



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

UP TO US\$11,000,000 FIXED RATE RESETTING PERPETUAL SUBORDINATED BONDS TO BE ISSUED BY GP INDUSTRIES LIMITED

1. Introduction

- 1.1 GP Industries Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that it has today entered into subscription agreements (the “**Subscription Agreements**”) with certain investors (the “**Investors**”) in connection with the issue by the Company, and the subscription by the Investors, of fixed rate resetting perpetual subordinated bonds up to an aggregate principal amount of US\$11,000,000 (the “**Bonds**”).

2. Description of the Bonds

- 2.1 The Bonds, which will be issued in the denomination of US\$500,000 and integral multiples of US\$100,000 in excess thereof, will be perpetual and will confer a right to receive distribution payments at the rate of 9.5% per annum from (and including) the Issue Date (as defined below) until (but excluding) the date falling on the first anniversary of the Issue Date (the “**First Reset Date**”). For the period commencing from (and including) the First Reset Date until (but excluding) the date falling on the first anniversary of the First Reset Date (the “**Second Reset Date**”), distributions will be payable at the rate of 8.5% per annum. Subsequent resets will occur on the Second Reset Date and every one (1) year thereafter at a rate which is the lower of (a) 8.5% per annum or (b) the sum of the applicable prevailing 6 month Term SOFR reference rate plus a margin of 3% per annum for the relevant period. The distributions will be payable semi-annually in arrears in equal instalments, unless deferred in accordance with the terms and conditions of the Bonds (the “**Conditions**”, and any such distribution payments deferred, “**Arrears of Interest**”). Under the Conditions, the Company may elect to further defer any Arrears of Interest and each amount of Arrears of Interest shall accrue interest as if it constituted the principal of the Bonds at the prevailing distribution rate.

- 2.2 However, the Company will not be entitled to elect to defer a distribution payment if during the three (3)-month period ending on the day before the relevant interest payment date, a discretionary dividend or distribution on or in respect of any Parity Securities¹ or Junior Securities² of the Company is declared or paid, except (a) in relation to the Parity Securities of the Company, on a pro-rata basis or (b) in connection with any employee benefit plan or similar

¹ Under the Conditions, “**Parity Securities**” means, in relation to the Company, any instruments or securities issued, entered into or guaranteed by the Company (a) which ranks or is expressed to rank, by its terms or by operation of law, pari passu with the Bonds and (b) Unless a Compulsory Interest Payment Event (as defined below) has occurred, the terms of which provide that the making of payment thereon or distributions in respect thereof are fully at the discretion of the Company.

² Under the Conditions, “**Junior Securities**” means, in relation to the Company, its ordinary shares and any other instruments or securities issued, entered into or guaranteed by the Company which ranks, or is expressed to rank, by its terms or by operation of law, junior to the obligations of the Company under the Bonds.

arrangements with or for the benefit of employees, officers, directors or consultants of the Company (the “**Compulsory Interest Payment Event**”).

- 2.3 All payment in respect of or arising from the Bonds are conditional upon the Company being solvent at the time of payment by the Company and no principal, interest or other amount shall be due and payable in respect of or arising from the Bonds except to the extent that the Company could make such payment and still be solvent immediately thereafter. For this purpose, the Company shall be considered solvent if both (a) it is able to pay its debts owed to its senior creditors as they fall due and (b) its assets exceed its liabilities.
- 2.4 The Bonds will constitute general, unsecured and subordinated obligations of the Company and rank *pari passu* and without any preference among themselves and with any Parity Securities of the Company.
- 2.5 The Bonds may be redeemed at the option of the Company in whole, but not in part, on giving not less than 30 days’ notice to the Investors in accordance with the Conditions, at their principal amount, together with any accrued interest, (a) on the third (3rd) anniversary of the Issue Date or any anniversary of the Issue Date thereafter or (b) any time after the occurrence of a Tax Event³. All Bonds which are redeemed by the Company shall be cancelled and shall not be re-issued or re-sold.

3. Use of Proceeds

- 3.1 The net proceeds arising from the issue of the Bonds (after deducting issue expenses, if applicable) will be used for general corporate and working capital purposes.

4. Allocation of Bonds to Interested Persons

- 4.1 Mr. Brian Li Yiu Cheung, Mr. Waltery Law Wang Chak and Ms. Grace Lo Kit Yee, being directors of the Company (together, the “**Relevant Directors**”), have individually agreed to subscribe for US\$4,000,000 in aggregate principal amount of Bonds (the “**Relevant Bonds**”). For the purposes of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, and the Listing Manual, the “**Listing Manual**”), each of the Relevant Directors is an “interested person” of the Company. As such, the proposed subscription by each Relevant Director is an “interested person transaction” under Chapter 9 of the Listing Manual. No Relevant Director is an “associate” (as defined in the Listing Manual) of another Relevant Director.
- 4.2 Under Rule 909 of the Listing Manual, the value of an interested person transaction is the amount at risk to the Company. The Relevant Bonds are perpetual subordinated bonds and have no fixed redemption date. The Company has determined the amount at risk in respect of the Relevant Bonds (the “**Amount at Risk**”) based on the net present value of the distributions payable under the Relevant Bonds by the Company to the Relevant Directors in perpetuity, calculated on the basis of a discount rate which is equivalent to the Company’s weighted average cost of capital of 4.7% as at 30 September 2024 and assuming that:

³ Under the Conditions, a “**Tax Event**” is deemed to have occurred if there is a change or proposed change in applicable tax law (a) resulting in the Company having to pay additional amounts in making any payment on the Bonds and/or (b) resulting in the Company being subject to additional tax liability, or not being entitled to claim a deduction in respect of any payment in respect of the Bonds in computing its taxation liabilities or materially reduce the amount of such deduction, provided that, in each such case, the Company could not avoid the foregoing in connection with the Bonds by taking measures reasonably available to it.

- (a) the Relevant Bonds are not redeemed by the Company in accordance with the Conditions;
- (b) no other interested person transactions are entered into by any entity at risk (as defined in the Listing Manual) of the Company with any Relevant Director for the current financial year ending 31 March 2025 (“**FY2025**”); and
- (c) there is no change in the distribution rate of 8.5% per annum upon subsequent resets of the distribution rate in accordance with the Conditions.

On the above basis, the Amount at Risk is approximately US\$6,976,000 (equivalent to approximately S\$8,999,000⁴), which represents approximately 2.2% of the Group’s latest audited net tangible assets of S\$412,800,000 as at 31 March 2024.

5. General

- 5.1 No lead manager, co-manager, placement agent or underwriter has been appointed and no commission is payable to any lead manager, co-manager, placement agent or underwriter in connection with the proposed issuance of the Bonds.
- 5.2 Subject to the fulfilment or waiver of the conditions set out in the Subscription Agreements, the Bonds are expected to be issued on or around 15 October 2024 (the “**Issue Date**”), but in any event no later than 30 November 2024 (or such other date as may be agreed in writing by the parties). The Bonds will not be listed on any stock exchange.

By Order of the Board

Wong Yoen Har
Company Secretary

30 September 2024

⁴ For the purposes of this Announcement, unless otherwise stated, conversions of US\$ into S\$ are based on a rate of US\$1.00 to S\$1.29. The exchange rate is for reference only. No representation is made by the Company that any amount in US\$ has been, could have been or could be converted at the above rate or at any other rates or at all.