



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 2020

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 3 September 2020 in relation to the Company’s annual report for the financial year ended 31 March 2020 (“**AR FY2019/20**”) 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 8.1(a) of the Code with regards to the disclosure of remuneration of each individual director and CEO, and there were no explanations were provided for in your FY2020 annual report on how the Company has been 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:

The reason for the variation to the Provision 8.1(a) of the Code is explained on page 142 of the AR FY2019/20. It was stated that:

“In considering the disclosures of remuneration required under Provision 8.1 of the Code, the RC and Board have considered, inter alia, the confidentiality and commercial sensitivity of remunerations matters and a competitive market for talents. The RC and Board recognise that the Group requires a coherent and unified management team, which comprises the Directors and KMP, including the five (5) KMP whose remuneration is subject to disclosure, to achieve its strategic and operating objectives. In addition, the remuneration information disclosed by the Group may be used by its competitors as well as the talents who may join the Group. Therefore, the RC and Board believes that the disclosure in bands of S\$250,000 and in percentage terms is in the best interest of the Group while providing an overview of the remuneration of the Directors and the top five (5) KMP, and is consistent with the aim of Principle 8 of the Code.”

The Board would like to clarify that the Company has decided to disclose the remuneration of each of the directors of the Company (the “**Directors**”) and CEO in bands of S\$250,000 which is a deviation from Provision 8.1(a) of the Code. In arriving at its decision, the Board would like to further elaborate on the reason for the variation that the Company also took into consideration the confidential nature of remuneration matters and prevention of upward pressure on remuneration due to the market competition.

The Company is of the view that the disclosure of the indicative range of the Directors' remuneration with a breakdown into salary, bonus, fees and other benefits in percentage terms, provides a reasonable amount of information on the Company's remuneration framework to enable the shareholders to understand the link between the Company's performance and the remuneration of the Directors and the CEO. The fees payable to the Non-Executive Directors are put forward to shareholders for approval on an annual basis at the Company's Annual General Meeting. In addition, the fee structure for the Non-Executive Directors was disclosed on page 140 of the AR FY2019/20 under "Provision 7.2 Remuneration of Non-Executive Directors".

The Board has determined that there is sufficient 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 and accordingly, the Board believes that the existing practices adopted by the Company are consistent with the intent of Principle 8 of the Code.

By Order of the Board

Kelly Kiar Lee Noi
Company Secretary
7 September 2020