Policy applicable before 1 January 2019

(i) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

(ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs;
- debt investments measured at FVOCI; and
- contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment (Continued)

(i) Non-derivative financial assets and contract assets (Continued)

General approach (Continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment (Continued)

(i) Non-derivative financial assets and contract assets (Continued)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Associates and joint venture

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, inventories and contract assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment (Continued)

(iii) Non-financial assets (Continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.12 Revenue

(i) Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative standalone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transacting price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue (Continued)

(ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.13 Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.14 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- dividend income.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Tax (Continued)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of the Company are considered as key management personnel of the Group.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.18 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1, SFRS(I) 9 and SFRS(I) 1-8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) I-39 and SFRS(I) 7)
- SFRS(I) 17 *Insurance Contracts*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties S$'000	Leasehold improvements S$'000	Plant, machinery, tools and equipment S$'000	Furniture, fittings and equipment S$'000	Motor vehicles S$'000	Office unit S$'000	Total S$'000
Group							
Cost							
At 1 January 2018	7,120	277	45,370	1,025	328	–	54,120
Additions	–	–	4,469	5	–	–	4,474
Disposals/write-offs	(320)	–	(41)	(59)	–	–	(420)
At 31 December 2018	6,800	277	49,798	971	328	–	58,174
At 1 January 2019	6,800	277	49,798	971	328	–	58,174
Recognition of right of use assets on initial application of SFRS(I) 16	–	–	–	19	–	492	511
Adjusted balance at 1 January 2019	6,800	277	49,798	990	328	492	58,685
Additions	–	–	204	18	–	–	222
Disposals/write-offs	–	–	(3)	(109)	–	–	(112)
At 31 December 2019	6,800	277	49,999	899	328	492	58,795
Accumulated depreciation and impairment losses							
At 1 January 2018	673	92	40,968	879	144	–	42,756
Depreciation	167	79	124	80	73	–	523
Disposals/write-offs	(137)	–	(39)	(60)	–	–	(236)
At 31 December 2018	703	171	41,053	899	217	–	43,043
Depreciation	163	79	103	65	63	292	765
Disposals/write-offs	–	–	(2)	(109)	–	–	(111)
At 31 December 2019	866	250	41,154	855	280	292	43,697
Carrying amounts							
At 1 January 2018	6,447	185	4,402	146	184	–	11,364
At 31 December 2018	6,097	106	8,745	72	111	–	15,131
At 31 December 2019	5,934	27	8,845	44	48	200	15,098

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leased plant and equipment (classified as finance lease under SFRS(I) 1-17)

The carrying amount of leased plant and equipment amounted to S$48,000 (2018: S$114,000).

Security

At 31 December 2019, leasehold properties and motor vehicles of the Group with carrying amounts of S$1,528,000 (2018: S$1,636,000) are pledged as security to secure bank loans and lease liabilities (see Note 15).

	Leasehold properties S$'000	Leasehold improvements S$'000	Furniture, fittings and equipment S$'000	Motor vehicles S$'000	Office unit S$'000	Total S$'000
Company						
Cost						
At 1 January 2018	320	277	655	50	–	1,302
Additions	–	–	4	–	–	4
Disposals/write-offs	(320)	–	(2)	–	–	(322)
At 31 December 2018	–	277	657	50	–	984
At 1 January 2019	–	277	657	50	–	984
Recognition of right of use assets on initial application of SFRS(I) 16	–	–	–	–	271	271
Adjusted balance at 1 January 2019	–	277	657	50	271	1,255
Additions	–	–	16	–	–	16
Disposals/write-offs	–	–	(108)	–	–	(108)
At 31 December 2019	–	277	565	50	271	1,163
Accumulated depreciation and impairment losses						
At 1 January 2018	133	91	552	50	–	826
Depreciation	4	79	56	–	–	139
Disposals/write-offs	(137)	–	(2)	–	–	(139)
At 31 December 2018	–	170	606	50	–	826
Depreciation	–	80	36	–	201	317
Disposals/write-offs	–	–	(108)	–	–	(108)
At 31 December 2019	–	250	534	50	201	1,035
Carrying amounts						
At 1 January 2018	187	186	103	–	–	476
At 31 December 2018	–	107	51	–	–	158
At 31 December 2019	–	27	31	–	70	128

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

5 INTANGIBLE ASSETS

	Goodwill S$'000	Order backlogs S$'000	Customer relationships S$'000	Total S$'000
Group				
Cost				
At 1 January 2018, 31 December 2018 and 31 December 2019	6,899	518	411	7,828
Accumulated amortisation and impairment losses				
At 1 January 2018	–	518	384	902
Amortisation	–	–	13	13
At 31 December 2018	–	518	397	915
Amortisation	–	–	14	14
At 31 December 2019	–	518	411	929
Carrying amounts				
At 1 January 2018	6,899	–	27	6,926
At 31 December 2018	6,899	–	14	6,913
At 31 December 2019	6,899	–	–	6,899

Amortisation and impairment of order backlogs and customer relationships

The amortisation of order backlogs and customer relationships is included in administrative expenses.

Impairment testing for goodwill

For the purpose of impairment testing, goodwill has been allocated to the Group's CGU (operating division) as follows:

	2019 S$'000	2018 S$'000
Group		
K.A. Group	6,899	6,899

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

5 INTANGIBLE ASSETS (CONTINUED)

K.A. Group

The recoverable amount of the CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The recoverable amount of the CGU of S$34,267,000 (2018: S$29,286,000) was determined to be higher than its carrying amount, and no impairment was required.

Key assumptions used in the estimation of recoverable amount of the CGU as at 31 December were as follows:

	2019 %	2018 %
Group		
Terminal growth rate	2.0	2.0
Discount rate	8.2	8.3
EBIT margin (average of next five years)	22.0	21.6

The cash flow projections included specific estimates for 5 years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimates of the long-term annual EBIT growth rate in perpetuity, consistent with the assumptions that a market participant would make. As a result, the terminal growth rate was estimated to be 2% (2018: 2%).

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

The EBIT margin was estimated taking into account past experience, adjusted for management's assessment of future trends of the construction industry and anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated revenue growth for the next five years.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately S$16,764,000 (2018: S$13,494,000). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	2019 %	2018 %
Group		
Discount rate	14.4	13.8
EBIT margin (average of next five years)	13.1	11.3

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

6 SUBSIDIARIES

	Company	
	2019	2018
	S$'000	S$'000
Equity investments at FVOCI	21,285	22,037

Details of subsidiaries are set out in Note 27.

The Company designated its subsidiaries as equity investments as at FVOCI. The carrying amounts of the equity investments were determined based on the fair value of the net assets of the subsidiaries as at the reporting date.

7 ASSOCIATE AND JOINT VENTURE

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Interest in associate	19,555	18,517	14,544	14,544
Interest in joint venture	2,195	2,224	2,516	2,516
Less: Impairment losses	–	–	(366)	(312)
	2,195	2,224	2,150	2,204
	21,750	20,741	16,694	16,748

KPMG LLP is the auditors of the Singapore-incorporated joint venture. The Singapore-incorporated associate is audited by another accounting firm, BDO LLP Singapore. For this purpose, an associated company is considered significant as defined under the Listing Manual of the SGX-ST if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

The associate is considered significant and the Group is in compliance with Rules 712 and 715 of the Listing Manual of the SGX-ST as suitable auditing firms have been appointed to meet the Group's audit obligations. In accordance to Rule 716, the Audit Committee and Board of Directors of the Company confirm that they are satisfied that the appointment of a different auditor for its significant associate would not compromise the standard and effectiveness of the audit of the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

7 ASSOCIATE AND JOINT VENTURE (CONTINUED)

Associate

The Group has an associate that is material to the Group in 2019 and 2018 and is equity accounted.

Details of the associate is as follows:

	Dynamic Colours Limited[1]
Principal activity	Trading in colour pigments manufacture and sale of compounded resins and polyethylene packaging materials and provisions of compounding services
Principal place of business/country of incorporation	Singapore
Ownership interest/Voting rights held	41.27% (2018: 41.27%)
Fair value of ownership interest	S$16,463,000 (2018: S$14,729,650)[2]

1 Listed on the Singapore Exchange Securities Trading Limited ("SGX-ST")

2 Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

7 ASSOCIATE AND JOINT VENTURE (CONTINUED)

Associate (Continued)

The following table summarises the financial information of the associate based on its consolidated financial statements prepared in accordance with SFRS(I).

