

CIRCULAR DATED 15 DECEMBER 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of GP Industries Limited (the “**Company**”), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the accuracy of any of the statements made, reports contained, or opinions expressed in this Circular.



GP Industries Limited

(Incorporated in the Republic of Singapore)

Co. Reg. No. 199502128C

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED ACQUISITION OF LIGHT ENGINE TECHNOLOGIES LIMITED BY XIC INNOVATION LIMITED (FORMERLY KNOWN AS LINKZ INDUSTRIES LIMITED), AN ASSOCIATED COMPANY

Independent Financial Adviser to the Independent Directors of the Company

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200310232R)

IMPORTANT DATES AND TIMES:

Last Date and Time to submit questions for the Extraordinary General Meeting (“**EGM**”) : 23 December 2022 at 8:00 a.m. (Singapore time)

Last Date and Time to pre-register online to attend the EGM : 28 December 2022 at 10:30 a.m. (Singapore time)

Last Date and Time for Lodgement of Proxy Form : 28 December 2022 at 10:30 a.m. (Singapore time)

Date and Time of EGM : 30 December 2022 at 10:30 a.m. (Singapore time)

Place of EGM : **The EGM will be convened and held by way of electronic means. Please refer to paragraph 15 of this Circular for further details.**

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“Affiliate”	:	Any person directly or indirectly controlling or controlled by, or under common control of another person
“Alternative Meeting Arrangements”	:	Has the meaning ascribed to it in paragraph 15.1 of this Circular
“Amendment Agreement”	:	The amendment agreement dated 31 August 2022 entered into between the Warrantor, the Vendor and the Purchaser, pursuant to which the parties agreed to amend the terms of the Purchase Agreement to extend the Long Stop Date to the Extended Long Stop Date
“APVSL”	:	Ascent Partners Valuation Services Limited
“APVSL Business Valuation Report”	:	The report setting out the results of the valuation of the fair value of the 100 per cent. equity interest in the Light Engine Group as at the APVSL Valuation Date prepared by APVSL, a copy of which is attached as Appendix F to this Circular
“APVSL Valuation Date”	:	30 June 2022, being the date on which APVSL appraised the fair value of the Light Engine Group
“Business Day”	:	A day other than a Saturday or Sunday, on which banks are open in Hong Kong to the general public for business
“CAPM”	:	Capital asset pricing model
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act 1967 of Singapore
“Company”	:	GP Industries Limited
“Completion”	:	The completion of the Proposed Acquisition
“Completion Date”	:	The date of Completion, being the 10th Business Day (or 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
“Conditions”	:	The conditions precedent to the Proposed Acquisition
“Consideration”	:	The consideration of HK\$1,100.0 million (approximately S\$191.26 million) payable by the Purchaser to the Vendor for the Sale Shares
“CWL”	:	Cushman & Wakefield Limited
“CWL Business Valuation Report”	:	The report setting out the results of the valuation of the market value of the 100 per cent. equity interest in the Light Engine Group as at 31 December 2021 prepared by CWL, a copy of which is attached as Appendix E to this Circular

DEFINITIONS

“CWL Valuation Reports”	:	The Relevant Intangible Assets Valuation Report, Relevant Land and Building Valuation Report and CWL Business Valuation Report
“CVA”	:	Chartered Valuer and Appraiser
“Deposit”	:	Has the meaning ascribed to it in paragraph 6.4(a) of this Circular
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“DLOM”	:	Discount for lack of marketability
“EGM”	:	The extraordinary general meeting of the Company, notice of which is given on page 153 of this Circular
“EPS”	:	Earnings per share
“Extended Long Stop Date”	:	31 October 2022
“FCFF”	:	Free cash flows to the firm or where applicable, means free cash flows to Light Engine
“FY2022”	:	The financial year ended 31 March 2022 of the Group
“GDP”	:	Gross domestic product
“GPG”	:	Gold Peak Technology Group Limited, formerly known as Gold Peak Industries (Holdings) Limited
“Group”	:	The Company and its subsidiaries
“Hong Kong”	:	The Hong Kong Special Administrative Region of PRC
“IFA”	:	Asian Corporate Advisors Pte. Ltd., the independent financial adviser to the Independent Directors
“IFA Letter” or “Letter”	:	The letter dated 15 December 2022 from the IFA to the Independent Directors in respect of the Proposed Acquisition, a copy of which is attached as Appendix G to this Circular
“Independent Directors”	:	The Directors who are considered independent for the purposes of the Proposed Acquisition (namely, Mr Lam Hin Lap, Mr Brian Li Yiu Cheung, Mr Waltery Law Wang Chak, Mr Lim Ah Doo, Mr Allan Choy Kam Wing, Mr Lim Jiew Keng, Mr Goh Boon Seong, Mr Timothy Tong Wai Cheung and Mr Christopher Lau Kwan)
“Intangible Assets”	:	Has the meaning ascribed to it in paragraph 3.2 of this Circular
“IoT”	:	Internet of Things
“IPT”	:	Interested Person Transaction
“IPT Mandate”	:	Has the meaning ascribed to it in paragraph 7.6 of this Circular

DEFINITIONS

“IPT Value”	:	Has the meaning ascribed to it in paragraph 1.4 of this Circular
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 8 December 2022
“LED”	:	Light-emitting diode
“LED Display Business”	:	Has the meaning ascribed to it in paragraph 4.2 of this Circular
“Light Engine”	:	Light Engine Technologies Limited
“Light Engine Group”	:	Light Engine and its subsidiaries
“Lighthouse”	:	Lighthouse Technologies Limited
“Listing Manual”	:	The listing manual of the SGX-ST
“Long Stop Date”	:	30 September 2022
“MinLaw”	:	The Ministry of Law
“Mr Victor Lo”	:	Mr Victor Lo Chung Wing
“Ms Grace Lo”	:	Ms Grace Lo Kit Yee
“NAV”	:	Net asset value
“NTA”	:	Net tangible assets
“Order”	:	COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment) Order 2020
“Ordinary Resolution”	:	The ordinary resolution relating to the Proposed Acquisition to be proposed at the EGM
“PCBA”	:	Printed circuit board assembly
“PRC” or “China”	:	The People’s Republic of China, excluding Hong Kong and Macau Special Administrative Region for the purposes of this Circular
“Proposed Acquisition”	:	The proposed acquisition of the Sale Shares, on the terms and subject to the Conditions of the Purchase Agreement
“Purchase Agreement”	:	The conditional share sale and purchase agreement dated 31 March 2022 entered into between the Warrantor, the Vendor and the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares on the terms and subject to the Conditions contained therein and as may be amended from time to time, including by way of the Amendment Agreement and the Second Amendment Agreement

