



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

ANNOUNCEMENT

INTERESTED PERSON TRANSACTION – PROPOSED ACQUISITION OF LIGHT ENGINE TECHNOLOGIES LIMITED BY LINKZ INDUSTRIES LIMITED, AN ASSOCIATED COMPANY

1. INTRODUCTION

- 1.1 **Acquisition by Linkz Industries Limited.** The board of directors (the “**Board**”) of GP Industries Limited (the “**Company**”) wishes to announce that Linkz Industries Limited (“**Linkz**” or the “**Purchaser**”), a 38.13 per cent. owned associated company of the Company, has today entered into a sale and purchase agreement (the “**Purchase Agreement**”) with United Luminous International (Holdings) Limited (the “**Vendor**”) and Mr Paul Lo Chung Wai (“**Mr Paul Lo**” or the “**Warrantor**”) pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell, the entire issued share capital of Light Engine Technologies Limited (“**Light Engine**”, and such sale and purchase, the “**Proposed Acquisition**”).
- 1.2 **Completion of the Proposed Acquisition.** Completion of the Proposed Acquisition (“**Completion**”) is subject to and conditional upon the satisfaction of various conditions precedent, as set out in paragraph 5.2 below (the “**Conditions**”).
- 1.3 **Warrantor.** Under the terms of the Purchase Agreement, Mr Paul Lo has agreed to provide certain warranties to the Purchaser in respect of Light Engine and its subsidiaries (the “**Light Engine Group**”).
- 1.4 **Interested Person Transaction.** The Purchaser is a 38.13 per cent. owned associated company of the Company.

Mr Paul Lo is the legal and beneficial owner of the entire issued share capital of the Vendor and 59.82 per cent. of the issued share capital of the Purchaser. Mr Paul Lo is a brother of Mr Victor Lo Chung Wing (“**Mr Victor Lo**”), an Executive Director and the Chief Executive Officer and Chairman of the Company.

Accordingly, the Proposed Acquisition constitutes an “interested person transaction” under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), as further explained in paragraph 6 below.

2. INFORMATION ON LIGHT ENGINE

- 2.1 **Light Engine.** As at the date of this Announcement, Light Engine is incorporated in the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”) with limited liability and with an issued share capital of HK\$10,000,000 comprising 1,000,000 ordinary shares, all of which are owned by the Vendor.

2.2 **Principal Activities of Light Engine.** Light Engine is an investment holding company and provides product engineering services. The Light Engine Group is principally engaged in the development, manufacture and sales of light-emitting diode (“LED”) lighting products and modules, and is currently in particular expanding new businesses in sustainable horticultural and smart cities related LED lighting products.

2.3 **Financial Information of the Light Engine Group.** Based on the audited financial statements of the Light Engine Group for its financial year ended 31 December 2020:

- (i) equity of the Light Engine Group attributable to the shareholders of Light Engine as at 31 December 2020 was approximately HK\$758.0 million (approximately S\$131.8 million)¹; and
- (ii) net profits of the Light Engine Group attributable to the shareholders of Light Engine for its financial year ended 31 December 2020 was approximately HK\$84.3 million (approximately S\$14.7 million).

Based on the unaudited financial statements of the Light Engine Group for its financial year ended 31 December 2021:

- (i) equity of the Light Engine Group attributable to the shareholders of Light Engine as at 31 December 2021 was approximately HK\$845.3 million (approximately S\$147.0 million); and
- (ii) net profits of the Light Engine Group attributable to the shareholders of Light Engine for its financial year ended 31 December 2021 was approximately HK\$70.9 million (approximately S\$12.3 million).

2.4 **Fair Value of Intangible Assets and Land and Building.** The Light Engine Group owns certain intangible assets such as patents and trademarks (the “**Intangible Assets**”). In addition, the Light Engine Group owns certain land and building. The Purchaser and the Vendor have jointly engaged Cushman & Wakefield Limited (“**CWL**”), an independent qualified valuation professional, to appraise the value of certain Intangible Assets (the “**Relevant Intangible Assets**”) and certain land and buildings (the “**Relevant Land and Building**”).

