INTRACO LIMITED
(Company Registration No. 196800526Z)
Incorporated in the Republic of Singapore

RESPONSE TO SGX-ST'S QUERIES IN RELATION TO THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the "Board") of Intraco Limited (the "Company" or together with its subsidiaries, the "Group") refers to the queries raised by Singapore Exchange Securities Trading Limited ("SGX-ST") on 29 April 2020 in relation to the Company's Annual Report for the financial year ended 31 December 2019 ("FY2019 Annual Report") and wishes to provide the following information:

SGX-ST Query 1:
Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please provide information on the relevant experience of accounting firm and the engagement team.

Company's response:

The Company refers to its disclosure on pages 72 and 73 of the FY2019 Annual Report.

The Company has an in-house internal auditor ("IA") who reports functionally to the Audit Committee ("AC") and administratively to the CEO. During the year, the IA has confirmed in writing to the AC that he was in compliance with the International Standards for the Professional Practice of Internal Audit of the Institute of Internal Auditors. The IA also possesses 14 years of prior experience in internal audit.

During the year, the AC and Management also conducted a review of the IA's effectiveness and adequacy by completing a questionnaire evaluating the IA's standing within the Company, resources in the IA department and effectiveness and adequacy of the internal audit processes.

Having considered the above, the Audit Committee is satisfied that the internal audit function is effective and adequately resourced based on the nature and extent of the Group's operations.

SGX-ST Query 2:
Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.1 of the Code with regard to the disclosure of remuneration. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's response:

The Company refers to its disclosure on pages 65 and 66 of the FY2019 Annual Report.

The Company has disclosed in the FY2019 Annual report the breakdown of the remuneration of the CEO and key management personnel into types of compensation in percentage terms and in bands of S$250,000. The Company is of the view that it is not in the best interest of the Company to disclose the specific remuneration of the CEO and key management personnel as this disclosure may adversely affect the Company's talent retention efforts, given the confidentiality and sensitive nature of the subject and the intense competition in the industry for key talents. The aggregate remuneration paid to the key management personnel (who are not Directors or CEO of the Company) in FY2019 amounted to S$1,270,890. As such, the disclosure is consistent with the intent of Provision 8.1 of the Code.

The Company believes the remuneration information disclosed is sufficient for shareholders to have an adequate appreciation of the remuneration of the Company's key management personnel.

On the relationships between remuneration, performance and value creation, the Remuneration Committee sets clear key performance indicators ("KPIs") for key management personnel with due weightage on each deliverable factor by respective key management personnel. This was provided on page 64 of the FY2019 Annual Report under "Remuneration of Executive Directors and Key Management Personnel". Further, no Directors received any remuneration except for Directors' fees tabled and approved at every Annual General Meeting.

SGX-ST Query 3:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.2 of the Code with regard to the disclosure of remuneration (in particular, whether the disclosures pertaining to employees who are substantial shareholders or immediate family members of substantial shareholders), and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's response:

Further to the Company's disclosure on page 66 of the FY2019 Annual Report that no employee was in fact an immediate family member of a Director or the CEO or a substantial shareholder in FY2019, the Company confirms that there were no employees who were substantial shareholders and whose remuneration exceeded S$100,000 during FY2019.

Accordingly, the Company has complied with Provision 8.2 of the Code.

SGX-ST Query 4:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 9.2 of the Code with regard to the assurances from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 9 of the Code, which requires the maintenance of a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Company's response:

The Company refers to its disclosure on page 68 of the FY2019 Annual Report.

For FY2019, the CEO together with the key management personnel ("Management") had provided written confirmation (on a half-yearly and yearly basis) that there were 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 ("Management Assurance Letters"). Thus, Management is of the view that the Company's risk management and internal control systems are adequate and effective.

The above assurance was also supported by the adoption of an enterprise risk management framework and maintaining a risk register as disclosed on page 67 of the FY2019 Annual Report as well as the efforts of the Company's IA to review the internal control issues as they arise or directed by the Audit Committee, as disclosed on page 67 of the FY2019 Annual Report.

Accordingly, the Company has complied with Provision 9.2 of the Code.

By Order of the Board

Josephine Toh
Company Secretary

30 April 2020