DEFINITIONS

“Purchase Agreement Date”	:	31 March 2022, being the date on which the Purchase Agreement was entered into
“Purchaser” or “XIC”	:	XIC Innovation Limited, formerly known as Linkz Industries Limited
“Relevant Intangible Assets”	:	Has the meaning ascribed to it in paragraph 3.2 of this Circular
“Relevant Intangible Assets Valuation Report”	:	The report setting out the results of the valuation of the aggregate fair value of the Relevant Intangible Assets as at 31 December 2021 prepared by CWL, a copy of which is attached as Appendix C to this Circular
“Relevant Land and Building”	:	Has the meaning ascribed to it in paragraph 3.2 of this Circular
“Relevant Land and Building Valuation Report”	:	The report setting out the results of the valuation of the aggregate market value of the Relevant Land and Building as at 31 December 2021 prepared by CWL, a copy of which is attached as Appendix D to this Circular
“Revaluations”	:	Has the meaning ascribed to it in paragraph 3.4 of this Circular
“Revalued Net Asset Value”	:	Has the meaning ascribed to it in paragraph 3.4 of this Circular
“Sale Shares”	:	1,000,000 issued ordinary shares in the share capital of Light Engine representing the entire issued share capital of Light Engine
“Second Amendment Agreement”	:	The second amendment agreement dated 31 October 2022 entered into between the Warrantor, the Vendor and the Purchaser, pursuant to which the parties agreed to amend the terms of the Purchase Agreement to extend the Extended Long Stop Date to the Second Extended Long Stop Date
“Second Extended Long Stop Date”	:	31 December 2022
“Securities Account”	:	Securities accounts maintained by Depositors with CDP, but not including sub-securities accounts
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholder”	:	A person who, in accordance with the Securities and Futures Act 2001 of Singapore, has an interest (directly or indirectly) of not less than five per cent. of the issued voting Shares of the Company
“Time Interconnect Technology”	:	Time Interconnect Technology Limited

DEFINITIONS

“T6M2021”	:	The six-month financial period ended 30 June 2021 of the Light Engine Group
“T6M2022”	:	The six-month financial period ended 30 June 2022 of the Light Engine Group
“TFY2019”	:	The financial year ended 31 December 2019 of the Light Engine Group
“TFY2020”	:	The financial year ended 31 December 2020 of the Light Engine Group
“TFY2021”	:	The financial year ended 31 December 2021 of the Light Engine Group
“Vendor”	:	United Luminous International (Holdings) Limited
“WACC”	:	Weighted average cost of capital
“Warrantor” or “Mr Paul Lo”	:	Mr Paul Lo Chung Wai
“XIC Group”	:	XIC and its subsidiaries
“HK\$”	:	The lawful currency for the time being of Hong Kong
“RMB”	:	The lawful currency for the time being of PRC
“S\$” and “S cents”	:	The lawful currency for the time being of the Republic of Singapore
“%” or “per cent.”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

The terms “**controlling shareholder**” and “**associate**” shall have the meanings ascribed to them respectively in the Listing Manual.

The term “**subsidiaries**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

In this Circular, unless otherwise stated, conversions of HK\$ into S\$ are based on a rate of S\$1.00 to HK\$5.7515. Unless otherwise stated, conversions of RMB into HK\$ and S\$ are based on a rate of RMB1.00 to HK\$1.2231 and S\$1.00 to RMB4.7024 respectively.

The exchange rate above is for reference only. No representation is made by the Company that any amount in HK\$ or RMB has been, could have been or could be converted at the above rate or at any other rates or at all.

LETTER TO SHAREHOLDERS

GP INDUSTRIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199502128C)

Board of Directors:

Mr Victor Lo Chung Wing (*Chairman, Chief Executive Officer, and Executive Director*)
Mr Lam Hin Lap (*Vice Chairman, Executive Vice President, and Executive Director*)
Mr Brian Li Yiu Cheung (*Executive Vice President and Executive Director*)
Mr Waltery Law Wang Chak (*Chief Financial Officer, Chief Risk Officer, and Executive Director*)
Ms Grace Lo Kit Yee (*Executive Director*)
Mr Lim Ah Doo (*Non-Executive Lead Independent Director*)
Mr Allan Choy Kam Wing (*Non-Executive Independent Director*)
Mr Lim Jiew Keng (*Non-Executive Independent Director*)
Mr Goh Boon Seong (*Non-Executive Independent Director*)
Mr Timothy Tong Wai Cheung (*Non-Executive Independent Director*)
Mr Christopher Lau Kwan (*Non-Executive Independent Director*)

Registered Office:

3 Fusionopolis Link,
#06-11 Nexus @one-north,
Singapore 138543

15 December 2022

To: The Shareholders of GP Industries Limited

Dear Sir/Madam

THE PROPOSED ACQUISITION OF LIGHT ENGINE TECHNOLOGIES LIMITED BY XIC INNOVATION LIMITED (FORMERLY KNOWN AS LINKZ INDUSTRIES LIMITED), AN ASSOCIATED COMPANY

1. INTRODUCTION

- 1.1 Proposed Acquisition.** On 31 March 2022 (the “**Purchase Agreement Date**”), the Company announced that XIC Innovation Limited (formerly known as Linkz Industries Limited) (the “**Purchaser**” or “**XIC**”), a 38.13 per cent. owned associated company of the Company as at 31 March 2022, had entered into a sale and purchase agreement (the “**Purchase Agreement**” and such sale and purchase, the “**Proposed Acquisition**”) on the Purchase Agreement Date 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 shares the “**Sale Shares**”).
- 1.2 Completion.** Completion is subject to and conditional upon various Conditions, including, *inter alia*, the approval of Shareholders for the Proposed Acquisition at the EGM. On 31 August 2022, the Purchaser and the Vendor entered into the Amendment Agreement to extend the date on or before which such Conditions must be satisfied from 30 September 2022 (the “**Long Stop Date**”) to 31 October 2022 (the “**Extended Long Stop Date**”). On 31 October 2022, the Purchaser and the Vendor entered into the Second Amendment Agreement to extend the Extended Long Stop Date to 31 December 2022 (the “**Second Extended Long Stop Date**”).
- 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 the Light Engine Group for, *inter alia*, the following aspects:
- (i) books and records;
 - (ii) the Sale Shares;
 - (iii) compliance with legal requirements;

LETTER TO SHAREHOLDERS

- (iv) accounts and assets and liabilities;
- (v) contracts, commitments and financial and other arrangements;
- (vi) insolvency;
- (vii) insurance;
- (viii) litigation;
- (ix) the Relevant Land and Building;
- (x) taxation;
- (xi) employment;
- (xii) intellectual property;
- (xiii) finance;
- (xiv) licences and consents; and
- (xv) assets and equipment.

1.4 Interested Person Transaction. Mr Paul Lo is the legal and beneficial owner of the entire issued share capital of the Vendor. Mr Paul Lo is also the legal and beneficial owner of 59.82 per cent. of the issued share capital of the Purchaser as at the Purchase Agreement Date and 60.87 per cent. of the issued share capital of the Purchaser as at the Latest Practicable Date. Mr Paul Lo is also a brother of Mr Victor Lo Chung Wing ("**Mr Victor Lo**"), an Executive Director and the Chairman and Chief Executive Officer of the Company.