The results of the valuation are summarised as follows:

- (i) Based on a report by CWL dated 21 March 2022 (the “**Relevant Intangible Assets Valuation Report**”), as at 31 December 2021, the aggregate fair value of the Relevant Intangible Assets was estimated at HK\$189.0 million (approximately S\$32.9 million).
- (ii) Based on a report by CWL dated 21 March 2022 (the “**Relevant Land and Building Valuation Report**”), as at 31 December 2021, the market value of the Relevant Land and Building situated at No. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial

¹ Unless otherwise stated, the S\$ equivalent of the HK\$ amounts in this Announcement are based on an exchange rate of S\$1.00: HK\$5.7515.

Development Zone, Huizhou City, Guangdong Province, China was RMB373,900,000 (approximately HK\$457.3 million or S\$79.5 million)² .

In addition, the Purchaser and the Vendor have jointly engaged CWL to appraise the value of the 100 per cent. equity interest in the Light Engine Group. Based on a report by CWL dated 21 March 2022 (the “**Business Valuation Report**” and collectively with the Relevant Intangible Assets Valuation Report and the Relevant Land and Building Valuation Report, the “**Valuation Reports**”), as at 31 December 2021, the market value of the 100 per cent. equity interest in the Light Engine Group was estimated at HK\$1,210,000,000 (approximately S\$210.4 million).

- 2.5 **Revalued Net Asset Value.** After adjusting the carrying value of the Relevant Intangible Assets and the Relevant Land and Building to the aggregate fair value of the Relevant Intangible Assets and the market value of the Relevant Land and Building respectively (the “**Revaluations**”), the unaudited revalued net asset value of the Light Engine Group attributable to the shareholders of Light Engine amounted to approximately HK\$1,158.9 million (approximately S\$201.5 million) as at 31 December 2021 (the “**Revalued Net Asset Value**”).

3. INFORMATION ON THE VENDOR AND THE PURCHASER

- 3.1 **The Vendor.** The Vendor is a company incorporated under the laws of Hong Kong and Mr Paul Lo is the legal and beneficial owner of the entire issued share capital of the Vendor.
- 3.2 **The Purchaser.** The Purchaser is a company incorporated under the laws of Hong Kong and is an investment holding company. As at the date of this Announcement, the Purchaser is the legal and beneficial owner of 99.8 per cent. of the issued share capital of Lighthouse Technologies Limited (“**Lighthouse**”). Lighthouse and its subsidiaries are principally engaged in the development, manufacture and sales of LED displays solutions (the “**LED Display Business**”).

As announced by the Company on 17 March 2022, completion of the disposal of 63.58 per cent. of the issued shares of Time Interconnect Technology Limited (“**Time Interconnect**”) by Time Interconnect Holdings Limited, an indirect wholly owned subsidiary of the Purchaser, for a cash consideration of approximately HK\$940.1 million (approximately S\$163.5 million) has taken place on 16 March 2022. Time Interconnect and its subsidiaries are principally engaged in the manufacture and sale of cable assembly and digital cable products.

4. RATIONALE AND BENEFIT

- 4.1 Following the completion of the disposal of its entire 63.58 per cent. interest in Time Interconnect as mentioned in paragraph 3.2 above, the remaining business of Linkz and its subsidiaries (the “**Linkz Group**”) will comprise the LED Display Business, which is relatively insignificant and therefore the Linkz Group is expected to contribute less profit to the Group. The management of Linkz considers it opportune to further invest in the LED lighting business in order to strengthen its market position as Light Engine boasts cutting edge LED lighting technologies, and has been established for more than 15 years with solid market recognition and business track records.

² Unless otherwise stated, the HK\$ equivalent of RMB amounts and S\$ equivalent of RMB amounts in this Announcement are based on an exchange rate of RMB1: HK\$1.2231 and S\$1.00: RMB4.7024 respectively.