	2019 S$'000	2018 S$'000
Results		
Revenue	48,954	54,998
Profit from continuing operations	3,474	1,849
Post-tax profit from discontinued operation	588	–
OCI	(34)	(211)
Total comprehensive income	4,028	1,638
Attributable to non-controlling interests	–	–
Attributable to associate's shareholders	4,028	1,638
Assets and liabilities		
Non-current assets	17,779	22,140
Current assets	42,507	28,834
Non-current liabilities	(1,471)	(1,350)
Current liabilities	(11,749)	(4,921)
Net assets	47,066	44,703
Attributable to NCI	–	–
Attributable to associate's shareholders	47,066	44,703
Group's interest in net assets of associate at beginning of the year	18,517	18,860
Group's share of:		
– profit from continuing operations	1,432	763
– post-tax profit from discontinued operation	243	–
– OCI	(14)	(87)
Total comprehensive income	1,661	676
Translation difference	(190)	281
Dividends received during the year	(433)	(1,300)
Carrying amount of interest in associate at end of the year	19,555	18,517

Joint venture

Tat Hong Intraco Pte Ltd is an unlisted joint arrangement in which the Group has joint control via investors' agreement and 40% (2018: 40%) ownership interest. It was incorporated in Singapore by the Group, Tat Hong Holdings Ltd and Aung Moe Kyaw, and principally engaged in the leasing and sales of cranes and other heavy equipments in Myanmar.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

7 ASSOCIATE AND JOINT VENTURE (CONTINUED)

Joint venture (Continued)

Tat Hong Intraco Pte Ltd is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in Tat Hong Intraco Pte Ltd as a joint venture, which is equity-accounted.

The following table summarises the financial information of the joint venture, based on its financial statements prepared in accordance with SFRS(I).

	2019 S$'000	2018 S$'000
Revenue	581	821
(Loss)/Profit from continuing operations	(25)	572
OCI	–	–
Total comprehensive income	(25)	572
Non-current assets	4,044	4,370
Current assets[1]	1,585	1,262
Current liabilities	(101)	(75)
Net assets	5,528	5,557

1 Includes cash and cash equivalents of S$1,308,000 (2018: S$1,094,000).

	2019 S$'000	2018 S$'000
Group's interest in net assets of joint venture at beginning of the year	2,224	1,960
Group's share of (loss)/profit from continuing operations	(8)	230
	2,216	2,190
Translation difference	(21)	34
Carrying amount of interest in joint venture at end of the year	2,195	2,224

The recoverable amount for the joint venture was estimated based on the value in use calculation which is derived using cash flow projections based on the most recent budgets and forecasts approved by management covering 16 years. Cash flows for these periods are prepared using the estimated growth rates stated in the table below. The growth rate used reflects management's expectation of the growth rate of the business segment in Myanmar after taking into account the growth levels experienced over the past 3 years. The discount rate applied is the weighted average cost of capital of other market participants in the industry. The recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to impairment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

7 ASSOCIATE AND JOINT VENTURE (CONTINUED)

Joint venture (Continued)

Key assumptions used in the estimation of recoverable amount as at 31 December were as follows:

	2019 %	2018 %
Growth rate	5.2	4.2
Discount rate	11.5	11.8

8 OTHER INVESTMENTS, INCLUDING DERIVATIVES

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Derivative financial assets	–	–	1,208	2,494

The derivative financial assets relate to the written call and put options in connection with the Company's acquisition of the remaining 30% equity interest in K.A. Group from the selling shareholder of K.A. Group. The Company received the right to acquire the remaining 30% equity interest in K.A. Group in 3 tranches of 10% each, while the Company also gave the selling shareholder of K.A. Group the right to sell the remaining 30% equity interest it owns in K.A. Group in 3 tranches of 10% each.

The options on the first 10%, subsequent 10% and final 10% equity interest in K.A. Group are exercisable by the Company and/or the selling shareholder of K.A. Group on 4 September 2018, 4 September 2019 and 4 September 2020 respectively. The exercise dates are the dates falling immediately after the expiry of 4 years, 5 years and 6 years from date of acquisition respectively. The exercise price of the written put and call options in respect of each option shall be the amount determined based on the consideration paid by the Company to acquire the initial 70% equity interest in K.A. Group, adjusted for revised net tangible asset value of K.A. Group subsequent to initial acquisition date.

During the year, the selling shareholder of K.A. Group exercised the put options for the first 10% and subsequent 10%.

As at 31 December 2019, the fair value amounting to S$1,208,000 (2018: S$2,494,000) of the remaining options are recognised as derivative financial assets of the Company.

The Group's exposure to market risks and fair value information related to other investments, including derivatives, are disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

9 INVENTORIES

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Trading goods	151	243	–	–
Raw materials	958	1,286	–	–
Goods-in-transit	–	13	–	–
	1,109	1,542	–	–

In 2019, inventories of S$125,091,000 (2018: S$142,017,000) were recognised as an expense during the period and included in cost of sales. Write-down of inventories to net realisable value of S$1,000 (2018: write-down of S$1,000) was recognised in cost of sales.

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Trade receivables	20,569	20,360	–	–
Impairment losses	(6,340)	(6,360)	–	–
Net trade receivables	14,229	14,000	–	–
Deposits	342	296	75	70
Amounts due from subsidiaries (non-trade)	–	–	19,459	15,933
Impairment losses	–	–	(3,627)	(3,659)
Net amounts due from subsidiaries	–	–	15,832	12,274
Amount due from joint venture (non-trade)	3	–	3	–
Other receivables	113	48	12	4
Interest receivables	64	110	30	94
Advances to suppliers	635	1,763	–	–
	15,386	16,217	15,952	12,442
Prepayments	395	202	239	50
	15,781	16,419	16,191	12,492

At 31 December 2019, trade receivables for the Group include retentions of S$1,171,000 (2018: S$1,250,000).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

Amounts due from subsidiaries

The amounts owing by subsidiaries represent unsecured advances given and payment on behalf of subsidiaries. The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Amount due from joint venture

The amount owing by joint venture represents payment on behalf of joint venture. The non-trade amount due from joint venture is unsecured, interest-free and repayable on demand.

Credit and market risk, and impairment losses

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables (excluding prepayments) are disclosed in Note 24.

11 CONTRACT ASSETS

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Contract assets	2,520	1,165	–	–

The contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its fire protection business. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

At 31 December 2019, the aggregated amount of costs incurred and recognised profits (less recognised losses) to date under open construction contracts amounted to S$38,443,000 (2018: S$33,106,000) for the Group. Progress billings and advances received from customers under open construction contracts amounted to S$35,923,000 (2018: S$31,941,000) for the Group.

Significant judgement is used to estimate these total contract costs to be incurred to fulfil the contract and cost incurred to-date. In making these estimates, management has relied on past experience of completed projects and quantity surveyors' reports to collaborate the progress of the construction.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Cash at banks and in hand	8,131	13,213	1,932	1,354
Fixed deposits with banks	25,053	27,373	12,500	17,000
Cash and cash equivalents in the statements of financial position	33,184	40,586	14,432	18,354
Deposits pledged	(524)	(361)	–	–
Cash and cash equivalents in the statement of cash flows	32,660	40,225	14,432	18,354

Deposits pledged represent bank balances of certain subsidiaries pledged as security for issuance of letters of credit.

The weighted average effective interest rates per annum relating to fixed deposits with banks at the reporting date for the Group and Company are 1.89% (2018: 1.66%) and 1.80% (2018: 1.77%) respectively. Interest rates reprice at intervals of one to six months.

13 CAPITAL AND RESERVES

	Company	
Share capital	2019 Number of shares	2018 Number of shares
Fully paid ordinary shares, with no par value:		
In issue on 1 January and 31 December	103,725,879	103,725,879

No share options had been granted under the Intraco Employee Share Option Scheme which was approved at an Extraordinary General Meeting held on 29 April 2013. In this respect, the Company does not have outstanding convertibles as at 31 December 2019.