The Purchaser is an associated company of the Company and is not listed on the SGX-ST or an approved exchange. The Company and Mr Paul Lo, an associate of Mr Victor Lo and an interested person, hold more than 50.0 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. 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.

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.

As at 31 March 2021, being the date of the latest available audited consolidated financial statements as at the Purchase Agreement Date, the audited consolidated net tangible assets ("**NTA**") of the Group was approximately S\$406.7 million and 5.0 per cent. of such NTA was approximately S\$20.3 million.

For the purposes of Chapter 9 of the Listing Manual, the value of the Proposed Acquisition is 38.13 per cent., being the Group's equity interest in XIC as at the Purchase Agreement Date, of the consideration of HK\$1,100.0 million (approximately S\$191.26 million) payable by the Purchaser to the Vendor (the "**Consideration**"), i.e. approximately HK\$419.4 million (approximately S\$72.9 million) (the "**IPT Value**"). The IPT Value amounts to approximately 17.9 per cent. of the latest audited consolidated NTA of the Group as at 31 March 2021, being the date of the latest available audited consolidated financial statements as at the Purchase Agreement Date. As the IPT Value represents more than 5.0 per cent. of the latest audited consolidated NTA of the Group, approval of independent Shareholders will be required for the Proposed Acquisition pursuant to Listing Rule 906(1)(a) of the Listing Manual.

Further information on the Proposed Acquisition as an interested person transaction is set out in **paragraph 7** of this Circular.

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1.5 Increase in Interest in XIC Subsequent to the Purchase Agreement Date. As announced on 31 March 2022, the Company and Mr Paul Lo were the legal and beneficial owners of 38.13 per cent. and 59.82 per cent. of the issued share capital of the Purchaser as at the Purchase Agreement Date respectively. Subsequent to the Purchase Agreement Date, the Company and Mr Paul Lo have acquired additional issued shares of XIC held by certain senior management members of XIC. As a result, XIC is 39.13 per cent. and 60.87 per cent. owned by the Company and Mr Paul Lo respectively as at the Latest Practicable Date.

1.6 Circular. The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Acquisition, the rationale and the pro forma financial effects of the Proposed Acquisition on the Group, and to seek the approval of Shareholders for the matters set out in the Ordinary Resolution relating to the Proposed Acquisition to be proposed at the EGM.

The notice of the Ordinary Resolution relating to the Proposed Acquisition to be proposed at the EGM is set out on **page 153** of this Circular.

1.7 Singapore Legal Adviser. The Company has appointed Allen & Gledhill LLP as its legal adviser in relation to Singapore law for the Proposed Acquisition.

2. INFORMATION ON LIGHT ENGINE

2.1 Light Engine. Light Engine is incorporated in Hong Kong with limited liability and with an issued share capital of HK\$10.0 million 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 for the following products/applications:

- (i) horticultural lighting solutions for the grow light market;
- (ii) commercial and hospitality;
- (iii) health care;
- (iv) smart cities and internet of things (“IoT”) lights; and
- (v) printed circuit board assembly (“PCBA”) / module lights.

The Light Engine Group is currently in particular expanding new businesses in sustainable horticultural and smart cities related LED lighting products.

The manufacturing facilities and testing laboratory of the Light Engine Group are located in Huizhou, China. The research and development team of the Light Engine Group is based in Hong Kong and comprises qualified optical, electronic and mechanical engineers. The revenue of the Light Engine Group for TFY2021 analysed by geographical segment is as follows:

Geographical Segment	HK\$' million
Hong Kong and Asia Pacific (other than Japan)	511.0
Japan	343.3
PRC (other than Hong Kong)	206.6
Europe	116.3
United States of America	100.2
Total	1,277.4

Further information on the Light Engine Group can be found at <https://www.lightengine-tech.com>.

LETTER TO SHAREHOLDERS

2.3 Transactions Between the Group and the Light Engine Group. The Group is both a supplier and customer of the Light Engine Group. During FY2022, the Group's transactions with the Light Engine Group are as follows:

Transactions	S\$'000
Sales of batteries to the Light Engine Group	202.0
Purchase of battery chargers from the Light Engine Group	137.0

2.4 Subsidiaries and Associate of the Light Engine Group

(i) The subsidiaries of the Light Engine Group are as follows:

Name of Company	Place of Incorporation and Business	Effective Percentage of Equity Interest Held by Light Engine (per cent.)	Principal Activities
Golden Chance International Industrial Limited	Hong Kong	100.0	Trading of LED products
Huizhou Light Engine Limited	PRC	98.5	Investment holding and trading and manufacture of LED products
Light Engine America Inc.	United States of America	100.0	Inactive
Light Engine Limited ⁽¹⁾	Hong Kong	98.5	Trading of LED products

Note:

(1) Wholly owned by Huizhou Light Engine Limited.

(ii) The associate of the Light Engine Group is as follows:

Name of Company	Place of Incorporation and Business	Effective Percentage of Equity Interest Held by Light Engine (per cent.)	Principal Activities
Light Engine Europe B.V.	The Netherlands	50.0	Inactive

Please refer to **Appendix A** for a summarised organisation chart of the Group before and after completion of the Proposed Acquisition.

LETTER TO SHAREHOLDERS

2.5 Risk Factors. The Light Engine Group's business is subject to the following principal risks:

(i) Business and Operation Risks

- (a) The Light Engine Group derives a significant portion of its revenue from its major customers. The largest three customers of the Light Engine Group account for approximately 52.0 per cent. and 71.0 per cent. of its revenue for the six months ended 30 June 2022 (“**T6M2022**”) and the financial year ended 31 December 2021 (“**TFY2021**”) respectively.
- (b) Fluctuations in the prices of major raw materials could materially and adversely affect the Light Engine Group's business and results of operations.
- (c) The Light Engine Group generates certain amounts of revenue from overseas customers. Uncertainties such as political and economic instability could lead to reduced overseas sales.
- (d) Rapid technology changes in LED lighting business may cause the emergence of new technologies and industrial standards. Failure to anticipate and respond rapidly to such changes could adversely affect the Light Engine Group's business and result of operations.
- (e) A portion of the revenue and production expenses of the Light Engine Group are dominated in RMB. Hence, fluctuations in the exchange rate may result in exchange gains or losses incurred by the Light Engine Group.
- (f) The Light Engine Group borrows bank loans with interests being calculated based on market interest rate. An increase in the market interest rate will increase the borrowing costs of the Light Engine Group.
- (g) Unauthorised use of the Light Engine Group's intellectual property rights may adversely affect its business and results of operations.

(ii) Regulatory Risks

- (a) The Light Engine Group's business may be adversely affected by changes in import law or other applicable laws, including international sanctions, of foreign countries or jurisdictions in which its overseas customers operate.
- (b) The Light Engine Group's production operation is located in PRC and is generally affected by and subject to PRC legal system, laws and regulations. Any new laws or changes of laws and regulations promulgated in PRC may affect the operation and production of the Light Engine Group.

