



GP Industries Limited
(Incorporated in the Republic of Singapore)
Co. Reg. No. 199502128C

RESPONSE TO SGX REGCO QUERY REGARDING THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

The board of directors (the “**Board**”) of GP Industries Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the query raised by Singapore Exchange Regulations (“**SGX RegCo**”) in its email on 19 July 2021 in relation to the Company’s annual report for the financial year ended 31 March 2021 and wishes to provide the following information in response to such query:

SGX RegCo Query:

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 3.1 of the Code as the Company’s Chairman and CEO position is filled by the same person, and there were no explanations were provided for in your FY2021 annual report on how it is consistent with the intent of Principle 3 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Company’s Response:

Currently the Company adopts a single leadership structure: Mr Victor Lo Chung Wing is the Chairman and Chief Executive Officer (“**CEO**”) of the Company. The Board considers the current arrangement as appropriate for the Group after taking into consideration the nature and scale of the Group’s businesses, despite such arrangement does not comply with Provision 3.1 of the Code as the Company’s Chairman and CEO position is filled by the same person.

The Board is of the view that whilst the Chairman and CEO is the same person, there are sufficient safeguards against an uneven concentration of power and authority in a single individual and that the existing single leadership arrangement is effective. There is sufficient independent representation on the Board and Board Committees which provide diversity of thought and an independent and objective element to the Group and strategic level decision making, which enables the Board to make decisions in the best interest of the Company. The independent representation on the Board and Board Committees include:

- (i) the Non-Executive Independent Directors, which comprise a majority of the Board during the financial year ended 31 March 2021, provide an independent and objective element to the Board; and
- (ii) the Board Committees, namely Audit and Risk Committee, Nominating Committee (the “**NC**”) and Remuneration Committee, which comprise primarily Non-Executive Independent Directors.

In addition, Mr Lim Ah Doo has been appointed as the Lead Independent Director since 14 August 2013. As Lead Independent Director, Mr Lim Ah Doo is the contact person for shareholders when the shareholders have concerns and for which contact through the normal channels of communication with the Chairman and CEO or Management are inappropriate or inadequate. Mr Lim Ah Doo also leads the periodic meetings of the Non-Executive Directors and provides feedback to the Chairman and CEO after such meetings.

Furthermore, the Company has adopted internal guidelines setting forth matters that are specifically reserved for the Board's decision and approval, including (1) nomination / appointment of Directors; and (2) major investment or acquisition / disposal proposals, including any other transactions of a material nature requiring announcements under the listing manual of the Singapore Exchange Securities Trading Limited.

As such, whilst the Chairman and CEO is the same person, the Board is of the view that the governance practices currently in place by the Company ensure no one individual of the Board has unfettered powers of decision making and thus are consistent with the intent of Principle 3 of the Code.

The Board would, with the assistance of the NC, continue to review the role of the Chairman and CEO as well as the composition (including the independence) of the Board to ensure that it does not impede the principles of independence and objectivity in decision making.

By Order of the Board

Lee Tiong Hock
Company Secretary

21 July 2021