



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

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## ANNUAL GENERAL MEETING TO BE HELD ON 29 JULY 2025

### RESPONSES TO QUESTIONS FROM SHAREHOLDERS AND THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

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The board of directors (the “**Board**”) of GP Industries Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its Notice of Annual General Meeting convening the annual general meeting of the Company to be held on Tuesday, 29 July 2025, at 2:30 p.m. (Singapore time) (the “**FY2025 AGM**”), dated 14 July 2025.

The Company has received several questions from shareholders and the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the resolutions to be tabled for approval at the FY2025 AGM. The Company appreciates the questions raised and is releasing the responses to substantial and relevant questions, save for those requested information which are of a confidential nature or commercially sensitive and the disclosure of which may affect the Group’s competitiveness in the Group’s markets. The responses to questions from shareholders and SIAS are set out in Appendix 1 and Appendix 2, respectively, to this Announcement.

Capitalised terms not defined in this Announcement shall have the respective meanings given to them in the section titled “Definition and Glossary” adopted in the Company’s annual report for FY2025.

By Order of the Board

**Lee Tiong Hock**  
Company Secretary  
28 July 2025

## **APPENDIX 1**

### **GP INDUSTRIES LIMITED (the “COMPANY”)**

Annual General Meeting (“FY2025 AGM”) – 29 July 2025

Summary of Responses to Substantial and Relevant Questions from Shareholders

**Question 1**      **The full-year results announcement stated the Group's intention to accelerate divestment of non-core assets, including vacant land and unused factories in China. If property market conditions are unfavorable, the Group will generate rental income before completing disposals. This initiative will strengthen the Group's net asset position, secure deleveraging targets, and provide additional financial flexibility.**

**Any update on this?**

**Answer**            The divestment of non-core assets is one of the capital base strengthening initiatives of the Group. As disclosed on page 17 of the Group's FY2025 Annual Report (“**FY25 AR**”) (paragraph titled “Capital Base Strengthening Initiatives” of the Management Discussion & Analysis), one of the key initiatives is “*the transfer of industrial properties to investment properties with a carrying amount of S\$72.1 million...*”

Management will closely monitor the progress of the divestment of non-core assets and proper announcement will be made as and when appropriate should there be any material progress in divestment negotiations and discussions.

**Question 2**      **On 19 February 2025, GP Industries announced Gold Peak's impending US\$150 million investment in the JOHOR-SINGAPORE SPECIAL ECONOMIC ZONE.**

**Will GP Industries be asked to co-invest?**

**Answer**            Referring to the Company's voluntary announcement made on 19 February 2025, Gold Peak Technology Group Limited (“**GOLD PEAK**”), the parent company of the Group, has submitted a letter of intent and plans to invest approximately US\$150 million in multiple phases, through its 85.59% direct-owned subsidiary, GP Energy Tech Limited (“**GPET**”), to build a state-of-the-art Nickel-based manufacturing facility and research and development center in the Johor-Singapore Special Economic Zone (“**JS-SEZ**”). GPET will be the entity that will directly invest into JS-SEZ.

The Group's 11.40% interest in GPET is classified as financial assets at fair value through profit or loss in the financial statements. The Group has not been asked to co-invest and currently has no intention of increasing the investment in GPET.

**Question 3**      **Why were the pre-tax profits of the audio business so insignificant in FY24 and FY25 when the gross profits (with GPM being 42% and 45%) were substantial? Were there substantial one-off costs?**

	Revenue S\$ million	Gross Profit S\$ million	Pre-tax contribution S\$ million
<b>FY2024</b>	<b>271</b>	<b>113</b>	<b>1</b>
<b>FY2025</b>	<b>271</b>	<b>122</b>	<b>3</b>

**Answer**            There are no substantial one-off costs in both FY2024 and FY2025 for the audio business.

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**Answer 3**  
**(continued)**      The audio market is experiencing a fundamental shift towards wireless and smart speaker solutions, with the standard loudspeaker segment maintaining dominance, while the smart speaker segment is projected to grow rapidly.

Bolstered by an optimized product mix and an increased proportion of higher-margin branded acoustics products, the audio business saw its gross profit margin increased significantly by 300 basis points to 45.0% in FY2025, compared to FY2024. The increase in profitability in FY2025 was attributed to enhanced product mix.

