

**REPLY TO SGX'S QUERIES ON THE COMPANY'S ANNOUNCEMENTS DATED 1 FEBRUARY 2018**

Innopac Holdings Limited (the "Company") refers to SGX's 2 February 2018 queries on the Company's announcement made on 1 February 2018 on the resignation of non-executive/independent director, Yang Kiin and would like to reply as follows:

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**SGX Query 2(a)(i)**

**(a) In the Company's announcement made on 1 February 2018 on the cessation of independent director Mr Yang Kiin, we note the reason relating to "His difference with management". Please provide specific details of: (i) what were the specific areas stated by Mr Yang as his reasons for his disagreements with management; (ii) to disclose the specific circumstances in these areas and the developments of these events which led to his disagreement with management that subsequently arose;**

**Reply 2(a)(i) & (ii):**

(i). Mr Yang alleges the following difference with management:

*"I stand to clarify that I was informed of allegations and the company has yet to produce evidence or facts that affirm these allegations and that I remain firm that there is no basis for such allegations for misconduct and I stand by my professionalism."*

*"I have been hindered to carry out my duty as an independent non-executive director and a member of the audit committee due to the lack of response to queries and documents as well as an AC meeting that was called but never granted. I had difficulty with management in getting additional details and supporting documents on a certain project."*

(ii) It is the Company's position that differences between Mr Yang and the Company arose from the termination of the joint venture agreement between the Company's wholly owned subsidiary and RC Carbon Sdn Bhd ("**RC Carbon**") on 9 November 2017 and the claims for financial compensation made by RC Carbon against the company flowing from the termination of the joint venture with RC Carbon. The Company denies the validity of the claims for financial compensation made by RC Carbon against the Company. Mr Yang is a director and shareholder of RC Carbon.

Following the Company's termination of the joint venture with RC Carbon, Mr Yang requested on 27 November 2017 that a meeting of the Audit Committee ("**AC**") be convened and requested for various documents. As the Chairman of the AC was travelling and would be returning in January 2018, Mr Yang was informed that the requested AC meeting would be held in January 2018, where his various requests would be addressed. Mr Yang did not raise any objection to the proposed scheduling of the AC meeting in January 2018.

On 11 January 2018, three directors of the Company, namely Mr Ong Kah Hock, Dato Moehamad Izat Emir and Mr Wong Chin Yong, met with Mr Yang. At the meeting, Mr Yang was informed that it had been reported to the Company that Mr Yang had allegedly made defamatory statements relating to the Company's joint venture with Primeforth Renewable Energy Pte Ltd (the "**Defamatory Statements**"). Mr Yang denied making the defamatory statements and agreed to provide a written statement to the board confirming the same.

On 16 January 2018, SGX requested that the AC (which included Mr Yang) attend a meeting with SGX on 18 January 2018 (which was subsequently re-scheduled to 26 January 2018).

On 25 January 2018, Mr Yang communicated with the Company, asking if he could be excused from the meeting with SGX on 26 January 2018 if he resigned as a director of the Company. The Company did not agree that such a course of action would entitle Mr Yang to absent himself from the meeting with SGX on 26 January 2018.

On 26 January 2018, prior to the scheduled meeting with SGX, Mr Yang issued an unsigned letter of resignation to the Company and did not attend the meeting with SGX.

Having regard to the above, the Company is of the view that management did not have any material disagreement with Mr Yang at the time of his resignation.

**SGX Query 2(b)(i)**

**(b) The Company had disclosed that a reason stated for his cessation is "Unfounded allegations of his misconduct by the BOD". To provide specific details on the following:**

- (i) What were these "unfounded allegations" made by the BOD against Mr Yang Kiin?**
- (ii) What were the events leading up to the "unfounded allegations"?**

## Reply 2 (b)(i) & (ii)

The Company does not agree that there were “*unfounded allegations*” made by the BOD against Mr Yang.

As stated above, directors of the Company had met with Mr Yang on 11 January 2018 to discuss the Alleged Defamatory Statements made by Mr Yang. Mr Yang denied making the Alleged Defamatory Statements and agreed to provide a written statement to the board confirming the same.

Mr Yang has characterised the allegation that he had made the Alleged Defamatory Statements as being “*unfounded allegations of his misconduct*”. That is the personal view of Mr Yang, which the Company does not agree with.