4.2 Completion of the Proposed Acquisition will enable Linkz to invest in an established business and is expected to lead to synergy between the LED Display Business and Light Engine.

5. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

5.1 **The Proposed Acquisition.** Pursuant to the terms of the Purchase Agreement, the Vendor shall as legal and beneficial owner transfer the entire issued share capital of Light Engine (the “**Sale Shares**”) beneficially owned by it to the Purchaser and the Purchaser shall purchase the Sale Shares with effect from Completion free from all encumbrances together with all rights now or hereafter attaching thereto including but not limited to the right to receive all dividends and other distributions declared, made or paid on or after the date on which Completion takes place (the “**Completion Date**”).

5.2 **Conditions.** Pursuant to the terms of the Purchase Agreement, Completion is subject to and conditional upon the following Conditions being satisfied on or before 30 September 2022 (the “**Long Stop Date**”):

- (i) the Purchaser having obtained all necessary corporate authorisations including board resolutions and shareholder’s resolutions approving the Purchase Agreement and the transactions contemplated under the Purchase Agreement;
- (ii) the Vendor having obtained all necessary corporate authorisations including board resolutions and shareholder’s resolutions approving the Purchase Agreement and the transactions contemplated under the Purchase Agreement;
- (iii) the Valuation Reports are delivered to the Purchaser on or before the Completion Date;
- (iv) each of the representations and warranties made by the Vendor and the Warrantor in the Purchase Agreement remaining true and accurate in all material respects at the Completion Date;
- (v) the legal and financial due diligence on the business and operations of the Light Engine Group and the Relevant Land and Building by or on behalf of the Purchaser having completed to the satisfaction of the Purchaser; and
- (vi) the direct and indirect shareholders of the Purchaser having obtained their relevant shareholders’ approval and all the necessary regulatory approvals, consent and certificates required under any relevant listing rules and stock exchange in connection with this Purchase Agreement and the transactions contemplated thereunder, including but not limited to, approval in connection with the Purchase Agreement and the transactions contemplated therein by shareholders of the Company pursuant to Chapter 9 of the Listing Manual.

5.3 **Completion.** Completion shall take place in Hong Kong on or before the tenth (10th) business day (or on any other day mutually agreed by the Purchaser and the Vendor in writing) following the notice issued by the Purchaser or the Vendor informing of the satisfaction of the last of the Conditions.

Neither the Purchaser nor the Vendor is obliged to complete the Purchase Agreement or perform any obligations under the Purchase Agreement unless the other party complies fully with the requirements of Completion as mentioned above in this paragraph 5.3 and as set out

in the Purchase Agreement on or before the day stipulated for Completion. If the respective obligations of the Purchaser and the Vendor required for Completion and as set out in the Purchase Agreement are not complied with on the day stipulated for Completion, the Purchaser may by notice to the Vendor (in the event that the Vendor is unable or unwilling to comply with their obligations to complete the sale under the Purchase Agreement) or the Vendor may by notice to the Purchaser (in the event that the Purchaser is unable or unwilling to comply with its obligations to complete the purchase under the Purchase Agreement):

- (i) postpone Completion to a date (being a business day) falling not more than thirty (30) business days after the Long Stop Date in which event the provisions of the Purchase Agreement will apply as if the date set for Completion were the date to which Completion is so postponed;
- (ii) proceed with Completion as far as practicable (without limiting its rights under the Purchase Agreement); or
- (iii) terminate the Purchase Agreement.

5.4 **Consideration for the Proposed Acquisition.** The consideration payable by the Purchaser to the Vendor (the “**Consideration**”) is HK\$1,100,000,000 (approximately S\$191.26 million).

The Consideration was arrived at on a willing buyer willing seller basis and based on arm’s length negotiations between the Purchaser and the Vendor after taking into account, *inter alia*, the rationale for the Proposed Acquisition, the Revalued Net Asset Value and the market value of the Light Engine Group based on the Business Valuation Report.