Ordinary shares

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

13 CAPITAL AND RESERVES (CONTINUED)

Treasury Shares

	Company	
	2019 S$'000	2018 S$'000
Balance 1 January	–	–
Purchase of treasury shares	(175)	–
Balance 31 December	(175)	–

Treasury shares relate to ordinary shares of the Company that are held by the Company. During the financial year, the Company purchase treasury shares of S$175,000 (2018: nil).

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Capital reserve	976	976	–	–
Translation reserve	(1,583)	(1,314)	–	–
Fair value reserve	–	–	7,651	8,403
	(607)	(338)	7,651	8,403

Capital reserve

Capital reserve comprises negative goodwill that has previously been taken to reserve and share of associate's statutory reserve.

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

14 EMPLOYEE SHARE OPTIONS

Intraco Employee Share Option Scheme (the 2013 Scheme)

The 2013 Scheme of the Company was approved and adopted by its shareholders at an Extraordinary General Meeting held on 29 April 2013.

Information regarding the 2013 Scheme is set out below:

- The maximum number of shares issued or to be issued for options under the 2013 Scheme is 15% of the issued share capital of the Company.
- Options may be granted at the average of the closing price of the Company's shares on the SGX-ST for the 3 consecutive trading days immediately preceding the date of grant (Market Price) or at a price of up to 20% discount of the Market Price.
- Under the 2013 Scheme, a non-discounted option vests 1 year after the date of the grant and a discounted option vests 2 years after the date of grant.
- Options granted to non-executive directors of the Group, and employees and directors of Associated Companies as defined under the 2013 Scheme, will have a life span of 5 years or such earlier date as may be determined by the Remuneration Committee. Options granted to employees and executive directors of the Group will have a life span of 10 years or such earlier date as may be determined by the Remuneration Committee.

There were no options granted since commencement of the 2013 Scheme till the end of the financial year.

15 LOANS AND BORROWINGS

	Group	
	2019 S$'000	2018 S$'000
Non-current liabilities		
Secured bank loans	693	739
Finance lease liabilities	–	38
Lease liabilities	58	–
	751	777
Current liabilities		
Secured bank loans	47	47
Finance lease liabilities	–	55
Lease liabilities	199	–
Unsecured bank loans	–	1,200
Trust receipts	6,641	7,518
	6,887	8,820

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

15 LOANS AND BORROWINGS (CONTINUED)

Market and liquidity risks

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk is included in Note 24.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

			Group	
	Nominal interest rate	Year of maturity	Face value S$'000	Carrying amount S$'000
31 December 2019				
SGD secured bank loans	2.02%	2032-2033	740	740
SGD lease liabilities	1.58% – 5.25%	2020-2021	257	257
USD trust receipts	2.45% – 2.80%	2020	6,641	6,641
			7,638	7,638
31 December 2018				
SGD secured bank loans	2.02%	2032-2033	786	786
SGD finance lease liabilities	1.58% – 2.99%	2019-2021	93	93
USD unsecured bank loans	3.46%	2019	1,200	1,200
USD trust receipts	3.10% – 3.51%	2019	7,518	7,518
			9,597	9,597

The secured bank loans and lease liabilities of the Group are secured over the leasehold properties and motor vehicles of the Group with carrying amounts of S$1,528,000 (2018: S$1,636,000) (see Note 4).

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments S$'000	Interest S$'000	Present value of minimum lease payments S$'000
31 December 2018			
Within one year	60	5	55
Between one and five years	41	3	38
	101	8	93

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

15 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		
	Other loans and borrowings S$'000	Lease liabilities (2018: Finance lease labilities) S$'000	Total S$'000
Balance at 1 January 2018	10,214	151	10,365
Changes from financing cash flows			
Proceeds from loans and borrowings	8,743	–	8,743
Repayment of loans and borrowings	(9,428)	–	(9,428)
Payment of finance lease liabilities	–	(58)	(58)
Interest paid	(447)	(6)	(453)
Total changes from financing cash flows	(1,132)	(64)	(1,196)
The effect of changes in foreign exchange rates	(25)	–	(25)
Other changes			
Liability-related			
Interest payable	(2)	–	(2)
Interest expense	449	6	455
Total liability-related other changes	447	6	453
Balance at 31 December 2018	9,504	93	9,597
Balance at 1 January 2019	9,504	93	9,597
Recognition of right of use assets on initial application of SFRS(I) 16	–	511	511
Adjusted balance at 1 January 2019	9,504	604	10,108
Changes from financing cash flows			
Proceeds from loans and borrowings	6,714	–	6,714
Repayment of loans and borrowings	(8,713)	–	(8,713)
Payment of lease liabilities	–	(347)	(347)
Interest paid	(368)	(24)	(392)
Total changes from financing cash flows	(2,367)	(371)	(2,738)
The effect of changes in foreign exchange rates	(124)	–	(124)
Other changes			
Liability-related			
Interest payable	4	–	4
Interest expense	364	24	388
Total liability-related other changes	368	24	392
Balance at 31 December 2019	7,381	257	7,638

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Current				
Trade payables	5,984	6,723	2	1
Advances from customers	8,967	8,662	–	–
Accrued expenses	1,182	970	558	558
Amounts due to subsidiaries (non-trade)	–	–	2,100	2,810
Interest payable	12	16	–	–
Other payables	835	217	86	77
Dividends payable	30	331	–	–
Contingent consideration	2,313	4,417	–	–
	19,323	21,336	2,746	3,446
Non-current				
Contingent consideration	–	2,208	–	–
	19,323	23,544	2,746	3,446

The amounts due to subsidiaries related to advances from subsidiaries. The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Contingent consideration pertains to the put option granted by the Group to the selling shareholder of K.A. Group in connection with the Company's acquisition of the remaining 30% equity interest in K.A. Group. The contingent consideration was measured at the present value of the aggregate exercise price for each of the three tranches of 10% equity interest which may be exercised on 4 September 2018, 2019 and 2020 respectively. During the year, the selling shareholder of K.A. Group exercised the put options for the first 10% and subsequent 10%. Remaining 10% shall be available for exercise in the subsequent exercise period on or after 4 September 2020.

Key assumptions used in the estimation of the present value of the contingent consideration as at the reporting date are as follows:

	2019	2018
Group		
Discount rate	5.3%	5.3%
	S$'000	S$'000
Exercise price		
– 4 September 2018 & 2019	–	5,153
– 4 September 2020	2,395	2,576

The discount rate is estimated based on the Group's borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

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16 TRADE AND OTHER PAYABLES (CONTINUED)

The exercise price for each tranche is estimated based on the revalued net tangible assets as at the reporting date and adjusted for projected profit or loss of the K.A. Group. For the estimation of the contingent consideration at reporting date, assumptions have been made that the remaining 10% tranche will be exercised on or after 4 September 2020.

The Group's exposure to market risk and fair value information related to contingent consideration is disclosed in Note 24.

Market and liquidity risks

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 24.

17 DEFERRED TAX LIABILITIES

Movement in deferred tax liabilities during the year are as follows:

Group

	Balance as at 1 January 2018 S$'000	Recognised in profit or loss (Note 21) S$'000	Balance as at 31 December 2018 S$'000	Recognised in profit or loss (Note 21) S$'000	Balance as at 31 December 2019 S$'000
Deferred tax liabilities					
Property, plant and equipment	565	(14)	551	(13)	538
Intangible assets	5	(2)	3	(3)	–
	570	(16)	554	(16)	538

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Deductible temporary differences	4,075	3,913	662	617
Tax losses	26,961	25,916	8,510	7,691
	31,036	29,829	9,172	8,308

The tax losses are subject to agreement by the tax authorities. Tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

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18 REVENUE

	Group 2019 S$'000	Group 2018 S$'000
Trading sales	126,008	143,578
Revenue from construction contracts	9,677	8,073
Service income	18	2,194
Rental income	1,497	18
	137,200	153,863

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Trading sales

Nature of goods or services	The trading segment of the Group principally generates revenue from trading plastic products and sales of construction products and raw materials.
When revenue is recognised	Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.
Significant payment terms	Payment is due when goods are delivered to the customers.

