

OKP HOLDINGS LIMITED

(Incorporated in Singapore with Company Registration No. 200201165G)

RESPONSE TO SGX'S QUERIES

The Board of Directors of OKP Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 15 April 2021 in relation to the Company’s Annual Report for the financial year ended 31 December 2020 (the “**Annual Report**”). The Company wishes to provide its response below.

1. We note that the Independent Directors of the Board, namely Dr Chen Seow Phun, John, Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng have all served for more than 9 years on the Board.
 - (i) Please indicate whether the independence of each independent director was subject to particularly rigorous review in accordance with guideline 2.4 of the Code of Corporate Governance 2012.
 - (ii) Given that all the independent directors have served for more than 15 years on the Board which is made up of a majority of executive directors, and the Chairman of the Board is not independent, 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.

Company’s response

- (i) The rigorous review undertaken to determine the independence of each Independent Director is set out in the Corporate Governance Report on pages 101-102 of the Annual Report. In particular, the Nominating Committee (the “**NC**”) and the Board determine annually whether a Director who has served on the Board beyond nine years from the date of his first appointment, is independent, taking into account the need for progressive refreshing of the Board. The Board has observed that the Independent Directors who have served on the Board for more than nine years have been exercising independent judgement in the best interests of the Company in the discharge of their duties and should thus continue to be deemed independent. The Board recognises the contribution of the Independent Directors who over time have developed deep insights into the Group’s business and operations, and who are therefore able to provide invaluable contributions to the Board. It is also noted that each of them is able to exercise objective judgement on commercial and corporate governance matters independently. They seek clarification as they deem necessary, with direct access to the Management. As such, the Board would propose to extend the term and retain the services of the Independent Directors rather than lose the benefit of their contributions. After due consideration and careful assessment, the NC and the Board are of the view that Dr Chen Seow Phun, John, Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng continue to be independent, notwithstanding that they have served on the Board for more than nine years. Each Independent Director had abstained from participating when his own independence was being considered.

In addition, in line with Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which takes effect from 1 January 2022 and requires the continued appointment of a director as an independent director to be approved in separate resolutions by (i) all shareholders, and (ii) shareholders, excluding the directors and the chief executive officer of the issuer and their associates ("**Two-Tier Voting**"), the Board has proposed that the continued appointment of Dr Chen Seow Phun, John, Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng as Independent Directors be approved by way of Two-Tier Voting at the Company's forthcoming Annual General Meeting.

- (ii) The Board is of the view that it 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. Based on the Group's current size and operations, the Board is of the opinion that it is not necessary nor cost-effective to have independent directors make up a majority of the Board. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making. The Board comprises businessmen with vast business or management experience, industry knowledge and strategic planning experience and includes professionals with financial, accounting and legal backgrounds.

- 2. We noted an additional proceeds from borrowings of \$4,500,000 which was not included in the full year financial results and a corresponding increase in additions to property, plant and equipment in the cash flows from investing activities. Please clarify what this additional proceeds from borrowings pertain to and why it was omitted in the full year financial statements announced on 22 February 2021 and why there was no subsequent announcement made in accordance with Listing Rule 704(6).

Company's response

The amount of \$4,500,000 relates to a bank borrowing taken to finance the purchase of a freehold property located at 32 Tagore Lane, Singapore 787484. The proceeds from borrowings of \$4,500,000 and the corresponding increase in additions to property, plant and equipment were previously accounted for and net-off against each other under "additions in property, plant and equipment" in the cash flows from investing activities in the unaudited full year financial statements announced on 22 February 2021.

The amount of \$4,500,000 has been reclassified from "additions in property, plant and equipment" in the cash flows from investing activities (in the unaudited full year financial statements announced on 22 February 2021) to "proceeds from borrowings" in cash flows from financing activities (in the audited financial statements in the Annual Report) in accordance with SFRS(I) 1-7 (17)(c).

There was no subsequent announcement made in accordance with Listing Rule 704(6) as the above reclassification relates only to items within the cash flow statement and does not have any financial impact on the consolidated financial statements of the Group. Therefore, it does not constitute a material adjustment to the unaudited financial statements announced on 22 February 2021.

By Order of the Board

Or Toh Wat
Group Managing Director
16 April 2021