3. FINANCIAL INFORMATION OF LIGHT ENGINE

3.1 Financial Information of the Light Engine Group. Based on the audited financial statements of the Light Engine Group for TFY2021:

- (i) equity of the Light Engine Group attributable to the shareholders of Light Engine as at 31 December 2021 was approximately HK\$849.8 million (approximately S\$147.8 million);
- (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\$75.4 million (approximately S\$13.1 million); and
- (iii) the Light Engine Group did not have any contingent liabilities as at 31 December 2021.

LETTER TO SHAREHOLDERS

Based on the unaudited financial statements of the Light Engine Group for T6M2022:

- (a) equity of the Light Engine Group attributable to the shareholders of Light Engine as at 30 June 2022 was approximately HK\$872.0 million (approximately S\$151.6 million);
- (b) net profits of the Light Engine Group attributable to the shareholders of Light Engine for six months ended 30 June 2022 was approximately HK\$41.2 million (approximately S\$7.2 million); and
- (c) the Light Engine Group did not have any contingent liabilities as at 30 June 2022.

Please refer to **Appendix B** for further information on the financial performance and position of the Light Engine Group.

3.2 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 buildings in China. 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). A copy of the Relevant Intangible Assets Valuation Report is attached as **Appendix C** to this Circular.
- (ii) Based on a report by CWL dated 21 March 2022 (the “**Relevant Land and Building Valuation Report**”), as at 31 December 2021, the aggregate market value of the Relevant Land and Building situated at No. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, Guangdong Province, China was RMB373.9 million (approximately HK\$457.3 million or S\$79.5 million). A copy of the Relevant Land and Building Valuation Report is attached as **Appendix D** to this Circular.

3.3 Market Value. 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 “**CWL Business Valuation Report**”) and collectively with the Relevant Intangible Assets Valuation Report and the Relevant Land and Building Valuation Report, the “**CWL 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\$1,210.0 million (approximately S\$210.4 million). The CWL Business Valuation Report is based primarily on the market approach. A copy of the CWL Business Valuation Report is attached as **Appendix E** to this Circular.

3.4 Revalued NAV. After adjusting the audited financial statements of the Light Engine Group for TFY2021 with 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 revalued unaudited net asset value of the Light Engine Group attributable to the shareholders of Light Engine amounted to approximately HK\$1,161.8 million (approximately S\$202.0 million) as at 31 December 2021 without taking into consideration potential deferred tax liabilities attributable to the Revaluations (the “**Revalued Net Asset Value**”), and HK\$1,088.8 million (approximately S\$189.3 million) after taking into consideration potential deferred tax liabilities attributable to the Revaluations, analysed as follows:

LETTER TO SHAREHOLDERS

	HK\$' million
Audited NAV of the Light Engine Group at 31 December 2021	849.8
Less: Carrying value of the Relevant Land and Building at 31 December 2021	(329.6)
Add: Fair value of the Relevant Intangible Assets	189.0
Add: Market value of the Relevant Land and Building	457.3
Less: Share of the surplus from revaluation of the Relevant Intangible Assets and Relevant Land and Building by the non-controlling interests of the Light Engine Group	(4.7)
Revalued NAV, before taking into consideration potential deferred tax liabilities	1,161.8
Less: Potential deferred tax liabilities	(73.0)
Revalued NAV, after taking into consideration potential deferred tax liabilities	1,088.8

3.5 Fair Value. As the CWL Valuation Reports were obtained by the Purchaser and the Vendor and not by the Company, the Company has separately engaged Ascent Partners Valuation Services Limited (“**APVSL**”) to independently appraise the fair value of the 100 per cent. equity interest in the Light Engine Group. The engagement partner, Mr William Yuen, is a Chartered Financial Analyst Charterholder, Certified Financial Risk Manager and Chartered Valuer and Appraiser (“**CVA**”). He also has a bachelor’s degree in electrical engineering and has working experience in the electronics industry. The principal of APVSL, Mr Paul Wu, is a Certified Management Accountant and CVA. The CVA programme is a national certification for the practice of business valuation in Singapore. In addition, Mr William Yuen and Mr Paul Wu have relevant and current experience in the valuation of real estate properties and business entities in various industries. These industries include manufacturing, information technology and financial instruments.

As the Light Engine Group is based in Hong Kong and PRC, APVSL was engaged as it is based in Hong Kong with subsidiaries in Shenzhen and Singapore. As such, APVSL has the relevant industry and market knowledge to undertake a valuation of the Light Engine Group.

Based on a report by APVSL dated 8 December 2022 (the “**APVSL Business Valuation Report**”), as at 30 June 2022 (the “**APVSL Valuation Date**”), the fair value of the 100 per cent. equity interest in the Light Engine Group is in the range of HK\$895.0 million (approximately S\$155.6 million) to HK\$1,489.0 million (approximately S\$258.9 million) and the best estimated value is HK\$1,224.0 million (approximately S\$212.8 million). The APVSL Business Valuation Report is based primarily on the income approach.

3.6 General Assumptions. The following are the general assumptions for the APVSL Business Valuation Report:

- (i) there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of the Light Engine Group;
- (ii) the prospective earnings would provide a reasonable return on the fair market value of the assets;
- (iii) the information on which APVSL has relied on to a considerable extent in arriving at APVSL’s opinion is accurate and fair;
- (iv) since a significant portion of the Light Engine Group’s sales comes from Hong Kong, the average historical annual inflation rate of Hong Kong from 2012 to 2021 is employed as the terminal growth rate. The average of Hong Kong’s consumer price index from 2012 to 2021 is 2.77 per cent.¹ The average annual nominal gross domestic product (“**GDP**”) growth rate of Hong Kong for the same period is 3.93 per cent.²; and

¹ Source: Bloomberg.

² Source: International Monetary Fund, World Economic Outlook Database as at April 2022.

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- (v) a discount for the lack of marketability (“**DLOM**”) of 15.80 per cent. is applied as the Light Engine Group is a closely held company that is not freely marketable³.