Construction contracts

Nature of goods or services	The fire protection segment of the Group manufactures and installs products for its customers. These products are constructed based on specifically negotiated contracts with customers.
When revenue is recognised	The Group has assessed that these construction contracts qualify for over time revenue recognition as the fire protection products have no alternative use for the Group due to contractual restrictions, and the Group generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract.
Significant payment terms	Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified construction milestones. If the value of the construction services rendered exceeds payments received from the customer, a contract asset is recognised.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

18 REVENUE (CONTINUED)

Service income

Nature of goods or services	The Group generates revenue from the provision of radio coverage system management, operation and mobile service and to supply communication equipment to other service providers.
When revenue is recognised	Revenue is recognised when the relevant services are rendered.
Significant payment terms	Billings to the customer are based on a schedule in the contract that is dependent on the achievement of specified service milestones.

19 NET FINANCE INCOME

	Group	
	2019 S$'000	2018 S$'000
Interest income under the effective interest method on:		
– cash and cash equivalents	556	339
– debt investments at FVOCI	–	304
Finance income	556	643
Financial liabilities measured at amortised cost – interest expense on:		
– secured bank loans	(17)	(56)
– unsecured bank loans and trust receipts	(347)	(393)
– lease liabilities	(24)	(6)
Finance costs	(388)	(455)
Net finance income recognised in profit or loss	168	188

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

20 PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2019 S$'000	2018 S$'000
Government grants	(119)	(58)
Gain on disposals of property, plant and equipment	–	(108)
Write-back of trade payables	–	(28)
Write-down of inventory to net realisable value	1	1
Reversal of allowance for doubtful receivables	(20)	(4)
Foreign exchange loss	15	57
Impairment loss on debt investments at FVOCI	–	139
Audit fees paid to:		
– auditors of the Company	234	241
– other auditors	2	2
Non-audit fees paid to:		
– auditors of the Company	77	65
Cost of inventories recognised in cost of sales	125,091	142,017
Depreciation of property, plant and equipment	765	523
Property, plant and equipment written off	1	1
Amortisation of intangible assets	14	13
Change in fair value of contingent consideration	461	(427)
Employee benefits expense		
Salaries, bonuses and other costs	5,380	5,079
Contributions to defined contribution plans	345	340
	5,725	5,419

NOTES TO THE FINANCIAL STATEMENTS

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21 TAX EXPENSE

	Group	
	2019 S$'000	2018 S$'000
Tax recognised in profit or loss		
Current tax expense		
Current year	285	176
Over provided in prior years	(155)	(41)
	130	135
Deferred tax expense		
Origination and reversal of temporary differences	(16)	(16)
	(16)	(16)
Tax expense	114	119
Reconciliation of effective tax rate		
Profit before tax	1,115	2,640
Tax using the Singapore tax rate of 17%	190	449
Tax-exempt income	(100)	(199)
Non-deductible expenses	257	187
Effects of results of equity-accounted investees presented net of tax	(283)	(169)
Change in unrecognised temporary differences	205	(108)
Over provided in prior years	(155)	(41)
	114	119

22 EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2019 was based on the profit attributable to ordinary shareholders of S$1,001,000 (2018: S$2,521,000) and a weighted average number of ordinary shares in issue and on a fully diluted basis of 103,105,079 (2018: 103,725,879), calculated as follows:

	2019 Number of shares	2018 Number of shares
Issued ordinary shares at 1 January	103,725,879	103,725,879
Purchase of shares during the year held as treasury shares	(620,800)	–
Issued ordinary shares at 31 December	103,105,079	103,725,879

There were no dilutive potential ordinary shares in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

23 OPERATING SEGMENTS

The Group has the following two strategic business units which are its reportable segments, as described below. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- ***Fire Protection*** Manufacturing, sales and installation of passive fire protection products.
- ***Trading and others*** Trading in industrial materials which include plastics and petrochemicals, provision of commercial wireless services and investment holding.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Geographical information

The Group's business is managed primarily in Singapore, Vietnam, Indonesia and others.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Operating segments

	Fire protection S$'000	Trading and others S$'000	Consolidated S$'000
31 December 2019			
External revenue	10,175	127,025	137,200
Interest income	14	171	185
Interest expense	(32)	(348)	(380)
Depreciation and amortisation	(430)	(19)	(449)
Reportable segment profit before tax	1,803	(144)	1,659
Reportable segment assets	17,032	33,500	50,532

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

23 OPERATING SEGMENTS (CONTINUED)

	Fire protection S$'000	Trading and others S$'000	Consolidated S$'000
31 December 2019			
Other material non-cash items:			
– Property, plant and equipment written off	(1)	–	(1)
– Reversal of allowance made for doubtful debts	20	–	20
– Write-down of inventory to net realisable value	–	(1)	(1)
– Foreign exchange loss	–	(7)	(7)
– Over provision of tax in prior years	155	–	155
Capital expenditure	(251)	(196)	(447)
Reportable segment liabilities	3,306	21,375	24,681
31 December 2018			
External revenue	8,376	145,487	153,863
Interest income	15	71	86
Interest expense	(61)	(394)	(455)
Depreciation and amortisation	(365)	(18)	(383)
Reportable segment profit before tax	1,111	1,137	2,248
Reportable segment assets	17,083	36,836	53,919
Other material non-cash items:			
– Gain on disposal of property, plant and equipment	10	–	10
– Property, plant and equipment written off	(1)	–	(1)
– Reversal of allowance made for doubtful debts	4	–	4
– Write-down of inventory to net realisable value	–	(1)	(1)
– Foreign exchange loss	–	(51)	(51)
– Over provision of tax in prior years	41	–	41
Capital expenditure	(62)	(4,408)	(4,470)
Reportable segment liabilities	2,177	23,877	26,054

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

23 OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2019 S$'000	2018 S$'000
Revenue		
Total revenue for reporting segments and consolidated revenue	137,200	153,863
Profit or loss		
Total profit for reportable segments	1,659	2,248
Unallocated amounts:		
– Other corporate expenses, net of income	(2,211)	(602)
Share of profit of equity-accounted investees, net of tax	1,667	994
Consolidated profit before tax	1,115	2,640
Assets		
Total assets for reportable segments	50,532	53,919
Other unallocated amounts	24,059	27,837
	74,591	81,756
Investments in equity-accounted investees	21,750	20,741
Consolidated total assets	96,341	102,497
Liabilities		
Total liabilities for reportable segments	24,681	26,054
Other unallocated amounts	3,102	7,961
Consolidated total liabilities	27,783	34,015

Other material items

	Reportable segments S$'000	Adjustments S$'000	Consolidated S$'000
31 December 2019			
Interest income	185	371	556
Interest expense	(380)	(8)	(388)
Depreciation and amortisation	(449)	(330)	(779)
Property, plant and equipment written off	(1)	–	(1)
Reversal of allowance made for doubtful receivables	20	–	20
Change in fair value of contingent consideration	–	(461)	(461)
Write-down of inventory to net realisable value	(1)	–	(1)
Foreign exchange loss	(7)	(8)	(15)
Over provision of tax in prior years	155	–	155
Capital expenditure	(447)	(286)	(733)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

23 OPERATING SEGMENTS (CONTINUED)

Other material items (Continued)

	Reportable segments S$'000	Adjustments S$'000	Consolidated S$'000
31 December 2018			
Interest income	86	557	643
Interest expense	(455)	–	(455)
Depreciation and amortisation	(383)	(153)	(536)
Gain on disposal of property, plant and equipment	10	98	108
Property, plant and equipment written off	(1)	–	(1)
Reversal of allowance made for doubtful receivables	4	–	4
Write-down of inventory to net realisable value	(1)	–	(1)
Write-back of trade payables	–	28	28
Impairment loss on debt investments at FVOCI	–	(139)	(139)
Change in fair value of contingent consideration	–	427	427
Foreign exchange loss	(51)	(6)	(57)
Over provision of tax in prior years	41	–	41
Capital expenditure	(4,470)	(4)	(4,474)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	2019 S$'000	2018 S$'000
Revenue		
Singapore	28,244	30,034
Vietnam	75,335	97,050
Indonesia	17,865	14,352
Others	15,756	12,427
Consolidated revenue	137,200	153,863
Non-current assets*		
Singapore	15,071	15,131
Vietnam	27	–
	15,098	15,131

* Non-current assets presented consist of property, plant and equipment.