In the past few years, Management has been putting a lot of marketing efforts and resources into growing the branded audio business by implementing the expansion strategy to expand the network of new experience centers, strategic brand partnerships, distribution expansion to leading big-box retailers with nearly 500 outlets, and further strengthen the product design and products innovation. These long-term investments affected the short-term pre-tax contribution.

Management has also strengthened control on marketing expenses, particularly those with long-term implications and focus on high-impact marketing activities and regularly reviewing the effectiveness of campaigns. Management believes the new product introduction programmes in the coming three years can enhance revenue growth and gross profit margin improvement of the branded acoustics business, resulting in improvement of the pre-tax profit of audio business in the long term.

**Question 4**      **How was the group able to increase primary battery sales in the Americas by 15.8%? Does management expect demand to decline once tariffs are imposed?**

**What is PAIRDEER’s market share in China?**

**Answer**      As mentioned on page 10 and 11 of the Group’s FY25 AR (section titled “Market Conditions and Competitive Landscape of the Management Discussion & Analysis), *“our Americas presence targets high-value industrial and IoT applications where technical specifications and reliability command premium pricing. The region’s robust demand for coin cells and specialty batteries is driven by the expanding IoT ecosystem, medical devices, and industrial automation. Our established relationships with OEM (“Original Equipment Manufacturer”) customers and distributors, combined with our reputation for quality and consistency, position us well to capture continued growth in these specialized segments where competition is less price sensitive than in consumer markets.”*

The announced deadline for the determination of certain reciprocal U.S. tariff rates is 1 August 2025. Management has assessed, based on current declared U.S. import tariff rates, the potential impact of the trade tariff on the Company’s performance is manageable, given the Group’s diversified production capabilities, the growth in non-US markets and the extensive network of manufacturing facilities in the ASEAN countries and the U.K., all with proven export records. Given the dynamic tariff situation, Management will remain proactive monitoring the situation and remain nimble to adapt to this evolving situation.

The PAIRDEER brand is operated by the Company’s 70%-owned subsidiary in China with approximately 8% market share in China.

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**Question 5      How does management plan to address the impact of tariffs on high-end audio products? Is there a risk of being priced out of the market, with customers switching to U.S.-made alternatives?**

**Answer**      For the audio business, the Group has factories in China, Thailand and the U.K., which have already been qualified as approved suppliers for the Group’s major customers. Currently, Management is closely monitoring the production costs of each production facility, including the impact of U.S. tariffs on production costs, when allocating the sales orders from U.S. customers to each factory. However, Management acknowledges that the tariff situation is dynamic and will proactively monitor and remain nimble to adapt to this evolving situation. Management is working closely with the Group’s U.S. customers on ways to mitigate the U.S. tariffs impact and transfer part of the costs to the final customers by price adjustments.

The Group provides value-added services, including product design expertise of the Group’s strong R&D team, to customers. In view of the high product complexity and high quality requirements from the customers, Management believes that the availability of U.S.-made high-end audio product alternatives is very limited and so the risk of being priced out of the market with customers switching to U.S.-made alternatives is low.

**Question 6      Shareholders have effectively lost \$122.6 million on XIC. Why has no one on the board or management been held responsible for this failed investment?**

**Was this an interested person transaction (IPT)? Will the board commission a special audit to review the group’s due diligence and decision-making process related to the acquisition?**

**Answer**      Please refer to the answer to Question 2 of SIAS.

**Question 7      How strategic are the investments in Meiloon and Habaco? Are there plans to monetise these non-controlling stakes and return the proceeds—estimated at approximately \$45 million based on fair value—to shareholders?**

**Answer**      Meiloon and Habaco, associates of the Group, are listed on the Taiwan Stock Exchange Corporation and Hanoi Stock Exchange, respectively. Both Meiloon and Habaco have generated stable profit contribution and dividend payments to the Group. Management currently has no concrete plans to divest these investments.

**Question 8      Is the Russian associate, AZ Limited, self-funding its operations? Has the group received any dividend repatriation from AZ?**

**Answer**      The Russian associate, AZ Limited, is a profitable and financially independent operation and has generated profits and paid dividends to the Group in FY2025.

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**Question 9**      **Given the already low free float of 13.4%, will the ongoing share buyback further reduce trading liquidity on SGX? Has the board engaged with Hong Kong-listed Gold Peak Technology Group Limited—which currently owns an 86.18% stake in the Company—regarding a potential delisting from SGX at NAV?**

**Answer**              Share buy-backs provide the Company with the opportunity to purchase or acquire Shares when Shares are undervalued and ensure that there is adequate liquidity of the Company’s shares and maintaining sufficient public float in the market.