3.7 Specific and Quantitative Assumptions. The income approach is applied in the APVSL Business Valuation Report to estimate the equity interest in the Light Engine Group. The enterprise value of the Light Engine Group is developed through the application of the market value weighted average cost of capital (“**WACC**”) to discount the free cash flows to Light Engine (“**FCFF**”). The WACC is calculated by considering the relative weights of each component of the capital structure. The enterprise value of the Light Engine Group is then adjusted for operating debts, cash and cash equivalents, non-operating assets, and non-operating debts and liabilities to derive the fair value of the equity interest in the Light Engine Group. The FCFF and WACC are computed using the formulas below:

(i)
$$\text{WACC} = W_e \times R_e + W_d \times R_d \times (1 - t),$$

in which:

$$R_e = \text{Cost of Equity}^4$$

$$R_d = \text{Cost of Debt}^5$$

$$W_e = \text{Weight of Equity Value to Enterprise Value}$$

$$W_d = \text{Weight of Debt Value to Enterprise Value}$$

$$t = \text{Corporate Tax Rate}$$

- (ii)
$$\text{FCFF} = \text{Net Income} + \text{Non-Cash Charges} + \text{Interest Expense} \times (1 - \text{Tax Rate}) - \text{Fixed Capital Investment} - \text{Working Capital Investment}$$

3.8 Commitments of the Light Engine Group as at 30 June 2022

As at 30 June 2022, the Light Engine Group has a commitment of approximately HK\$97.4 million (of which approximately HK\$70.1 million had been deposited) for, *inter alia*, construction of two new factories, decoration work for main building, reallocation of production lines and building of clean room, and other decoration works.

3.9 The Board’s Review of APVSL.

The Board has:

- (i) considered APVSL’s track record and credentials, and believes that the valuation conducted by APVSL was conducted independently by qualified and competent valuation professionals;
- (ii) assessed that the valuation of the 100 per cent. equity interest in the Light Engine Group by APVSL is in accordance with the International Valuation Standards, which is a set of internationally-recognised valuation standards issued by the International Valuation Standards Council;
- (iii) examined key assumptions and estimates used for the APVSL Business Valuation Report, including forward-looking earnings or cash flow projections, and peer or reference companies; and
- (iv) enquired with the management of Light Engine and noted that no material uncertainties belie the projections evaluated by APVSL in preparing the APVSL Business Valuation Report.

³ Source: Stout Risius Ross, LLC.

⁴ Being 11.52 per cent., calculated using the Capital Asset Pricing Model (“**CAPM**”) using the formula $\text{Cost of Equity} = \text{Risk-free Rate} + \beta I \times \text{Market Risk Premium} + \text{Size Premium}$. βI is a measure of the sensitivity of return on equity of the firm to the Market Risk Premium.

⁵ Being 5.0 per cent., the Hong Kong prime lending rate.

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In consideration of the above, the Board is of the view that the key assumptions and estimates, valuation conclusion and limitation(s) as disclosed in the APVSL Business Valuation Report are reasonable and acceptable.

A copy of the APVSL Business Valuation Report is attached as **Appendix F** to this Circular.

- 3.10 Due Diligence by Purchaser.** In addition to the foregoing, the Purchaser has conducted legal and financial due diligence on the business and operations of the Light Engine Group and the Relevant Land and Building. This exercise included the verification of land title to the Relevant Land and Building and the review of other related documents. As the Purchaser is an associated company of the Company, the Company was not directly involved in the due diligence exercise conducted in relation to the Light Engine Group. The Directors of the Company have relied on the confirmation of the management of the Purchaser in respect of the due diligence exercise and are satisfied that the Light Engine Group possesses valid and current title to the Relevant Land and Building.

The Purchaser and the Company have not performed due diligence on the Vendor as this is not customary for transactions of this nature. In addition, the Vendor has provided representations and warranties relating to, *inter alia*, share title and its capacity to enter into the share purchase agreement.

4. INFORMATION ON THE VENDOR AND THE PURCHASER

- 4.1 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. The directors of the Vendor are Mr Paul Lo, Mr Ronald Lo Yeung Chun and Mr Teddy Lo Yeung Man. Mr Paul Lo is the father of Mr Ronald Lo Yeung Chun and Mr Teddy Lo Yeung Man. The Vendor is principally engaged in investment holding, including holding of all the issued shares in the capital of Light Engine, and the provision of management services. As at the Latest Practicable Date, Mr Ronald Lo Yeung Chun and Mr Teddy Lo Yeung Man holds, directly or indirectly, 0.09 per cent. and 0.43 per cent. of the issued shares of Gold Peak Technology Group Limited (“**GPG**”), a substantial shareholder of the Company, respectively.

Save as disclosed in **paragraphs 1.4, 2.3, 4.1 and 7.1**, there are no other connections (including business relationship) amongst the Company, the Directors and the Substantial Shareholders of the Company with the Warrantor, the Vendor, its directors and Substantial Shareholders.

- 4.2 The Purchaser.** The Purchaser is a company incorporated under the laws of Hong Kong and is an investment holding company. As at the Latest Practicable Date, the Purchaser is the legal and beneficial owner of 99.8 per cent. of the issued share capital of Lighthouse Technologies Limited (“**Lighthouse**”). The directors of the Purchaser are Mr Paul Lo, Mr Ronald Lo Yeung Chun, Mr Teddy Lo Yeung Man and Mr Ho Ka Kin. Mr Paul Lo will remain a director of the Purchaser after completion of the Proposed Acquisition. 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 1,175,070,000 issued shares of Time Interconnect Technology Limited (“**Time Interconnect Technology**”), representing approximately 63.58 per cent. of the 1,848,080,000 issued shares and 61.46 per cent. of the 1,911,944,000 issued shares of Time Interconnect Technology as at 11 February 2022 and 16 March 2022 respectively held 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) took place on 16 March 2022. Time Interconnect Technology and its subsidiaries are principally engaged in the manufacture and sale of cable assembly and digital cable products.

The trade name and patents right of “Linkz” were part of the intellectual properties transferred to the buyer pursuant to the said disposal. As such, the Purchaser changed its name from Linkz Industries Limited to XIC Innovation Limited on 18 May 2022.

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5. RATIONALE AND BENEFIT

5.1 Rationale and Benefit of the Proposed Acquisition. Following the completion of the disposal of its entire holding of 1,175,070,000 shares in the issued capital of Time Interconnect Technology as mentioned in **paragraph 4.2** above, the remaining business of XIC and its subsidiaries (the “**XIC Group**”) will comprise the LED Display Business, which is relatively insignificant and therefore the XIC Group is expected to contribute less profit to the Group. The management of XIC considered it necessary to develop other business to replace the loss of substantial recurring income generated from Time Interconnect Technology. Such new business should meet, among others, the following criteria: (i) substantial synergies with the remaining LED Display Business of XIC; (ii) stable and consistent profit contribution; and (iii) XIC has the knowhow to run the new business. The management of XIC identified Light Engine as an investment opportunity which meets the aforementioned criteria and initiated the discussion for the Proposed Acquisition.

The Proposed Acquisition will enable XIC to invest in a business which has been established for more than 15 years with solid market recognition, business track records, cutting edge LED lighting technologies, and synergy with the LED Display Business. The common management and proximity of manufacturing facilities of the LED Display Business and the Light Engine Group in PRC is also expected to improve the management efficiency of the XIC Group.

5.2 Opinion of the Directors. The Directors have duly considered the rationale and benefits of the Proposed Acquisition as presented by the management of XIC and Light Engine. Save for Mr Victor Lo and Ms Grace Lo Kit Yee (“**Ms Grace Lo**”) who are considered interested persons in relation to the Proposed Acquisition as discussed under **paragraph 10.1** and both of whom have hence refrained from making any recommendation on the Proposed Acquisition, the Directors agree that the Proposed Acquisition is in the best interests of the Company and the Shareholders.

6. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

6.1 The Proposed Acquisition. Pursuant to the terms of the Purchase Agreement, the Vendor shall as legal and beneficial owner transfer 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 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**”).

6.2 Conditions. Pursuant to the terms of the Purchase Agreement, Completion is subject to and conditional upon the following conditions (“**Conditions**”) being satisfied on or before 31 December 2022 (the “**Second Extended 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 CWL 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

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- (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 the 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.

As at the Latest Practicable Date:

- (a) In respect of the Condition set out in **paragraph 6.2(i)**, the approval of the shareholders and the board of directors of the Purchaser were both obtained on 31 March 2022.
- (b) In respect of the Condition set out in **paragraph 6.2(ii)**, the approval of the shareholders and the board of directors of the Vendor were both obtained on 31 March 2022.
- (c) In respect of the Condition set out in **paragraph 6.2(iii)**, the CWL Valuation Reports were delivered to the Purchaser on 30 March 2022.
- (d) In respect of the Condition set out in **paragraph 6.2(v)**, the legal and financial due diligence has been completed to the satisfaction of the Purchaser on 30 June 2022.

Accordingly, as at the Latest Practicable Date, the Conditions set out in **paragraphs 6.2(i), 6.2(ii), 6.2(iii)** and **6.2(v)** have been satisfied.

- 6.3 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 6.3** 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 30 Business Days after the Second Extended 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.

- 6.4 Consideration for the Proposed Acquisition.** The Consideration for the Proposed Acquisition is HK\$1,100.0 million (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*:

- (i) the rationale for the Proposed Acquisition;
- (ii) the Revalued Net Asset Value of the Light Engine Group as at 31 December 2021 based on the Relevant Intangible Assets Valuation Report and the Relevant Land and Building Valuation Report; and

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- (iii) the market value of the 100 per cent. equity interest of the Light Engine Group as at 31 December 2021 based on the CWL Business Valuation Report.

Payment of the Consideration will be satisfied by the Purchaser in (i) cash, (ii) by telegraphic transfer or (iii) other methods as agreed by the Vendor as follows:

- (a) HK\$550.0 million (approximately S\$95.63 million), being 50.0 per cent. of the Consideration, to be paid upon execution of the Purchase Agreement (the “**Deposit**”); and
- (b) HK\$550.0 million (approximately S\$95.63 million), being the remaining 50.0 per cent. of the Consideration, to be paid within 10 Business Days from the date of Completion.

The Sale Shares will be transferred to the Purchaser on Completion. In the event Completion does not take place in accordance with **paragraph 6.3(i)**, or the Purchase Agreement is terminated in accordance with **paragraph 6.3(iii)**, the Vendor shall refund the Deposit to the Purchaser within 10 Business Days after termination of the Purchase Agreement.

The Consideration will be funded by the Purchaser using the proceeds from the disposal of its entire holding of 1,175,070,000 shares in the issued capital of Time Interconnect Technology as mentioned in **paragraph 4.2** above, and the internal working capital of the XIC Group.

6.5 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 Affiliates 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 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.

6.6 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 Second Extended 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 6.3(iii)** above, then all rights and obligations of the Purchaser, the Vendor and the Warrantor will cease immediately upon termination.

6.7 Due Diligence. As the Purchaser is an associated company of the Company, the Company was not directly involved in any due diligence on the Vendor and the Light Engine Group.

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7. INTERESTED PERSON TRANSACTION

7.1 Interested Person. As at the Latest Practicable Date, 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.

7.2 Entity at Risk. As at the Latest Practicable Date, the Purchaser is an associated company of the Company and is not listed on the SGX-ST or an approved exchange. The Company and Mr Paul Lo, an associate of Mr Victor Lo and an interested person, hold more than 50.0 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.

7.3 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 IPT Value is 38.13 per cent. (being the Company’s percentage interest in the Purchaser as at the Purchase Agreement Date) of the Consideration, i.e. approximately HK\$419.4 million (approximately S\$72.9 million).

7.4 NTA. As at 31 March 2021, being the date of the latest available audited consolidated financial statements as at the Purchase Agreement Date, the audited consolidated NTA of the Group was approximately S\$406.7 million and 5.0 per cent. of such NTA was approximately S\$20.3 million.

7.5 Shareholders’ Approval. The IPT Value amounts to approximately 17.9 per cent. of the audited consolidated NTA of the Group as at 31 March 2021, being the latest available audited consolidated NTA as at the Purchase Agreement Date. As the IPT Value represents more than 5.0 per cent. of the audited consolidated NTA of the Group, approval of the independent Shareholders will be required for the Proposed Acquisition pursuant to Listing Rule 906(1)(a) of the Listing Manual.

7.6 Aggregate Value of Interested Person Transactions for FY2022. 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 the Warrantor), excluding the IPT Value; and
- (ii) the aggregate value of all interested person transactions entered into by the Group, excluding the IPT Value,

for FY2022:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920 of the Listing Manual (“IPT Mandate”))	Aggregate value of all interested person transactions conducted under IPT Mandate (excluding transactions less than S\$100,000)
Transactions with Mr Victor Lo and his associates (including the Vendor and the Warrantor)		
(i) Sales of batteries to Huizhou Light Engine Limited (S\$’000)	202	-

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	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual ("IPT Mandate"))	Aggregate value of all interested person transactions conducted under IPT Mandate (excluding transactions less than S\$100,000)
(ii) Purchase of battery chargers from Light Engine Limited (S\$'000)	137	-
(iii) Consideration received by the Company for disposal of subsidiaries to Time Interconnect Investment Limited (S\$'000)	12,468	-
Aggregate value of transactions with Mr Victor Lo and his associates (including the Vendor and the Warrantor) (S\$'000)	12,807	-
Aggregate value of transactions with Mr Victor Lo and his associates (including the Vendor and the Warrantor) as percentage of audited consolidated NTA of the Group as at 31 March 2021	3.1%	-
Transactions with other interested persons (S\$'000)	-	-
Aggregate value of all interested person transactions (S\$'000)	12,807	-
Aggregate value of all interested person transactions as percentage of audited consolidated NTA of the Group as at 31 March 2021	3.1%	-

The foregoing transactions were not conducted under IPT Mandate as the IPT Mandate in force at the time did not cover the Group's battery products, and only covered the Group's electronics, acoustics and automotive wire harness products.