Payment of the Consideration will be satisfied in cash or telegraphic transfer or other methods satisfied by the Vendor as follows:

- (i) HK\$550,000,000 (approximately S\$95.63 million), being 50 per cent. of the Consideration, to be paid upon execution of the Purchase Agreement (the “**Deposit**”); and
- (ii) HK\$550,000,000 (approximately S\$95.63 million), being the remaining 50 per cent. of the Consideration, to be paid within ten (10) business days from the date of Completion.

In the event Completion does not take place in accordance with paragraph 5.6 (i), or the Purchase Agreement is terminated in accordance with paragraph 5.3 (iii), the Vendor shall refund the Deposit to the Purchaser within ten (10) business days after termination of the Purchase Agreement.

5.5 **Restrictive Covenants.** Pursuant to the terms of the Purchase Agreement, during a period commencing from the date of the Purchase Agreement and ending on the third anniversary of the Completion Date, the Vendor and the Warrantor will not, and will ensure that any of their respective Affiliates³ will not, without the prior written consent of the Purchaser:

- (i) directly or indirectly, under any circumstances whatsoever, own, manage, operate, engage in, control or participate in the ownership, management, operation or control

³ For the purposes of this Announcement, “**Affiliates**” means any person directly or indirectly controlling or controlled by, or under common control of another person.

of, or be connected in any manner with, whether as an individual, partner, stockholder, director, officer, principal, agent, employee or consultant, or in any other capacity whatsoever, any person that is engaged in, about to engage in, or intending to engage in a service or business whether in existence or under development, which competes with, is about to compete with, intends to compete with, or is an alternative to any present or planned services or products or venture of the Light Engine Group as determined as at the Completion Date; or

- (ii) directly or indirectly take any of the following actions: (a) persuade or attempt to persuade any customer, supplier, or independent contractor doing business with the Light Engine Group, to cease doing business with the Light Engine Group, or to reduce the amount of business the said customer, supplier, or independent contractor does with the Light Engine Group; or (b) solicit any person employed at the time by the Light Engine Group, or any sale agent of the Light Engine Group, to apply for or accept employment with the Vendor or the Warrantor or otherwise encourage or entice such person to leave his position or the business relationship with the Light Engine Group.

5.6 **Termination of the Purchase Agreement.** The Purchase Agreement may be terminated in the following cases:

- (i) if any of the Conditions shall not have been satisfied at or before 5:00 p.m. on the Long Stop Date, unless otherwise agreed in writing by the Purchaser and the Vendor, the Purchase Agreement and the terms and conditions thereof will immediately and automatically terminate; or
- (ii) if the Purchaser or the Vendor elects to terminate the Purchase Agreement in accordance with paragraph 5.3 (iii) above, then all rights and obligations of the Purchaser, the Vendor and the Warrantor will cease immediately upon termination.

6. INTERESTED PERSON TRANSACTION

6.1 **Interested Person.** As at the date of this Announcement, Mr Victor Lo is an Executive Director and the Chairman and Chief Executive Officer of the Company. Mr Paul Lo is a brother of Mr Victor Lo and the legal and beneficial owner of the entire issued share capital of the Vendor.

Accordingly, the Vendor is an “associate” of Mr Victor Lo and an “interested person” vis-à-vis the Company, under Chapter 9 of the Listing Manual.

6.2 **Entity at Risk.** As at the date of this Announcement, the Purchaser is an associated company of the Company and is not listed on the Singapore Exchange Securities Trading Limited or an approved exchange. The Company and Mr Paul Lo, an associate of Mr Victor Lo and an interested person, hold more than 50 per cent. of the issued shares in the capital of the Purchaser and control the Purchaser.

Accordingly, the Purchaser is regarded as an “entity at risk” under Chapter 9 of the Listing Manual.

6.3 **Interested Person Transaction.** Accordingly, the Proposed Acquisition between the Vendor (the interested person) and the Purchaser (the entity at risk) would constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

For the purposes of Chapter 9 of the Listing Manual, the value of the Proposed Acquisition is 38.13 per cent. of the Consideration, i.e. approximately HK\$419.4 million (approximately S\$72.9 million) (the “**IPT Value**”).