Share buy-backs also enable the Directors to exercise control and have greater flexibility over the Company’s share capital structure and its dividend policy in order to enhance the earnings per Share and/or net asset value per Share.

Management understands that currently the parent company of the Group, GOLD PEAK, has no intention of delisting the Company from the SGX.

**Question 10**      **Can Mr. Timothy TONG Wai Cheung let shareholders know why they should vote in favour of his re-election? How does he contribute to the board? Can Ms. Charlene-Jayne CHANG Wei-Ying let shareholders know why they should vote in favour of her re-election? How does she contribute to the board?**

**Answer**              The Nomination Committee reviews each re-electing Director’s eligibility, independence, contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual Director.

Professor Tong, who was first appointed as Director on 1 April 2020, has over 30 years of teaching, research and administrative experience in universities in the U.S. and Hong Kong. Prior to serving as president of The Hong Kong Polytechnic University from 2009 to 2018, he was the dean of the School of Engineering and Applied Science at The George Washington University, U.S. He is a fellow of the American Society of Mechanical Engineers, the Hong Kong Academy of Engineering and the International Thermal Conductivity Conference. He chairs both the Research Grants Council of Hong Kong and Council of Hong Kong Laureate Forum. His engineering knowledge and business management experience can strengthen the Board’s expertise in business and strategic planning, leadership and management, engineering and technology and ESG/sustainability.

Ms. Chang, who was first appointed on 1 February 2025, brings over 17 years of extensive experience in mergers & acquisitions, capital raising across public and private equity and debt markets, loan financing, alternative capital sources, and treasury strategies, having held senior roles in investment banking and an SGX-listed REIT. Ms. Chang is well versed in investor, media and stakeholder engagement, as well as corporate marketing and communications. Her appointment can strengthen the Board’s knowledge in corporate finance, mergers & acquisitions, financing, capital management, corporate governance, investor relations and engagement.

Further detailed information relating to Mr. Tong and Ms. Chang are disclosed in the notice of AGM and on page 154 and 155, respectively, of the FY25 AR under “Additional Information on Directors Seeking Re-election”.

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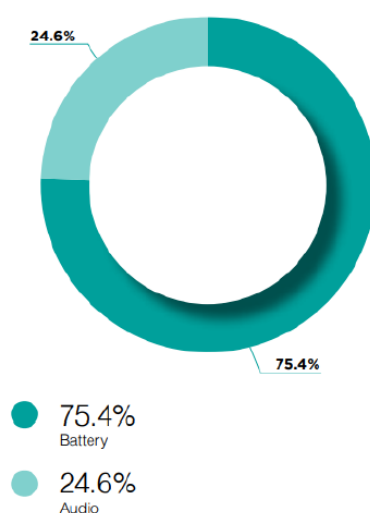
Summary of Responses to Substantial and Relevant Questions from SIAS

#### Question 1

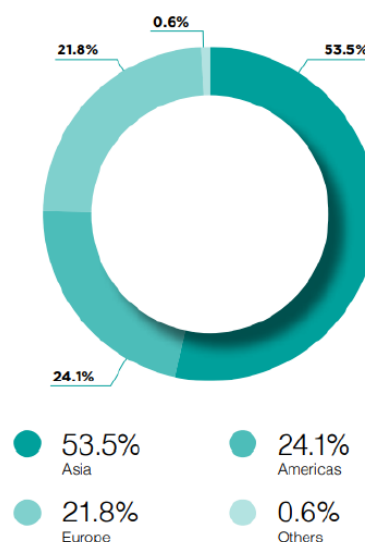
The group generates close to 25% of its revenue from the Americas. In FY2025, this region delivered strong performance across multiple business segments. Battery sales grew 15.8% on the back of increasing demand from IoT and industrial applications. In the audio business, KEF secured premium shelf placement with major U.S big-box retailers across nearly 500 U.S. outlets, contributing 12.3% sales growth. Celestion also reported 10.4% growth in the Americas.

Direct exports from China to the U.S. accounted for approximately 14% of total group revenue in recent years.