7.7 Current Aggregate Value of Interested Person Transactions for the period commencing on 1 April 2022 up to the Latest Practicable Date. 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 the Warrantor); and
 - (ii) the aggregate value of all interested person transactions entered into by the Group,
- for the financial period that commenced on 1 April 2022 up to the Latest Practicable Date:

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	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under IPT Mandate)	Aggregate value of all interested person transactions conducted under IPT Mandate (excluding transactions less than S\$100,000)
Transactions with Mr Victor Lo and his associates (including the Vendor and the Warrantor)		
(i) Sales of batteries to Huizhou Light Engine Limited (S\$'000)	67	63
(ii) Purchase of battery chargers from Light Engine Limited (S\$'000)	137	314
Aggregate value of transactions with Mr Victor Lo and his associates (including the Vendor and the Warrantor) (S\$'000)	204	377
Aggregate value of transactions with Mr Victor Lo and his associates (including the Vendor and the Warrantor) as percentage of audited consolidated NTA of the Group as at 31 March 2022	0.04%	0.08%
Transactions with other interested persons (S\$'000)	-	-
Aggregate value of all interested person transactions (S\$'000)	204	377
Aggregate value of all interested person transactions as percentage of audited consolidated NTA of the Group as at 31 March 2022	0.04%	0.08%

The IPT Mandate was renewed and approved by the Shareholders of the Company at the Company's annual general meeting held on 29 July 2022 to also cover the Group's battery products. As such, transactions which occurred prior to the renewal of the IPT Mandate were not covered under the IPT Mandate.

8. PRO FORMA FINANCIAL EFFECTS

- 8.1 Bases and Assumptions.** 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 FY2022, 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.

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

- (i) the NTA and NTA per Share of the Group as at 31 March 2022 have been prepared on the assumption that the Proposed Acquisition had been completed, and the Revaluations have taken place, on 31 March 2022;
- (ii) the earnings and EPS of the Group for FY2022 have been prepared on the assumption that the Proposed Acquisition had been completed, and the Revaluations have taken place, on 1 April 2021;
- (iii) the finance cost incurred by XIC in funding the payment of the Consideration was insignificant, after taking into consideration, *inter alia*, the proceeds from the disposal of 1,175,070,000 issued shares of Time Interconnect Technology as described in **paragraph 4.2** above; and
- (iv) 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.

8.2 NTA and NTA per Share. For illustrative purposes only, assuming that the Proposed Acquisition had been completed on 31 March 2022, the pro forma effects of the Proposed Acquisition on the NTA and NTA per Share of the Group as at 31 March 2022 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition⁽²⁾
NTA (S\$' million)	456.9	462.1
NTA per Share (S cents) ⁽¹⁾	94.42	95.51

Notes:

- (1) The figures are based on the issued share capital of 483,843,482 Shares (excluding treasury shares and subsidiary holdings) as at 31 March 2022.
- (2) The figures are based on the Company's 38.13 per cent. interest in XIC and include the estimated costs to be incurred by the Company in seeking approval of the Proposed Acquisition by the Shareholders.

8.3 Earnings and EPS. For illustrative purposes only, 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 FY2022 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition⁽²⁾
Net profits attributable to Shareholders (S\$' million)	35.3	39.6
EPS (S cents) ⁽¹⁾	7.29	8.19

Notes:

- (1) The figures are based on the weighted average number of 483,853,969 Shares in issue during FY2022.
- (2) The figures are based on the Company's 38.13 per cent. interest in XIC and include the estimated costs to be incurred by the Company in seeking approval of the Proposed Acquisition by the Shareholders.

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8.4 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.

8.5 Working Capital. Save for the payment of costs to be incurred in seeking approval of the Proposed Acquisition by the Shareholders, the Proposed Acquisition is not expected to have any effect on the working capital of the Group after the Proposed Acquisition.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which, in the opinion of the Directors, might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in **paragraphs 10.1** and **10.2** of this Circular, none of the Directors and the Substantial Shareholders have any interest, direct or indirect, in the Proposed Acquisition.

10.1 Directors. The interests of Directors in the Shares and as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Director	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Mr Victor Lo ⁽¹⁾	300,000	0.06	414,098,443	85.59
Mr Lam Hin Lap	-	-	-	-
Mr Brian Li Yiu Cheung	1,465,000	0.30	-	-
Mr Waltery Law Wang Chak	116,400	0.02	-	-
Ms Grace Lo	-	-	-	-
Mr Lim Ah Doo	300,000	0.06	-	-
Mr Allan Choy Kam Wing	-	-	-	-
Mr Lim Jiew Keng	-	-	-	-
Mr Goh Boon Seong	-	-	-	-
Mr Timothy Tong Wai Cheung	-	-	-	-
Mr Christopher Lau Kwan	-	-	-	-

Note:

(1) Mr Victor Lo's deemed interest in 414,098,443 Shares arises pursuant to his direct interest in the issued shares of GPG of approximately 26.54 per cent., and GPG's direct interest in 414,098,443 Shares.

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 GPG.

Ms Grace Lo, an Executive Director of the Company, is the daughter of Mr Victor Lo and a niece of Mr Paul Lo.

LETTER TO SHAREHOLDERS

Accordingly, the said Directors will be abstaining from making any recommendation on the Proposed Acquisition to Shareholders, and where applicable, will also abstain, and will ensure that their associates will abstain, from voting on the Ordinary Resolution to approve the Proposed Acquisition at the EGM (or any adjournment thereof), and 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.

- 10.2 Substantial Shareholders.** The interests of the Substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
GPG	414,098,443	85.59	-	-
Mr Victor Lo ⁽¹⁾	300,000	0.06	414,098,443	85.59

Note:

- (1) Mr Victor Lo's deemed interest in 414,098,443 Shares arises pursuant to his direct interest in the issued shares of GPG of approximately 26.54 per cent., and GPG's direct interest in 414,098,443 Shares.

In view of Mr Victor Lo's interest in GPG, GPG will therefore abstain, and will ensure that its associates will abstain, from voting on the Ordinary Resolution to approve the Proposed Acquisition at the EGM (or any adjournment thereof).

11. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

- 11.1 IFA.** The Company has appointed Asian Corporate Advisors Pte. Ltd. as the independent financial adviser pursuant to Listing Rule 921(4)(a) of the Listing Manual, as well as to advise the Independent Directors in respect of the Proposed Acquisition. The advice of the IFA is set out in the IFA Letter attached as **Appendix G** to this Circular.

- 11.2 Advice of the IFA.** Extracts of the IFA Letter summarising the IFA's opinion in respect of the Proposed Acquisition are reproduced in italics below. Unless otherwise defined or the context otherwise requires, all capitalised terms used in the extracts below having the same meanings as ascribed to them in the IFA Letter.

Shareholders should read the following extracts in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix G** to this Circular.

7. OPINION

...