Major customer

Revenue from one customer of the Group's Trading and others segment represents approximately S$19,000,000 (2018: S$28,217,000) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, and policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposure to credit risk, before taking into account any collateral. The Group and the Company do not hold any collateral in respect of their financial assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2019 S$'000	2018 S$'000
Impairment loss on debt investments at FVOCI	–	139

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in Note 23.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. These limits are reviewed on an ongoing basis. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group limits its exposure to credit risk from trade receivables by establishing maximum payment periods of one and three months for individual and corporate customers respectively.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

Exposure to credit risk

Trade and other receivables and contract assets

The Group's primary exposure to credit risk arises through its trade and other receivables* and contract assets. Concentration of credit risk relating to trade and other receivables* and contract assets is limited due to the Group's many varied customers. These customers are regionally dispersed. The Group's historical experience in the collections of trade and other receivables* and contract assets falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group and the Company's trade and other receivables* and contract assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Exposure to credit risk (Continued)

Trade and other receivables and contract assets (Continued)

The exposure to credit risk for trade and other receivables* and contract assets at the reporting date (by operating segments) was:

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Fire protection	3,487	2,620	–	–
Trading and others	14,419	14,762	15,952	12,442
	17,906	17,382	15,952	12,442

The Group's most significant customer, a trading customer, accounts for S$1,405,000 (2018: S$3,451,000) of the trade and other receivables* as at 31 December 2019. There is no concentration of customer risk at the Company level.

The ageing of the Group's and Company's trade and other receivables* and summary of exposure to credit risk at the reporting date was as follows:

	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
	2019 S$'000	2019 S$'000	2018 S$'000	2018 S$'000
Group				
Not past due	9,000	–	8,569	–
Past due 0 – 30 days	5,445	–	6,249	–
Past due 31 – 120 days	759	–	1,221	–
More than 120 days	182	6,340	198	6,340
	15,386	6,340	16,237	6,340
Loss allowance	–	(6,340)	(20)	(6,340)
	15,386	–	16,217	–
Company				
Not past due	239	–	577	–
Past due 0 – 30 days	–	–	1	–
Past due 31 – 120 days	3	–	191	–
More than 120 days	15,710	3,627	11,673	3,659
	15,952	3,627	12,442	3,659
Loss allowance	–	(3,627)	–	(3,659)
	15,952	–	12,442	–

* Exclude prepayments.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Exposure to credit risk (Continued)

Trade and other receivables and contract assets (Continued)

No aging analysis of contract assets is presented as the majority of outstanding balances as at 31 December is current.

The credit quality of trade and other receivables* is assessed based on credit policies established by the management. The Group monitors customer credit risk by grouping trade and other receivables based on their characteristics. Trade and other receivables* with high credit risk will be identified and monitored by the respective strategic business units. The Group assesses that no allowance for impairment loss on trade and other receivables* and contract assets is required, except for the amounts for which allowance were made as there is no reasonable expectation of recovery. The movement in impairment loss in respect of trade and other receivables during the year was as follows:

	Group		Company	
Lifetime ECL	**2019 S$'000**	**2018 S$'000**	**2019 S$'000**	**2018 S$'000**
At 1 January	6,360	6,388	3,659	3,873
Reversal of allowance made for doubtful receivables	(20)	(4)	–	(268)
Allowance utilised	–	(24)	–	–
Effects of movements in exchange rates	–	–	(32)	54
At 31 December	6,340	6,360	3,627	3,659

The Group assessed the collectability of its trade receivables and wrote-off doubtful receivables of S$Nil (2018: S$24,000) against the allowance set aside after considering the financial condition and the uncertainty in the recoverability of the outstanding amounts.

Based on the Group's monitoring of credit risk, the Group believes that apart from the above, no additional allowance is necessary.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Exposure to credit risk (Continued)

Debt investments

The Group limits its exposure to credit risk on investments held by investing only in liquid debt investments and only with counterparties that have credit rating of at least A2 from Moody and A- from Fitch.

The movement in impairment loss in respect of debt investments during the year was as follows:

	Group		Company	
	2019	2018	2019	2018
12-month ECL	S$'000	S$'000	S$'000	S$'000
At 1 January	–	454	–	454
Allowance made for debt investments at FVOCI	–	139	–	139
Allowance utilised	–	(593)	–	(593)
At 31 December	–	–	–	–

In 2018, the Group assessed the collectability of its debt investments at FVOCI and wrote-off S$593,000 against the allowance set aside after considering the recoverability of the debt investments at FVOCI.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of S$33,184,000 and S$14,432,000 (2018: S$40,586,000 and S$18,354,000) respectively as at 31 December 2019 and these amounts represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Ba3 to Aa1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

Risk management policy (Continued)

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying amounts S$'000	Contractual cash flows S$'000	Within 1 year S$'000	Within 2-5 years S$'000	More than 5 years S$'000
31 December 2019					
Non-derivative financial liabilities					
Secured bank loans	740	(872)	(64)	(322)	(486)
Lease liabilities	257	(262)	(202)	(60)	–
Trust receipts	6,641	(6,656)	(6,656)	–	–
Trade and other payables*	10,356	(10,356)	(10,356)	–	–
	17,994	(18,146)	(17,278)	(382)	(486)
31 December 2018					
Secured bank loans	786	(908)	(62)	(312)	(534)
Finance lease liabilities	93	(101)	(60)	(41)	–
Unsecured bank loans	1,200	(1,203)	(1,203)	–	–
Trust receipts	7,518	(7,539)	(7,539)	–	–
Trade and other payables*	14,882	(14,882)	(12,674)	(2,208)	–
	24,479	(24,633)	(21,538)	(2,561)	(534)
Company					
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables*	2,746	(2,746)	(2,746)	–	–
31 December 2018					
Non-derivative financial liabilities					
Trade and other payables*	3,446	(3,446)	(3,446)	–	–

* Exclude advances from customers.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

Risk management policy (Continued)

The maturity analyses show the undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to changes in interest relates primarily to the Group's interest-earning financial assets and interest-bearing financial liabilities. Interest rate is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group adopts a policy of constantly monitoring movements in interest rates. Presently the Group does not use derivative financial instruments to hedge its interest rate risk.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group Nominal amount		Company Nominal amount	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Fixed rate instruments				
Financial assets	25,053	27,373	12,500	17,000
Financial liabilities	(6,898)	(8,811)	–	–
	18,155	18,562	12,500	17,000
Variable rate instrument				
Financial liabilities	(740)	(786)	–	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (Continued)

Interest rate risk (Continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased (decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Group		Company	
	100 bp increase S$'000	100 bp decrease S$'000	100 bp increase S$'000	100 bp decrease S$'000
31 December 2019				
Variable rate instruments	(7)	7	–	–
31 December 2018				
Variable rate instruments	(8)	8	–	–

Currency risk

Risk management policy

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily the US dollar.

There is no formal hedging policy with respect to foreign exchange exposure. Exposure to currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (Continued)

Exposure to currency risk

The Group and Company's exposures to foreign currency risk based on notional amounts were as follows:

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
US dollar				
Trade receivables	9,767	11,493	–	–
Amount due from a subsidiary	–	–	–	8
Cash and cash equivalents	1,982	3,904	38	76
Loans and borrowings	(6,641)	(8,720)	–	–
Trade and other payables	(4,270)	(3,437)	–	–
Amount due to a subsidiary	–	–	(214)	–
Net statement of financial position exposure	838	3,240	(176)	84

Sensitivity analysis

A weakening of 10% (2018: 10%) in the US dollar against the functional currency of each of the Group entities at 31 December would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

	Group		Company	
	2019 Profit or loss S$'000	2018 Profit or loss S$'000	2019 Profit or loss S$'000	2018 Profit or loss S$'000
US dollar	(84)	(324)	18	(8)

A 10% (2018: 10%) strengthening of the above currency against the functional currency of each of the Group entities at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

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YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Accounting classifications and fair values

Fair values versus carrying amounts

The carrying amounts and fair values of financial assets and financial liabilities, including the levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Amortised costs S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group								
31 December 2019								
Financial assets not measured at fair value								
Trade and other receivables*	10	15,386	–	15,386				
Cash and cash equivalents	12	33,184	–	33,184				
		48,570	–	48,570				
Financial liability measured at fair value								
Contingent consideration	16	–	(2,313)	(2,313)			(2,313)	(2,313)
Financial liabilities not measured at fair value								
Secured bank loans	15	–	(740)	(740)				
Lease liabilities	15	–	(257)	(257)				
Trust receipts	15	–	(6,641)	(6,641)				
Trade and other payables**	16	–	(8,043)	(8,043)				
		–	(15,681)	(15,681)				