6.4 **Net Tangible Assets.** As at 31 March 2021, being the date of the latest available audited consolidated financial statements, the latest audited consolidated net tangible assets (“**NTA**”) of the Company and its subsidiaries (the “**Group**”) was approximately S\$406.7 million, and 5.0 per cent. of such NTA was approximately S\$20.3 million.

6.5 **Shareholders’ Approval.** The IPT Value amounts to approximately 17.9 per cent. of the latest audited consolidated NTA of the Group as at 31 March 2021. As the IPT Value represents more than 5.0 per cent. of the latest audited consolidated NTA of the Group, approval of the shareholders of the Company (“**Shareholders**”) will be required for the Proposed Acquisition.

6.6 **Current Total of Interested Person Transactions.** The table below sets out:

- (i) the aggregate value of all transactions between the Group and Mr Victor Lo and his associates (including the Vendor); and
- (ii) the aggregate value of all interested person transactions entered into by the Group,

for the current financial year commenced on 1 April 2021 up to the date of this Announcement:

Transaction	Amount ⁽¹⁾⁽²⁾ (S\$’000)	Percentage of audited consolidated NTA at 31 March 2021 (%)
All transactions with Mr Victor Lo and his associates (including the Vendor)	85,393	21.0
All interested person transactions	85,393	21.0

Notes:

- (1) The amounts include the IPT Value.
- (2) The amounts exclude transactions which are less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920 of the Listing Manual.

6.7 **Independent Financial Advisor.** The audit and risk committee of the Company will appoint an independent financial advisor (“**IFA**”) to provide an opinion on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. The IFA’s opinion will be included in the circular (the “**Circular**”) to be despatched to the Shareholders in connection with the extraordinary general meeting to be convened to seek Shareholders’ approval for the Proposed Acquisition (the “**EGM**”).

6.8 **Opinion of the Audit and Risk Committee.** The audit and risk committee of the Company will form its view as to whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders upon receipt of the IFA’s opinion referred to in paragraph 6.7 above. The committee’s view will be set out in the Circular.

6.9 **Circular.** The Circular containing, *inter alia*, details of the Proposed Acquisition together with a notice of the EGM will be despatched to the Shareholders in due course.

7. FINANCIAL EFFECTS

7.1 **Financial Effects of the Proposed Acquisition.** The pro forma financial effects of the Proposed Acquisition on selected financial measures of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2021 (“**FY2021**”) and the unaudited consolidated financial statements of the Group for the six-month period ended 30 September 2021 (“**1HFY2022**”), and are purely for illustrative purposes only and do not reflect the future actual financial position of the Group following the completion of the Proposed Acquisition.

The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (i) the NTA and NTA per issued ordinary share of the Company (“**Share**”) of the Group as at 31 March 2021 have been prepared on the assumption that the Proposed Acquisition had been completed, and the Revaluations as described in paragraph 2.5 above has taken place, on 31 March 2021;
- (ii) the earnings and earnings per Share (“**EPS**”) of the Group for FY2021 have been prepared on the assumption that the Proposed Acquisition had been completed, and the Revaluations have taken place, on 1 April 2020;
- (iii) the NTA and NTA per Share of the Group as at 30 September 2021 have been prepared on the assumption that the Proposed Acquisition had been completed, and the Revaluations have taken place, on 30 September 2021;
- (iv) the earnings and EPS of the Group for 1HFY2022 have been prepared on the assumption that the Proposed Acquisition had been completed, and the Revaluations have taken place, on 1 April 2021;
- (v) the finance cost incurred by Linkz in funding the payment of the Consideration was insignificant, after taking into consideration, *inter alia*, the proceeds from the disposal of a 63.58 per cent. equity interest in Time Interconnect as described in paragraph 3.2 above; and
- (vi) any discrepancies presented in the tables below are due to rounding. Accordingly, totals and percentages presented may not be a precise reflection of the figures that precede them.