REVENUE BY BUSINESS SEGMENTS  
Year ended 31 March 2025



REVENUE BY LOCATIONS  
Year ended 31 March 2025



(Source: company annual report)

- (i) Has management assessed the potential direct and indirect impact of proposed or escalating U.S. tariffs on the group’s business?
- (ii) What specific measures have been taken to mitigate these risks, such as supply chain relocation, tariff reclassification, or pricing strategies to preserve (and increase) market share and improve financial performance?

#### Answer

- (i) As mentioned on page 30 of the Group’s Unaudited Condensed Interim Consolidated Financial Statements for the Second Half Year and Financial Year ended 31 March 2025 and Dividend Announcement on 29 May 2025 (“FY2025 Results Announcement”):

*“The Management assess, based on the current US import tariff policy and the temporary 90-day pause tariff rate, the potential impact of the trade tariff on the company’s performance as manageable, given our diversified capabilities, our growth in non-US markets and our network of manufacturing facilities in the ASEAN and the United Kingdom (“UK”), all with proven export records.”*

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Summary of Responses to Substantial and Relevant Questions from SIAS

Answer 1  
(continued)

Management acknowledges that the tariff situation is dynamic, and will remain proactive in monitoring the situation and make further announcement if needed.

(ii) As mentioned on page 31 of the Group’s FY2025 Results Announcement:

*“The Management will proactively monitor the Group’s exposure to the tariffs and adjust the short-term and long-term strategies in order to mitigate tariff impacts and adapt to changing macroeconomic conditions. The Management is implementing several strategies including:*

- *Further enhancing production capacity in Southeast Asia to serve the U.S. market*
- *Reserving production capacity in China primarily for European and Asian markets*
- *Optimizing supply chains to minimize tariff exposure while maintaining competitiveness*
- *Increasing focus on emerging markets, particularly in Asia*
- *Continuously monitoring consumer demand trends to adjust product offerings*

*The Management will continue to monitor developments closely and will adapt strategies as needed, exploring all available options to maintain profitability while remaining responsive to evolving customer needs.”*

**Question 2**

**The group’s holds a 39.13% direct in XIC Innovation, with a carrying value of \$46.2 million as at 31 March 2024. This investment is classified as financial asset at fair value through other comprehensive income.**

**Management has stated the following on page 16 of the annual report:**

***“... the smart LED lighting division has been severely impacted by the military conflicts in Europe, which caused government-funded smart greenhouse projects to be delayed, downscaled, or cancelled. This market disruption, combined with high interest costs, led to financial distress of XIC innovation in FY2024.”***

(i) **Can the independent directors explain the specific causal link between the military conflict in Europe and the financial collapse of XIC Innovation? Which specific revenue contracts, customers, or supply chains were directly affected? Was this risk specifically highlighted in the circular to shareholders to approve the acquisition?**

**Several subsidiaries of the XIC Group have received winding-up orders from the High Court of the Hong Kong SAR. According to the independent valuation report, the group’s investment in XIC Innovation has been fully impaired as at 31 March 2025. This resulted in a fair value loss of \$(46.2) million recognised in other comprehensive income, on top of a \$(76.4) million loss in FY2024. The group has now suffered cumulative losses of approximately \$(122.6) million from this investment.**

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Summary of Responses to Substantial and Relevant Questions from SIAS

- Question 2**  
(continued)
- (ii) **What were the circumstances surrounding the group's loss of board representation at XIC Innovation? Was this voluntary or involuntary?**
  - (iii) **Given the severe impairment soon after the acquisition of Light Engine Technologies, have the independent directors conducted a formal post-mortem review of the deal? What gaps, if any, were identified in the due diligence process, risk framework, and approval controls?**

This transaction involved the acquisition of Light Engine Technologies Limited by XIC Innovation from United Luminous International (Holdings) Limited (the “vendor”). The vendor’s warranties were provided by Mr. Paul Lo Chung Wai, who was also the legal and beneficial owner of the vendor. Mr. Paul Lo is the brother of Mr. Victor Lo Chung Wing, an executive director, chairman, and CEO of the group. As such, the transaction was classified as an Interested Person Transaction under Chapter 9 of the SGX Listing Manual.