* Exclude prepayments.
** Exclude advances from customers and contingent considerations.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

	Note	Carrying amount			Fair value			
		Amortised costs S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group								
31 December 2018								
Financial assets not measured at fair value								
Trade and other receivables*	10	16,217	–	16,217				
Cash and cash equivalents	12	40,586	–	40,586				
		56,803	–	56,803				
Financial liability measured at fair value								
Contingent consideration	16	–	(6,625)	(6,625)			(6,625)	(6,625)
Financial liabilities not measured at fair value		–						
Secured bank loans	15	–	(786)	(786)				
Finance lease liabilities	15	–	(93)	(93)				
Unsecured bank loans	15	–	(1,200)	(1,200)				
Trust receipts	15	–	(7,518)	(7,518)				
Trade and other payables**	16	–	(8,257)	(8,257)				
		–	(17,854)	(17,854)				

* Exclude prepayments.
** Exclude advances from customers and contingent considerations.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

		Carrying amount					Fair value			
	Note	Amortised costs S$'000	FVTPL S$'000	FVOCI S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Company										
2019										
Financial assets measured at fair value										
Subsidiaries	6	–	–	21,285	–	21,285	–	–	21,285	21,285
Other investments, including derivatives	8	–	1,208	–	–	1,208	–	–	1,208	1,208
		–	1,208	21,285	–	22,493				
Financial assets not measured at fair value										
Trade and other receivables*	10	15,952	–	–	–	15,952				
Cash and cash equivalents	12	14,432	–	–	–	14,432				
		30,384	–	–	–	30,384				
Financial liability not measured at fair value										
Trade and other payables	16	–	–	–	(2,746)	(2,746)				

* Exclude prepayments.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

		Carrying amount					Fair value			
	Note	Amortised costs S$'000	FVTPL S$'000	FVOCI S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Company										
2018										
Financial assets measured at fair value										
Subsidiaries	6	–	–	22,037	–	22,037	–	–	22,037	22,037
Other investments, including derivatives	8	–	2,494	–	–	2,494	–	–	2,494	2,494
		–	2,494	22,037	–	24,531				
Financial assets not measured at fair value										
Trade and other receivables*	10	12,442	–	–	–	12,442				
Cash and cash equivalents	12	18,354	–	–	–	18,354				
		30,796	–	–	–	30,796				
Financial liability not measured at fair value										
Trade and other payables	16	–	–	–	(3,446)	(3,446)				

* Exclude prepayments.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring level 1, level 2 and level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Contingent consideration	*Discounted cash flows:* The valuation model considers the present value of the expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by exercise price for each tranche of the written call and put options to be paid.	• Risk-adjusted discount rate at 5.3% (2018: 5.3%)	The estimated fair value would increase (decrease) if: • The net tangible asset was higher (lower); and • The risk-adjusted discount rate was lower (higher).
Group and Company			
Debt investments	*Market comparison technique:* The fair values are based on quoted bid prices at the reporting date	N/A	N/A
Company			
Equity investments	*Net asset value*	N/A	The estimated fair value would increase (decrease) if the net asset value was higher (lower).
Derivative financial assets	*Black-Scholes pricing model:* The pricing model calculates the theoretical value of an European option based on certain key determinants, including amongst others: (i) the strike price; (ii) time to expiration; (iii) risk-free rate; (iv) expected volatility	• Risk-free rate of 1.7% (2018: 1.9%) Volatility of 43.1% (2018: 38.7%)	The estimated fair value would increase (decrease) if: • The risk-free rate was higher (lower). • The volatility was higher (lower).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Measurement of fair values (Continued)

(ii) Transfers between levels 1, 2 and 3

During the financial years ended 31 December 2019 and 31 December 2018, there have been no transfers between Level 1, Level 2 and Level 3.

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in Note 2.4.

(iii) Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Contingent consideration	
	2019 S$'000	2018 S$'000
Group		
At 1 January	6,625	7,052
Total unrealised gains and losses recognised in profit or loss:		
– other income	–	(427)
– administrative expenses	461	–
Payment for additional interest in subsidiary	(4,773)	–
At 31 December	2,313	6,625

	2019		2018	
	Equity investments at fair value S$'000	Derivatives financial assets S$'000	Equity investments at fair value S$'000	Derivatives financial assets S$'000
Company				
At 1 January	22,037	2,494	18,836	5,504
Total unrealised gains and losses recognised in profit or loss:				
– other income	–	–	–	–
– other operating expenses	–	(1,286)	–	(3,010)
Total gains and losses for the period included in OCI:				
– net change in fair value	(752)	–	3,201	–
At 31 December	21,285	1,208	22,037	2,494

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 FINANCIAL INSTRUMENTS (CONTINUED)

Measurement of fair values (Continued)

(iii) Level 3 fair values (Continued)

Sensitivity analysis

For the fair values of contingent consideration and equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following impacts.

Contingent consideration

	Group Profit or loss	
	Decrease S$'000	Increase S$'000
31 December 2019		
Risk-adjusted discount rate (1% movement)	(15)	15
31 December 2018		
Risk-adjusted discount rate (1% movement)	(107)	104

Equity securities

	Company OCI, net of tax	
	Increase S$'000	Decrease S$'000
31 December 2019		
Net tangible assets (1% movement)	213	(213)
31 December 2018		
Net tangible assets (1% movement)	220	(220)

Derivatives financial assets

	Company Profit or loss	
	Increase S$'000	Decrease S$'000
31 December 2019		
Risk-free rate (1% movement)	(15)	15
31 December 2018		
Risk-free rate (1% movement)	102	(103)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

25 LEASES

Leases as lessee (SFRS(I) 16)

The Group leases office units and office equipment. The leases typically run for a period of 1 – 3 years. Lease payments are renegotiated at the end of lease term to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The Group leases motor vehicle under a number of leases, which were classified as finance leases under SFRS(I) 1-17.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to office units and office equipment that do not meet the definition of investment property are presented as property, plant and equipment (see Note 4).

	Office units S$'000	Office equipment S$'000	Total S$'000
2019			
Group			
Balance at 1 January	492	19	511
Depreciation charge for the year	(292)	(9)	(301)
Balance at 31 December	200	10	210
Company			
Balance at 1 January	271	–	271
Depreciation charge for the year	(201)	–	(201)
Balance at 31 December	70	–	70

Amounts recognised in profit or loss

	Group S$'000
2019 – Leases under SFRS(I) 16	
Interest on lease liabilities	19
2018 – Operating leases under SFRS(I) 1-17	
Lease expense	382

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

25 LEASES (CONTINUED)

Amounts recognised in statement of cash flows

	2019 S$'000
Group	
Total cash outflow for leases	292

26 RELATED PARTIES

Transactions with key management personnel

Key management personnel compensation

Compensation payable to key management personnel comprises:

	Group	
	2019 S$'000	2018 S$'000
Short-term employee benefits		
Directors' fees	409	391
Director's remuneration	–	16
Key management staff	1,810	1,888
	2,219	2,295

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

27 SUBSIDIARIES

Name of Company	Principal activities	Country of incorporation	Ownership interest held by Group 2019 %	2018 %	Note
Held by Intraco Limited:					
Intrawave Pte Ltd	Provision of radio coverage system management, operation and mobile service and supply of communications equipment to other service providers.	Singapore	100	100	i
Intraco Trading Pte Ltd	Trading, marketing and distribution and acting as commission agents for industrial materials, energy commodities products.	Singapore	100	100	i
Intraco Foods Pte Ltd	Trading and processing of agricultural and food products which include frozen seafood and fertilisers.	Singapore	100	100	i
Intraco International Pte Ltd	Investment holding company.	Singapore	100	100	i
Held by Intraco International Pte Ltd:					
Intraco International (Shanghai) Co., Ltd	Import, export and wholesale of industrial materials which include metals, plastics, petrochemicals and rubbers and commission agency business.	China	100	100	ii, iv
K.A. Group Holdings Pte. Ltd.	Investment holding company.	Singapore	90	70	i

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

27 SUBSIDIARIES (CONTINUED)

Name of Company	Principal activities	Country of incorporation	Ownership interest held by Group 2019 %	2018 %	Note
Held by K.A. Group Holdings Pte. Ltd.:					
K.A. Building Construction Pte Ltd	Manufacturing and installation of passive fire protection products.	Singapore	90	70	i
K.A. Fireproofing Pte Ltd	Manufacturing and installation of passive fire protection products.	Singapore	90	70	i
K.A. Fabric Shutters Pte Ltd	Manufacturing and installation of passive fire protection products.	Singapore	90	70	i
K.A. FireLite Pte. Ltd.	Manufacturing and installation of passive fire protection products.	Singapore	90	70	i
K.A. Vermiculite Spray Sdn Bhd	Manufacturing and installation of passive fire protection products.	Malaysia	90	70	iii, iv

Notes

i Audited by KPMG LLP, Singapore.

ii Audited by Shanghai Mingyu Certified Public Accountants Co., Ltd., People's Republic of China.

iii Audited by P.S. Yap, Isma & Associates, Chartered Accountants, Malaysia.

iv These companies are dormant during the year.