## SGX Query 2(c)

**(c) The announcement had stated that the effective date of his cessation is not known and this will be announced “After the Board of Director’s meeting and deliberation”. To provide specific details on the following:**

- (i) if Mr Yang Kiin’s resignation had been tendered, please disclose the date the Board was informed of his resignation;**
- (ii) If Mr Yang Kiin’s resignation had been tendered, why did the Company disclose that the effective date of his cessation is not known?**
- (iii) Please explain why does his date of cessation have to be determined only “After the Board of Director’s meeting and deliberation”?**
- (iv) Please provide specific details on when the request for Mr Yang Kiin’s resignation was initiated.**

## Reply 2(c)

- (i) The Company received Mr Yang’s unsigned letter of resignation on 26 January 2018.
- (ii) The Company disclosed that his “*effective date of resignation is not known*” as the Company had not received the signed copy of Mr Yang’s resignation letter on the date of the disclosure.
- (iii) At the time of the disclosure, the Company took the view that Mr Yang’s date of cessation should only be determined upon the receipt of Mr Yang’s signed resignation letter and the conclusion of all exit procedures for his resignation as a director of the Company.
- (iv) The Company did not request Mr Yang to resign.

**SGX Query 2(d):**

**(d) In relation to the question “Are there any unresolved differences in opinion on material matters between the person and the board of directors, including matters which would have a material impact on the group or its financial reporting?” the Company had responded “No”. If the details of Mr Yang’s cessation is due to “His difference with management”, please explain with specific details and the basis why the Board is of the view that these areas of unresolved differences are not material matters and will have no material impact on the group or its financial reporting.**

**Reply 2(d)**

The Board is of the view that there are no unresolved differences in opinion on material matters between Mr Yang and the Board.

Please refer to the reply in respect of Query 2(a)(ii).

Further, in relation to the claims made by Mr Yang in relation to the termination of the joint venture with RC Carbon, as well as Mr Yang’s personal claims for reimbursements and fees, the Board confirms that these claims will have no material impact on the group or its financial reporting.

**SGX Query 2(e):**

**(e) We note that in relation to the question “Is there any matter in relation to his cessation that need to be brought to the attention of the shareholders of the listed issuer?” the Company disclosed “No”. Please confirm if this is the view of Mr Yang. If not, please obtain and disclose Mr Yang’s views.**

**Reply 2(e)**

The Company is not aware if this is the view of Mr Yang.

Accordingly, the Company had requested Mr Yang for his views on 3 February 2018. At the time of this announcement, the Company has not received a response from Mr Yang with his views.

**SGX Query 2(f):**

**(f) On the number of cessations of appointment specified in Listing Rule 704(7) over the past 12 months, the Company disclosed this as “2”. We note that 2 independent directors (Mr. Yang Kiin and Mr Bernard Ong Kheng Chye) and the Company’s Group Financial Controller (the Group’s Head of Finance) Stanley Chu Kam Po had resigned within the last 12 months. In addition, just slightly over 12 months ago, the Company’s Independent Director Mr Jeremy Dyer had also resigned in November 2016. In view of the high number of resignations of independent directors and the recent resignation of the Group’s Head of Finance, please disclose the reasons why the Company is facing such significant turnover of its Independent Directors.**

**Reply 2(f)**

Mr Stanley Chu resigned as he had desired to retire.

As to the resignations of its Independent Directors, they had each done so for their own personal reasons and the Company is unable to provide any specific reason or cause for the turnover of its Independent Directors.

**SGX Query 2(g):**

**(g) We note the disclosure of information on its key executives in the Company’s latest Annual Report 2016. The Exchange understands from the Audit Committee that both of these key executives have resigned. In this respect, we wish to draw your attention to Listing Rule 704(7)(a) of the Listing Manual. Kindly make the necessary announcement, where applicable.**

**Reply 2(g)**

Mr Stanley Chu Kam Po (Group Financial Controller) and Ms Jenny Soh Woon Chuen (General Manager – Corporate Affairs) were listed as the Company’s key executives in its Annual Report for 2016.

Mr Stanley Chu Kam Po resigned on 1 December 2017 and his resignation was announced on 3 December 2017.

Ms Jenny Soh Woon Chuen resigned on 2 January 2018 as she desired to retire, and due to an administrative oversight, her resignation was announced on 2 February 2018.

By Order of the Board of Directors

**INNOPAC HOLDINGS LTD**

Priscilla Tan

Company Secretary

4 February 2018