- (iv) **Does the group have any contractual or legal recourse under the warranties provided by Mr. Paul Lo, especially in light of the rapid deterioration of XIC? Has legal advice been sought?**
- (v) **Does the board, and particularly the audit committee, believe that there is any realistic prospect of recovery, or is the investment likely to be entirely written-off with no salvage value expected?**
- (vi) **How is the board ensuring accountability for this investment outcome? What actions have been taken, or are planned, to strengthen board decision making over capital allocation, related-party transactions, and post-investment monitoring?**

- Answer**
- (i) **XIC Innovation is engaged in the LED display business (“Light House Group”) and its business extended to the development, manufacture and sales of LED lighting products and modules for horticulture, smart IoT and general lighting markets after the acquisition of Light Engine Group (“Light Engine Group”) in December 2022 (“Acquisition”).**

The Acquisition constituted an “interested person transaction” under Chapter 9 of the Listing Manual and the Company had appointed an independent financial advisor (“IFA”) to review the proposed Acquisition and provide an opinion on whether the financial terms of the proposed Acquisition were on normal commercial terms and are not prejudicial to the interest of the Company and minority Shareholders. The IFA was of the view that the Acquisition was on normal commercial terms, and was not prejudicial to the interest of the Company and minority Shareholders.

For more details of the Acquisition, please refer to the Company’s letter to Shareholders dated 15 December 2022 (“**Letter to Shareholders**”) included in the Company’s circular to Shareholders of 15 December 2022 (“**Circular**”).

As disclosed in the Circular, the grow lighting business of Light Engine Group at the time of the Acquisition was not significant in the year ended 31 December 2021 and the six-month period ended 30 June 2022 and so



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Answer 2  
(continued)

no risk was identified by the Company's IFA when performing their review of the proposed Acquisition.

The grow lighting business of Light Engine Group increased significantly in the last quarter ended 31 December 2022 as a results of the increased demand of the smart greenhouse projects in Europe, which were significantly dependent on the European government's support for smart greenhouse projects. In early 2023, XIC Group increased its investments into smart grow lighting business and opted out some of the other lower margin businesses.

However, customers of the Light Engine Group provided that, in order to reallocate resources to the sustained military conflicts in Europe, support and fundings from the European government for smart greenhouse projects in the year ended 31 December 2023 (“**CY2023**”) was either significantly delayed, downscaled or cancelled, which led to the substantial drop in, and even cancellation of sales orders from the grow lighting business in CY2023.

At the same time, some long-term major customers of Light Engine Group encountered financial difficulties, leading to delays in the payments owed to the Light Engine Group.

Consequently, the above market disruption combined with high interest costs led to XIC Group's severe liquidity issues and financial distress in early 2024.

Business, operation, and regulatory risks in connection with the Acquisition were highlighted in paragraph 2.5 of the Letter to Shareholders (page 11 of the Circular), in the section titled “Risk Factors”. In particular, the Board had identified and highlighted the customers' concentration risk and the political and economic uncertainty of those overseas sales of the Light Engine Group as two principal risks of the Light Engine Group's business, as stated in sub-paragraphs (a) and (c), respectively, in paragraph 2.5(i) of the Letter to Shareholders.

During the acquisition process, the IFA letter dated 15 December 2022 from the IFA to the independent directors (“**IFA Letter**”) highlighted that the trade receivable turnover days of Light Engine Group had worsened from approximately 151 days in the financial year ended 31 December 2019 to approximately 224 days in the financial year ended 31 December 2020 and 242 days in the financial year ended 31 December 2021. As at 8 December 2022 (the “**Latest Practicable Date**”), there was subsequent settlement and significant improvement in the receivable turnover days of Light Engine Group. As a result, the Board proposed for XIC Innovation to obtain warranties from Mr. Paul Lo on the recoverability of all the accounts, note receivables and deposits paid by the Light Engine Group as at 31 December 2021 and as at the date of completion of the Acquisition.

- (ii) The Company had one board seat in XIC Innovation (out of a total of four board members) to ensure adherence to XIC Innovation's strategic plan, oversee executives responsible for daily operations and provide the Company with updates on XIC Innovation's performance and activities.

Since 2023, the XIC Group suffered a severe downturn in its business,

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Summary of Responses to Substantial and Relevant Questions from SIAS

Answer 2  
(continued)

causing severe liquidity issues. In early 2024, XIC Innovation started to engage financial advisors to prepare for the restructuring plans for its bankers and creditors. The Company was of the view that maintaining a board representative in XIC Innovation's board could lead to potential conflicts of interest while dealing with XIC Innovation's restructuring plans, particularly when there were common bankers among XIC Group and the Group. The decision to forgo board representation in XIC Innovation was a voluntary decision made by the Company's Board in March 2024 after due and careful consideration, taking into account the interest of the Company and its shareholders as a whole. This arrangement would also allow the management and board of XIC Innovation to expedite decision-making as they address financial challenges with creditors or explore potential rescue options.

