

**PROCURRI CORPORATION LIMITED**  
(Company Registration No.: 201306969W)  
(Incorporated in the Republic of Singapore)

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**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING  
LIMITED ON THE COMPANY'S ANNUAL REPORT 2022**

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The board of directors (the “**Board**”) of Procurri Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the queries raised by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 25 April 2023 in respect of the Company’s annual report for the financial year ended 31 December 2022 (“**AR2022**”). Terms used in this announcement shall bear the meanings ascribed to them in AR2022 unless the context otherwise requires. The responses of the Company are set out as follows:

**Query #1:**

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.

- (a) We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration of (a) each individual director and the CEO and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000, and there were no explanations provided for in your FY2022 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.
- (b) We note that the Company had not complied with Provision 2.2 of the Code as Independent directors do not make up a majority of the Board where your Chairman is not independent, and there were no explanations were provided for in your FY2022 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.
- (c) We note that the Company had not complied with Provision 9.2(b) of the Code as there is no assurance received regarding the adequacy and effectiveness of the Company’s risk management and internal control systems, and there were no explanations provided for in your FY2022 annual report on how it is consistent with the intent of Principle 9 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 Board to be responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

**Company’s response:**

- (a) The Company has disclosed the reasons for deviating from Provision 8.1 of the Code on page 71 of AR2022, being that such disclosure is commercially sensitive and could encourage talent-poaching which possibly leads to the Company and subsidiaries being exposed to unnecessary risks. Whilst sustaining the long-term benefit of the Company,

the Board is of the view that the disclosure of the remuneration in bands has sufficiently balanced the Company's interests and the necessity to provide sound information to the investors for their investment decisions. Further, given the competitive condition of the industry that the Group operates in, it is in the best interest of the Group to maintain the confidentiality of the names and remuneration details of the top five key executives ("KMP"). In addition, such disclosure of specific remuneration information may encourage inappropriate peer comparisons and discontentment and may, in certain cases, give rise to recruitment and talent retention issues.

Principle 8 of the Code requires the Company to be transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. Notwithstanding the abovementioned reasons for deviations, the Company is of the view that the level of information that had been disclosed is consistent with the intent of Principle 8 of the Code, for the following reasons:

- (1) **Transparency on remuneration policies** – the remuneration policies of the Company have been disclosed on pages 70 to 72 of AR2022, not only as part of its compliance with Principle 8 but also in respect of Principle 7. In particular, the Company has elaborated on the compensation philosophy governing the remuneration of the executive director and KMP and the factors taken into account for the remuneration of the non-executive directors. The Company has also disclosed the remuneration paid to each director and the KMP using bands of S\$250,000 for transparency.
- (2) **Level and mix of remuneration** – the level and mix of remuneration has also been disclosed on pages 70 to 72 of AR2022, where:
  - (i) notwithstanding that the actual remuneration of the directors were not disclosed, these have been disclosed in bands of no wider than S\$250,000 and the breakdown of the components of their remuneration – Salary, director's fees and fair value of awards under PSP for FY2022 – were disclosed on page 71 of AR2022; and
  - (ii) the KMP's remuneration have been disclosed in bands of S\$250,000 and the aggregate remuneration of the KMP have been disclosed on page 72 of AR2022.
- (3) **Procedure for setting remuneration** – the procedure for setting remuneration has been disclosed on pages 70 to 72 of AR2022.
- (4) **Relationships between remuneration, performance and value creation** – the relationships between remuneration, performance and value creation are disclosed through the Company's disclosure on its compensation philosophy, as well as the disclosed remuneration. Please refer to the Company's response (above) on transparency on remuneration policies in this regard.

The Board is of the view that, in light of the above, the Company's disclosures are aligned and consistent with the intent of Principle 8, and the deviations arise because the Group seeks to balance such intent with legitimate commercial concerns, such as information being exploited by competitors, and maintaining confidentiality on remuneration matters.

- (b) The Board currently comprises six directors, of which three are independent non-executive directors, two are non-independent non-executive directors, and the

executive chairman. The independent non-executive directors therefore make up half of the Board.

Principle 2 of the Code requires the Board to have 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.

**Independence** - As disclosed on page 55 of AR2022, the Nominating Committee (the “NC”) assesses the independence of the directors guided by the Code, and takes into account factors such as the director’s relationship with the Company, its related corporations, its substantial shareholders or its officers, and whether these relationships interfere with such director’s business judgement. Each independent director is also required to complete a confirmation form annually to confirm his independence as disclosed on page 53 of AR2022.

The independence of the independent directors is also evident from the fact that they meet amongst themselves without the presence of the management of the Company (the “**Management**”) and the Executive Chairman to discuss and evaluate, among others, the performance of the Management. As appropriate, the feedback and views expressed by the independent directors is communicated by the Lead Independent Director to the Executive Chairman after such meetings. This is disclosed on page 54 of AR2022.

In addition to the above, the Executive Chairman makes up a minority on the Board while the non-executive directors form the majority. The non-executive directors, who make up a majority of the Board, always constructively challenge and help develop proposals on strategy and review the Management’s performance in meeting agreed goals and objectives and monitor the reporting of the Management’s performance.

**Diversity of thought and background in composition** - As disclosed on pages 53 to 55 of AR2022, the Company recognises and embraces Board diversity as an essential element in the achievement of business objectives and sustainable development.

The Board had considered the background and core competencies of each member of the current Board. This includes backgrounds in finance, accounting, legal, business and industry knowledge. The Board had also looked into the background of the current independent directors and considered them competent as they are respected individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary to the Company. In reviewing the composition of the Board, the NC considers the benefits of Board diversity from a number of aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge.