7.2 **NTA and NTA Per Share.** For illustrative purposes only:

- (i) assuming that the Proposed Acquisition had been completed on 31 March 2021, the pro forma effects of the Proposed Acquisition on the NTA and NTA per Share of the Group as at 31 March 2021 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$ million)	406.7	404.6
NTA per Share (S cents) ⁽¹⁾	84.02	83.58

Note:

- (1) The figures are based on the issued share capital of 484,046,682 Shares (excluding treasury shares and subsidiary holdings) as at 31 March 2021.

- (ii) assuming that the Proposed Acquisition had been completed on 30 September 2021, the pro forma effects of the Proposed Acquisition on the NTA and NTA per Share of the Group as at 30 September 2021 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$ million)	433.1	434.9
NTA per Share (S cents) ⁽¹⁾	89.52	89.89

Note:

- (1) The figures are based on the issued share capital of 483,843,482 Shares (excluding treasury shares and subsidiary holdings) as at 30 September 2021.

7.3 **Earnings and EPS.** For illustrative purposes only:

- (i) assuming that the Proposed Acquisition had been completed on 1 April 2020, the pro forma effects of the Proposed Acquisition on the earnings and EPS of the Group for FY2021 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to shareholders of the Company (“Shareholders”) (S\$ million)	31.7	37.6
EPS (S cents) ⁽¹⁾	6.55	7.77

Note:

- (1) The figures are based on the weighted average number of 484,046,682 Shares in issue during FY2021.
- (ii) assuming that the Proposed Acquisition had been completed on 1 April 2021, the pro forma effects of the Proposed Acquisition on the earnings and EPS of the Group for 1HFY2022 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to Shareholders (S\$ million)	11.7	14.4
EPS (S cents) ⁽¹⁾	2.42	2.98

Note:

- (1) The figures are based on the weighted average number of 483,864,398 Shares in issue during 1HFY2022.

7.4 **Share Capital.** The Proposed Acquisition will not have any effect on the number of Shares held by Shareholders after the Proposed Acquisition or on the share capital of the Company.

7.5 **Working Capital.** The Proposed Acquisition will not have any effect on the working capital of the Group after the Proposed Acquisition.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

8.1 **Directors' Interests.** Mr Victor Lo is a brother of Mr Paul Lo who, in turn, owns the entire issued share capital of the Vendor. Mr Victor Lo is an Executive Director and the Chairman and Chief Executive Officer of the Company. Mr Victor Lo is also an Executive Director and the Chairman and the Chief Executive of Gold Peak Technology Group Limited ("**Gold Peak**", formerly known as Gold Peak Industries (Holdings) Limited), a controlling shareholder of the Company.

Ms Grace Lo Kit Yee ("**Ms Grace Lo**"), an Executive Director of the Company, is the daughter of Mr Victor Lo and a niece of Mr Paul Lo.

As at the date of this Announcement, Gold Peak has an interest in 414,098,443 ordinary shares in the capital of the Company, representing 85.59 per cent. of all the issued ordinary shares in the capital of the Company.

8.2 **Abstention.** Gold Peak, Mr Victor Lo and Ms Grace Lo will abstain from voting on the resolution to be proposed at the EGM to approve the Proposed Acquisition. Mr Victor Lo and Ms Grace Lo will also decline to accept appointment as proxy for any Shareholder in respect of the resolution unless the Shareholder shall have given his instructions in his proxy form as to the manner in which his votes are to be cast in respect of the resolution.

9. GENERAL INFORMATION

- 9.1 **Directors' Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.
- 9.2 **Document for Inspection.** A copy of the Purchase Agreement is available for inspection during normal business hours at the registered office of the Company at 3 Fusionopolis Link, #06-11, Nexus @one-north, Singapore 138543, for a period of three months commencing from the date of this Announcement.

By Order of the Board

Lee Tiong Hock
Company Secretary
31 March 2022