- (iii) The Board reviewed the Acquisition including the IFA Letter and the valuation reports as described in (vi) below. The Board had reviewed and is of the view that there were no shortcomings in the due diligence process, risk framework, or approval controls related to the Acquisition. The Board is of the view that the causes of XIC Innovation's financial distress in 2024 was linked to (a) rapid and significant changes in the business environment, the rapid growth and the subsequent increase in the difficulty in the grow light business environment of the Light Engine Group after the Acquisition, which were external factors beyond XIC Group's control and could not have been predicted by the Board during the review of the Acquisition and (b) the high customer concentration risk which was highlighted as a risk factor in the Circular.
- (iv) In the purchase agreement relating to the sale of shares of the Light Engine Group, Mr. Paul Lo warranted to XIC Innovation (as purchaser of Light Engine Group) that all accounts, note receivables and deposits paid of the Light Engine Group as at the completion date of the Acquisition were collectible in full, which was highlighted in the Circular. As a bankruptcy order had been issued by the High Court of Hong Kong on 28 April 2025 against Mr. Paul Lo, it would not be meaningful to seek legal recourse against him in relation to the warranties.
- (v) An external valuer was engaged by the Company to review and consider the current financial position of XIC Group based on the latest financial information of XIC Group, winding up court orders and pending litigations to assess the fair value of XIC Group as at 31 March 2025. Based on the independent valuation report issued by the external valuer, the carrying amount of the Company's interest in XIC Innovation as at 31 March 2025 was fully impaired. The Board reviewed the basis of the valuation and agreed with the fair value measurement performance by the external valuer.  
  
In addition, the restructuring plans of XIC Group was adversely affected by the new reciprocal U.S. tariffs and Light Engine Group has entered into liquidation, hence Management believes that the prospect of recovery is highly unlikely.
- (vi) As stated in paragraph 11.1 of the Letter to Shareholders (page 24 of the Circular), the Company had appointed an IFA to review the Acquisition. In addition, as stated in paragraphs 3.2 and 3.3 of the Letter to Shareholders (page 12 of the Circular), XIC Innovation, the purchaser in the Acquisition, had engaged an independent qualified valuation

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Answer 2  
(continued)

professional to appraise (a) the value of certain intangible assets and certain land and buildings of Light Engine Group and (b) the value of the 100 per cent. equity interest in Light Engine Group.

As stated in paragraph 3.5 of the Letter to Shareholders (page 13 of the Circular), the Company had separately engaged another independent qualified valuation professional to appraise the fair value of the 100 per cent. equity interest in Light Engine Group.

In addition to considering the terms, financial effects and rationale for the Acquisition, the IFA Letter, and the valuation reports prepared by valuers, the Board had considered the following major factors and assumptions adopted in relation to the Acquisition:

- The long-established solid market recognition, business track records and cutting edge LED lighting technology of the Light Engine Group;
- The Acquisition was fully funded by XIC Group, using the sales proceeds from the disposal of its cable business;
- The profitable historical financial results of Light Engine Group from the financial year ended 31 December 2019 to the financial year ended 31 December 2021 and the six-month period ended 30 June 2022;
- No immediate funding requirements for Light Engine Group after the completion of the Acquisition;
- The warranties provided by Mr. Paul Lo on Light Engine Group’s assets especially in relation to the long-aged trade receivables; and
- The substantial reduction of the past due trade receivables as at 30 June 2022 up to the Latest Practicable Date.

The Board was of the view that, after reviewing the above documents and factors, the Acquisition was on normal commercial terms and was not prejudicial to the interest of the Company and its minority shareholders. The Acquisition was recommended by the Board for Shareholders’ approval in December 2022 based on the advice of the IFA. Management believes that due care and diligence was exercised in relation to the Acquisition.

The Group has continuously maintained an internal control system, to monitor the performance of its existing industrial investments and to implement proper control and approval procedures for future acquisitions and disposals of industrial investments.