KPMG LLP Singapore is the auditors of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

28 SUBSEQUENT EVENTS

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the Group's 31 December 2019 consolidated financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future.

SUPPLEMENTARY INFORMATION

(SGX-ST LISTING MANUAL DISCLOSURE REQUIREMENTS)

PROPERTIES HELD BY THE GROUP

Description of properties held by the Group is as follows:

Location	Description	Tenure
43 Tuas View Close Singapore 637477	Factory	60-year lease from 9 July 1996 to 8 July 2056
71 Tuas View Place #05-01 Westlink Two Singapore 637434	Factory	60-year lease from 20 November 1995 to 19 November 2055
71 Tuas View Place #05-20 Westlink Two Singapore 637434	Factory	60-year lease from 20 November 1995 to 19 November 2055

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2020

SHAREHOLDING STATISTICS

Class of Shares	:	Ordinary shares
Number of Issued and Fully Paid Shares (excluding Treasury Shares)	:	102,925,879
Number of Treasury Shares Held	:	800,000
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share (no vote for treasury shares)

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	58	1.85	1,949	0.00
100 – 1,000	727	23.16	519,102	0.50
1,001 – 10,000	1,869	59.54	7,293,755	7.09
10,001 – 1,000,000	478	15.23	23,794,697	23.12
1,000,001 and above	7	0.22	71,316,376	69.29
Total	3,139	100.00	102,925,879	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Phillip Securities Pte Ltd	29,174,500	28.35
2.	UOB Kay Hian Private Limited	29,009,650	28.18
3.	Soh Ying Sin	4,500,000	4.37
4.	Oei Hong Leong	4,272,400	4.15
5.	DBS Nominees (Private) Limited	2,208,257	2.15
6.	Morph Investments Ltd	1,078,000	1.05
7.	United Overseas Bank Nominees (Private) Limited	1,073,569	1.04
8.	Raffles Nominees (Pte.) Limited	942,450	0.92
9.	Citibank Nominees Singapore Pte Ltd	844,350	0.82
10.	CGS-CIMB Securities (Singapore) Pte. Ltd.	843,509	0.82
11.	Khong Kin Pang	751,000	0.73
12.	OCBC Nominees Singapore Private Limited	729,050	0.71
13.	Lee Mei Fong	516,000	0.50
14.	Ng Hwee Koon	433,000	0.42
15.	Ng Poh Cheng	426,000	0.41
16.	Goh Choon Wei or Ceciline Goh	422,200	0.41
17.	Chan Soo Hin	357,000	0.35
18.	Ong Meng Huat	300,000	0.29
19.	Sim Wee Lim	283,000	0.27
20.	Ng Poh Cheng	244,768	0.24
Total		**78,408,703**	**76.18**

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2020

PUBLIC FLOAT

Disclosure pursuant to Rule 1207(9)(e) of the SGX-ST Listing Manual

As at 13 March 2020, approximately 38.66% of the total number of issued shares of the Company was held by the public and accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
TH Investments Pte Ltd	–	–	29,486,148(1)	28.65
Tat Hong Investments Pte Ltd	–	–	29,486,148(1)	28.65
Chwee Cheng & Sons Pte Ltd	–	–	29,486,148(1)	28.65
Ng San Tiong	–	–	29,486,148(1)	28.65
Ng Sun Ho	–	–	29,486,148(1)	28.65
Ng San Wee	–	–	29,486,148(1)	28.65
Ng Sun Giam	–	–	29,486,148(1)	28.65
Amtrek Investment Pte. Ltd.	28,998,400	28.17	–	–
Chew Leong Chee	–	–	28,998,400(2)	28.17
Melanie Chew Ng Fung Ning	–	–	28,998,400(3)	28.17
Resource Pacific Holdings Pte. Ltd.	–	–	28,998,400(4)	28.17
Asia Resource Corporation Pte. Ltd.	–	–	28,998,400(5)	28.17
Macondray Holdings Pte. Ltd.	–	–	28,998,400(6)	28.17

Notes:

(1) Shares owned by TH Investments Pte Ltd are held under a nominee account. TH Investments Pte Ltd is wholly owned by Tat Hong Investments Pte Ltd, which in turn is wholly owned by Chwee Cheng & Sons Pte Ltd. 39.44% of the issued share capital of Chwee Cheng & Sons Pte Ltd is owned by The Chwee Cheng Trust constituted under a trust deed. Mr Ng San Tiong, Mr Ng Sun Ho, Mr Ng San Wee and Mr Ng Sun Giam are the joint trustees of The Chwee Cheng Trust.

Pursuant to Section 7 of the Companies Act, Cap. 50 (the "**Act**"), each of Mr Ng San Tiong, Mr Ng Sun Ho, Mr Ng San Wee and Mr Ng Sun Giam has a deemed interest in The Chwee Cheng Trust's 39.44% shareholding interest in Chwee Cheng & Sons Pte Ltd and a direct interest in Chwee Cheng & Sons Pte Ltd. Accordingly, each of Mr Ng San Tiong, Mr Ng Sun Ho, Mr Ng San Wee and Mr Ng Sun Giam has a deemed interest in 28.65% of the issued share capital of the Company.

(2) Mr Chew Leong Chee ("**Mr Chew**") owns 25% direct interest and 30% indirect interest through his spouse, Dr Melanie Chew Ng Fung Ning ("**Dr Melanie Chew**") in Resource Pacific Holdings Pte. Ltd. ("**RPHPL**"). Mr Chew also owns 38.01% interest in Asia Resource Corporation Pte. Ltd. ("**ARCPL**").

RPHPL owns 42.72% interest in ARCPL. ARCPL owns 84.10% interest in Macondray Holdings Pte. Ltd. ("**MHPL**"). MHPL owns 100% interest in Amtrek Investment Pte. Ltd. ("**AIPL**"). Pursuant to Section 7 of the Act, Mr Chew is deemed to be interested in the shares held by AIPL in the Company.

(3) Dr Melanie Chew owns 30% direct interest in RPHPL. RPHPL owns 42.72% interest in ARCPL. ARCPL owns 84.10% interest in MHPL. MHPL owns 100% interest in AIPL. Pursuant to Section 7 of the Act, Dr Melanie Chew is deemed to be interested in the shares held by AIPL in the Company.

(4) RPHPL owns 42.72% interest in ARCPL. ARCPL owns 84.10% interest in MHPL. MHPL owns 100% interest in AIPL. Pursuant to Section 7 of the Act, RPHPL is deemed to be interested in the shares held by AIPL in the Company.

(5) ARCPL owns 84.10% interest in MHPL. MHPL owns 100% interest in AIPL. Pursuant to Section 7 of the Act, ARCPL is deemed to be interested in the shares held by AIPL in the Company.

(6) MHPL owns 100% interest in AIPL. Pursuant to Section 7 of the Act, MHPL is deemed to be interested in the shares held by AIPL in the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting (the "**AGM**") of INTRACO LIMITED (the "**Company**") will be held at The National University of Singapore Society, Guild Hall, Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119241 on Wednesday, 24 June 2020 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the year ended 31 December 2019 together with the Auditors' Report thereon.
Resolution 1

2. To re-elect the following directors of the Company ("**Directors**") retiring pursuant to Regulation 115 of the constitution of the Company (the "**Constitution**"):

   (i) Dr Steve Lai Mun Fok **Resolution 2**
   (ii) Mr Charlie Ng How Kiat **Resolution 3**

   Dr Steve Lai Mun Fok will, upon re-election as a Director, remain as a member of the Investment Committee and will be considered non-independent.