Apart from the abovementioned, as disclosed on page 53 of AR2022, the Board is of the view that diversity is not merely limited to gender or any other personal attributes. The benefits of Board diversity are harnessed when the directors adopt an independent mindset when carrying out their responsibilities. In order to leverage on diverse perspectives, the Board strives to cultivate an inclusive environment where all directors are able to speak and participate in decision-making. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experiences and expertise to contribute to the development of the Group’s strategies and the performance of its business.

Having considered the factors and considerations listed above, the Board is of the view that the Board demonstrates an appropriate level of independence and diversity of thought and background in its composition so as to be consistent with the intent of Principle 2 of the Code.

- (c) The assurance received regarding the adequacy and effectiveness of the Company's risk management and internal control systems has been disclosed on page 72 of AR2022.

The Group's risk management and internal controls systems are designed to provide reasonable assurance with regards to the keeping of proper accounting records, integrity and reliability of financial information, and physical safeguard of assets. Management takes into consideration the risks which the Group is exposed to, the likelihood of occurrence and the cost of prevention while designing risk management and internal controls systems.

Based on:

- (1) the risk management and internal controls systems established and maintained by the Group;
- (2) work performed by the internal and external auditors, and reviews performed by Management, the Board and the Board Committees; and
- (3) the confirmations received from the Executive Chairman, the CFO, and the chief executive officers of the respective subsidiaries that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and that the Group's risk management and internal control systems in place are adequate and effective in addressing the financial, operational, compliance, information technology controls and risk management systems,

The Board, with the concurrence of the Audit Committee, is of the opinion that the Group's current risk management and internal control systems in place to address financial, operational, compliance, information technology controls and risk management systems are adequate and effective though continuous improvements are needed as the Group grows its business.

**Query #2:**

Listing Rule 710A states that an issuer must describe in its annual report its board diversity policy, including the following:

- (a) the issuer's targets to achieve diversity on its board;
- (b) the issuer's accompanying plans and timelines for achieving the targets;
- (c) the issuer's progress towards achieving the targets within the timelines; and
- (d) a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.

Please disclose whether and how Listing Rule 710A has been complied with.

**Company's response:**

As stated above, the Board had considered the background and core competencies of each member of the current Board. This includes backgrounds in finance, accounting, legal, business and industry knowledge. The Board had also looked into the background of the current independent directors and considered them competent as they are respected individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary to the Company. The profile of each of the Directors is set out on pages 16 and 17 of AR2022. In addition, the Board has approved the following board diversity policy in FY2022. The Company is committed to building a diverse, inclusive and collaborative culture. The Company recognises and embraces Board diversity

as an essential element in the achievement of business objectives and sustainable development. However, diversity is not merely limited to gender or any other personal attributes. The benefits of Board diversity are harnessed when the directors adopt an independent mindset when carrying out their responsibilities. In order to leverage on diverse perspectives, the Board strives to cultivate an inclusive environment where all directors are able to speak and participate in decision making. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experiences and expertise to contribute to the development of the Group's strategies and the performance of its business.

In reviewing the composition of the Board, the NC considers the benefits of Board diversity from a number of aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge. All Board appointments are based on merit, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board.

The NC will monitor the implementation of the board diversity policy and report to the Board on the progress made towards achieving Board diversity on an annual basis.

Going forward, the Company will include more details of diversity in future annual reports in accordance with Listing Rule 710A.

**Query #3:**

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. We note on page 75 that "The AC is satisfied that the GIA function is independent, competent, and adequately resourced by personnel with the relevant qualifications and experience.". Please provide the Audit Committee's comments on whether the internal audit function is effective.

**Company's response:**

The Audit Committee is satisfied that the internal audit function is independent, effective and adequately resourced by personnel with the relevant qualifications and experience.

**Query #4:**

Listing Rule 1207(18B) requires the issuer to provide an explanation of how the issuer has complied with the following: —

- (a) the issuer has designated an independent function to investigate whistleblowing reports made in good faith;
- (b) the issuer ensures that the identity of the whistleblower is kept confidential;
- (c) the issuer discloses its commitment to ensure protection of the whistleblower against detrimental or unfair treatment; and
- (d) the Audit Committee is responsible for oversight and monitoring of whistleblowing.

Please disclose whether and how Listing Rule 1207(18B) has been complied with.

**Company's response:**

The Board, on the recommendation of the AC, approved and put in place a whistle blowing policy and procedure for reporting impropriety in matters of financial reporting and other matters (the "**Whistle Blowing Policy**"). The AC will review the adequacy of the whistleblowing arrangements instituted by the Group through which employees and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The objectives of the Whistle Blowing Policy are to ensure that arrangements are in place for independent investigation and appropriate remedial measures are taken where warranted. The complaint reported will be treated confidentially and the identity and interest of the complainant will be protected except as necessary or appropriate to conduct investigation and to take remedial action, in accordance with the applicable laws and regulations. All whistle-blowing matters received by the Group will be submitted directly to the AC Chairman. Upon receipt of a complaint, according to the Whistle Blowing Policy, the AC Chairman in consultation with fellow AC members will exercise discretion on how to proceed with the investigation and thereafter based on the results of the investigation presented by the independent investigation team appointed by the AC, recommend any remedial measures to be taken.

The Group is committed to a high standard of ethical conduct and adopts a zero-tolerance approach to fraud. The Whistle Blowing Policy is covered during employees' onboarding training as part of the Group's efforts to promote awareness of fraud control. On an ongoing basis, the Whistle Blowing Policy is communicated to employees through the Group's intranet. The employees are advised that the Company will ensure no one will be at risk of suffering from retribution as a result of raising a concern in good faith even if they turn out to be mistaken.

Going forward, the Company will include more details in relation to whistle blowing in future annual reports in accordance with Listing Rule 1207(18B).

By Order of the Board

Wong Kok Khun  
Executive Chairman  
26 April 2023