**Question 3**

**The company issued US\$11.0 million in perpetual subordinated bonds, with certain directors subscribing for US\$4.0 million of the total. The fixed rate resetting perpetual subordinated bonds carry a coupon of between 8.5% and 9.5% for the first two years.**

**As at the end of the financial year, the group reported cash, bank balances and deposits totalling \$185.5 million. Despite this substantial liquidity, the group incurred \$28.9 million in finance costs (Note 7 Finance costs; page 101).**

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Question 3  
(continued)

### Statements of Financial Position

As at 31 March 2025

	Note	Group		Company		20. Short-term investments	Group 2025 S\$'000
		2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000		
Current Assets							
Inventories	18	198,481	180,454	-	-		
Receivables and prepayments	19	218,965	233,339	8,542	-	Structured deposits	2,589
Dividend receivable	34	4,130	2,600	15,860	-	Investment in quoted equity shares	34
Taxation recoverable		3,685	3,087	-	-		2,623
Short-term investments	20	2,623	219	-	-		
Bank balances, deposits and cash	21	185,511	187,102	6,524	14,521		
		613,395	612,701	30,916	29,571		

(Adapted from company annual report; emphasis added)

In addition, the group has issued Simple Agreements for Future Equity (SAFE), carried out share buybacks, and made short-term investments (mostly in structured deposits).

- (i) Why is the group maintaining such a large cash position of \$185.5 million while still incurring close to \$29 million in finance costs?
- (ii) For better transparency to shareholders, what internal safeguards were implemented to mitigate real or perceived conflicts of interest when directors who approved the perpetual bond issuance also participated as investors?
- (iii) What overarching capital management strategy and board-approved frameworks guide decisions on liquidity, financing, shareholder returns, and growth, especially in light of apparent inconsistencies such as raising expensive hybrid instruments while holding idle cash, investing in structured deposits, and executing share buybacks?

Answer

- (i) The Group has subsidiaries with places of incorporation and businesses in different locations including Singapore, China, U.S., U.K., Vietnam, Hong Kong, Malaysia, Thailand, Japan, etc. Some of these countries have capital control requirements which require Management to maintain a reasonable level of buffer cash to support the Group's operations in such country.

The Group entered into a 3-year sustainability-linked loan facility of S\$70.0 million with Malayan Banking Berhad in March 2025 which significantly improved the cash position of the Group as at 31 March 2025. Thus, the cash position of the Group as at 31 March 2025 is relatively high. The cash was subsequently utilised to settle some short-term borrowing with higher interest rates in April 2025 and May 2025 to reduce the finance costs and enhance the debt maturity and liquidity of the Group.

- (ii) On 30 September 2024, the Company entered into subscription agreements with certain investors in connection with the issue of fixed rate resetting perpetual subordinated bonds up to an aggregate principal amount of US\$11.0 million (the “**Bonds**”) and the proceeds are used for general corporate and working capital purposes. The terms and conditions of the Bond and the subscription list of the perpetual bond including Directors and other investors are reviewed and approved by the Board, of which the majority consists of independent directors (five

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Answer 3  
(continued)

Executive Directors and six Non-executive Independent Directors).

Proper disclosure in respect to the interested person transactions (arising from the subscription of Bonds by three Executive Directors) was made in accordance with Rule 909 of the Listing Manual, and such disclosure was included in the Company’s announcement of 30 September 2024.

- (iii) The overarching capital management strategy is to strengthen the Group’s capital base and liquidity position, secure deleveraging targets, and match the maturity of the debt portfolio or equity financing with the nature and timing of the use of funds.

The simple agreements for future equity (“**SAFE**”) of US\$13.7 million were issued on 26 January 2023 to provide long term funding for the business development of KGG. The issuance of the Bonds in September 2024 is to strengthen the Group’s capital base and reduce the gearing of the Group. Both the SAFE and Bonds, totaling US\$24.7 million, are long-term equity financing to support the long-term investment of the Group.

The Group usually sets aside some fundings for repayment of debts and places these fundings into some structured deposits with maturity date not longer than 6 months, and this is to maximise Shareholders’ returns by generating more interest income and maintaining the flexibility of capital management.

As mentioned in the answer to Question 9 from Shareholders set out in Appendix 1 of this Announcement, share buy-backs can enable the Directors to exercise control and have greater flexibility over the Company’s Share capital structure and its dividend policy in order to enhance the earnings per Share and/or net asset value per Share.

All of the financial decisions mentioned above align with the overarching capital management strategy and enhance the Group’s capital base, aiming to deliver long-term value through consistent revenue growth, greater profitability, and expanded market share.