   Mr Charlie Ng How Kiat will, upon re-election as a Director, remain as a member of the Nominating Committee, Remuneration Committee and Investment Committee and will be considered non-independent.

3. To approve the payment of Directors' fees of up to S$440,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears (FY2019: S$440,000).
See Explanatory Note (i) on page 179 **Resolution 4**

4. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.
Resolution 5

5. To transact any other ordinary business which may be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore ("**Companies Act**"), and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors be authorised and empowered to:

(a) (i) Issue ordinary shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) to be issued pursuant to this resolution shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company ("**Shareholders**") shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below):

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of the issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this resolution, after adjusting for:

(a) new Shares arising from the exercise of share options or vesting of share awards;

(b) new Shares arising from the conversion or exercise of any convertible securities; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

See Explanatory Note (ii) on page 179 **Resolution 6**

NOTICE OF ANNUAL GENERAL MEETING

7. **AUTHORITY TO ISSUE SHARES UNDER THE INTRACO EMPLOYEE SHARE OPTION SCHEME**

That pursuant to Section 161 of the Companies Act, the Directors be authorised and empowered to grant options in accordance with the provisions of the Intraco Employee Share Option Scheme ("**Scheme**") and to issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional Shares to be issued pursuant to the Scheme and any other share schemes which the Company may have in place shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
See Explanatory Note (iii) on page 179 **Resolution 7**

8. **RENEWAL OF SHARE PURCHASE MANDATE**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Maximum Percentage, at such price or prices as may be determined by the Directors from time to time up to either the Maximum Market Purchase Price, or the Maximum Off-Market Purchase Price (as the case may be), whether by way of:–

(i) market purchase(s) ("**Market Purchases**") on the SGX-ST or on any other securities exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) ("**Off-Market Purchases**"), in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:–

(i) the date on which the next AGM of the Company is held;

(ii) the date by which the next AGM of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

(c) for purposes of this resolution:–

(i) "**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five (5) Market Days period;

(ii) "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Off-Market Purchase Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(iii) "**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(iv) "**Maximum Market Purchase Price**" means in the case of a Market Purchase, 105% of the Average Closing Price of the Shares;

(v) "**Maximum Off-Market Purchase Price**" means in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares; and

(vi) "**Maximum Percentage**" means 10% of the issued Shares as at the date of the passing of this resolution;

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution.

See Explanatory Note (iv) on page 179 **Resolution 8**

By Order of the Board

Josephine Toh
Company Secretary

Singapore
13 April 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Resolutions to be passed:

(i) The Ordinary Resolution 4 proposed in item 3 above is to approve Non-Executive Directors' fees for the financial year ending 2020. The amount is computed based on a framework comprising basic fees reflecting membership and Chairmanship of the board of Directors (the "**Board**") and the Board Committees; attendance fees based on the anticipated number of Board and Board Committees meetings to be held in 2020; and travel allowance.

The Directors' fee framework remains unchanged.

(ii) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this resolution is passed, and any subsequent bonus issue, consolidation or subdivision of Shares.

(iii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted under the Scheme. The aggregate number of Shares which may be issued pursuant to the Scheme and any other share schemes which the Company may have in place shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(iv) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors effective until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase Shares by way of market purchases or off-market purchases of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the AGM at which this resolution is passed. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2019 are set out in greater detail in the addendum to the annual report of the Company for the financial year ended 31 December 2019 dated 13 April 2020.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend and vote at the AGM.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Company's Share Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or email to eproxyform@intraco.com not less than seventy-two (72) hours before the time set for the AGM or any adjournment thereof.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

Measures to Minimise Risk of COVID-19

In view that COVID-19 situation continues to evolve, the Company reserves the right to take such precautionary measures as may be appropriate at the AGM, including any precautionary measures as may be required or recommended by government agencies, from time to time in order to minimise the risk of community spread of COVID-19.

We apologise that there will not be any food served at the AGM.

Shareholders who are unwell on the date of the AGM are advised not to attend the AGM. Shareholders are also advised to appoint the Chairman of the AGM to cast votes on their behalf. This is also a safety measure to avoid the physical congregation of persons at the AGM.

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation and reserves the right to take further measures as appropriate up to the date of the AGM in order to minimise any risks to all attendees. Shareholders can also get updates of the COVID-19 situation from the below link:–
MOH: https://www.moh.gov.sg/covid-19.

Shareholders are also advised to monitor the Company's website for any changes to the AGM arrangements at www.intraco.com.sg. The Company seeks the understanding and cooperation of all Shareholders to minimise the risk of community spread of the COVID-19.

INTRACO LIMITED
(Incorporated in Singapore)
(Company Registration No. 196800526Z)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend, speak and vote at the Meeting (please see note 3 for the definition of "relevant intermediary").
2. For CPF/SRS investors who have used their CPF monies to buy INTRACO Limited's shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2020.

PROXY FORM
ANNUAL GENERAL MEETING

*I/We, ______________________________ (Name) ______________ (NRIC/Passport/Co Reg No.)

of ____ (Address)
being a member/members of **INTRACO** Limited (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

*and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing *him/her, the Chairman of the Annual General Meeting (the "**Meeting**") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Meeting of the Company to be held at The National University of Singapore Society, Guild Hall, Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119241 on Wednesday, 24 June 2020 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our*proxy/proxies to vote for, against or abstain from voting on the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

Voting will be conducted by poll. If you wish to abstain or exercise all your votes "For", "Against" or "Abstain", please tick (√) within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

No.	**Resolutions relating to:**	**No. of Votes For**	**No. of Votes Against**	**No. of Votes Abstain**
Ordinary Business				
1.	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report			
2.	Re-election of Dr Steve Lai			
3.	Re-election of Mr Charlie Ng			
4.	Approval of Directors' fees			
5.	Re-appointment of KPMG LLP as Auditors			
Special Business				
6.	Share Issue Mandate			
7.	Authority to issue shares under the INTRACO Employee Share Option Scheme			
8.	Renewal of Share Purchase Mandate			

** Delete where inapplicable*

Dated this __________ day of ______________________ 2020.

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. If any proxy other than the Chairman of the Meeting is to be appointed, please delete the words "the Chairman of the Meeting", and insert the name and address of the proxy desired in the box provided. If the box is left blank or incomplete, the Chairman of the Meeting shall be deemed to be appointed as your proxy.

3. (a) A member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or email to eproxyform@intraco.com not less than seventy-two (72) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Colin Low (Chairman and Independent Director)

Dr Tan Boon Wan (Independent Director)

Mr Shabbir H Hassanbhai (Independent Director)

Mr Charlie Ng How Kiat (Non-Executive Director)

Mr Tony Chew Leong Chee (Alternate Director to Mr Charlie Ng How Kiat)

Dr Steve Lai Mun Fook (Non-Executive Director)

Mr Roland Ng San Tiong (Alternate Director to Dr Steve Lai Mun Fook)

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

Mr Shabbir H Hassanbhai (Chairman)
Mr Colin Low
Mr Charlie Ng How Kiat

INVESTMENT COMMITTEE

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

COMPANY SECRETARIES

Ms Josephine Toh Lei Mui
Ms Marilyn Tan Lay Hong (Appointed on 31 July 2019)
Mr Victor Lai Kuan Loong (Resigned on 31 July 2019)

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Audit Partner – Ms Sarina Lee
(Appointed since financial year ended 31 December 2019)

REGISTERED OFFICE

60 Albert Street
#07-01 OG Albert Complex
Singapore 189969
Tel: (65) 6586 6777
Fax: (65) 6316 3128
Email: admin@intraco.com
Website: www.intraco.com.sg

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Ltd

INVESTOR RELATIONS

Citigate Dewe Rogerson
105 Cecil Street
#09-01 The Octagon
Singapore 069534
Tel: (65) 6534 5122
Main Contact: Ms Chia Hui Kheng

INTRACO LIMITED

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#07-01 OG Albert Complex
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