*In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to, inter alia, our terms of reference and earlier analysis, and confirmations and representations from the Directors and/or the Target Directors, we are of the opinion that, on balance, the Proposed Acquisition as an IPT is **ON NORMAL COMMERCIAL TERMS, AND NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders.*

LETTER TO SHAREHOLDERS

For the purposes of evaluation of the Proposed Acquisition as an IPT, we have adopted the approach that the term “normal commercial terms” and “not prejudicial” comprises two distinct concepts:

- (i) Whether the Proposed Acquisition as an IPT is “normal commercial terms” relates to an opinion on the value of the Consideration. “Normal commercial terms” are terms which a party could obtain if the transaction were on an arm's length basis or on terms no less favourable to the listed issuer than terms available to or from independent third parties. This has not considered the particular circumstances facing the Company and/or the Group and/or the Light Engine Group. This is based strictly on a fundamental analysis and evaluation of the Consideration as set out in this Letter and based on information known to us and/or which is publicly available).
- (ii) Whether the Proposed Acquisition as an IPT is “not prejudicial”, after taking into consideration the actual and potential financial impact of other circumstances surrounding the Proposed Acquisition, which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the Proposed Acquisition as an IPT to be, on balance, **ON NORMAL COMMERCIAL TERMS**, after factoring, inter alia, the following:

- (i) The Consideration represents a premium of approximately 13.0% over the Light Engine Group's RNTA as at 30 June 2022 and a discount of approximately 3.0% from the Light Engine Group's RNAV as at 30 June 2022.
- (ii) Relatively fair valuation of the Light Engine Group as implied by the Consideration vis-à-vis the valuation of the Selected Comparable Companies in terms of LTM EV/EBITDA, LTM PER, P/NAV and P/NTA.
- (iii) Favourable comparison against the Selected IPT Acquisitions in terms of the P/NTA multiple (as implied by the Consideration and the Light Engine Group's RNTA).
- (iv) The Consideration is relatively supported by the market or fair value ascribed by CWL and APVSL.

We also consider the financial terms of the Proposed Acquisition as an IPT to be **NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders, after factoring, inter alia, the following:

- (i) The rationale for the Proposed Acquisition as set out in Section 5 of the Circular and the potential synergies which may arise from the Proposed Acquisition as set out in Section 5.1 of this Letter.
- (ii) The financial performance and position of the Light Engine Group. Despite the weaker financial position (in terms of the ratios for total liabilities to shareholders' equity and total borrowings to shareholders' equity) of the Light Engine Group vis-à-vis the Selected Comparable Companies, the Light Engine Group's financial performance (in terms of LTM ROE, LTM net profit margin, and LTM asset turnover) is more favourable than or fairly comparable to the median and/or the simple average for the Selected Comparable Companies. The Light Engine Group has been profitable during the period reviewed (from TFY2019 to T6M2022) with positive net cash flow from operating activities in TFY2021 and T6M2022, positive net working capital of approximately HK\$138.0 million and sizeable shareholders' equity of approximately HK\$872.0 million as at 30 June 2022. In addition, the Target Directors represented that the weaker financial position of the Light Engine Group is mainly attributable to the relatively under capitalisation of the Light Engine Group given their reliance on debt financing in the past for the Light Engine Group's working capital and capex requirements and due to higher investments and capital expenditures for the upgrading and expansion of their manufacturing plant which were funded primarily by external bank loans and the Light Engine Group's internal resources.

LETTER TO SHAREHOLDERS

- (iii) Confirmation by the XIC Directors that as at the Latest Practicable Date, they are not aware of any alternative investment or acquisition opportunity available to XIC, which is comparable in nature, size and scope to the Proposed Acquisition.
- (iv) Target Directors' confirmation that, *inter alia*, (a) there is no immediate funding requirements for the Light Engine Group after completion of the Proposed Acquisition; and (b) after taking into consideration the present bank facilities, the working capital available to the Light Engine Group is sufficient to meet its requirements for the next 12 months.

Recommendation

Based on our assessment of the financial terms of the Proposed Acquisition as an IPT as set out above, from a financial point of view, we advise the Independent Directors to recommend that Independent Shareholders vote **in favour of** the Proposed Acquisition to be proposed at the EGM. We advise the Independent Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Independent Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Proposed Acquisition.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or the Light Engine Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors, Light Engine Group's Directors, and Management and therefore does not reflect any projections or future financial performance of the Company or the Group or the Light Engine Group after the completion of the Proposed Acquisition and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Proposed Acquisition as an IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of the Independent Shareholders:

1. The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Light Engine Group after the completion of the Proposed Acquisition. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Light Engine Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Acquisition or voting for or voting against the Proposed Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Light Engine Group or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Light Engine Group or the Proposed Acquisition, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.
2. Our scope does not require us and we have not made any independent evaluation or business valuation of the Company or the Light Engine Group (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities of the Company or the Light Engine Group (including without limitation, property, plant and equipment) or contracts entered into by the Company or the Light Engine Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or the Light Engine Group save for the Relevant Land and Building Valuation Report,

LETTER TO SHAREHOLDERS

the Relevant Intangible Assets Valuation Report, the CWL Business Valuation Report, and the APVSL Business Valuation Report. With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation, property, plant and equipment) including, inter alia, the contracts or agreements that the Company or the Light Engine Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the Light Engine Group's Directors and the financial statements (audited and unaudited), where applicable for the assessment.

3. *The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the audited financial statements of the Group for FY2022, the unaudited financial statements for the Group for 6M2023, and public announcements of the Company, there has been no material changes to the Group's business, assets and liabilities, financial position, condition and performance.*
4. *The Target Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the unaudited financial statements for the Light Engine Group for T6M2022, there has been no material changes to the Light Engine Group's business, assets and liabilities, financial position, condition and performance.*

Specific objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Independent Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments in unlisted shares or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

12. AUDIT AND RISK COMMITTEE'S OPINION

The Audit and Risk Committee having considered, *inter alia*, the terms, financial effects and rationale for the Proposed Acquisition, the IFA Letter, CWL Valuation Reports and APVSL Business Valuation Report and after discussions with the management of the Company and the IFA, is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

13. INDEPENDENT DIRECTORS' RECOMMENDATION

- 13.1 Recommendation.** The Independent Directors having considered, *inter alia*, that the Purchaser is an associated company of the Group, the terms, financial effects and rationale for the Proposed Acquisition, the IFA Letter, CWL Valuation Reports and APVSL Business Valuation Report and after discussions with the management of the Company and the IFA, are of the view that the Proposed Acquisition is in the best interests of the Company and the Shareholders, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. Accordingly, the Independent Directors recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Acquisition (set out in the notice of EGM on **page 153** of this Circular) to be proposed at the EGM to be held on 30 December 2022.

LETTER TO SHAREHOLDERS

13.2 No Regard to Specific Objectives. The Independent Directors advise the Shareholders, in deciding whether to vote in favour of the Proposed Acquisition, to carefully consider the advice of the IFA and in particular, the various factors highlighted by the IFA in its advice. In giving the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment portfolios and objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his or her investment portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

14. EXTRAORDINARY GENERAL MEETING

The EGM, notice (the “**Notice**”) of which is given on **pages 153 to 155** of this Circular, will be held by way of electronic means on 30 December 2022 at 10:30 a.m. (Singapore time) for the purpose of considering and, if thought fit, passing with or without any modification, the Ordinary Resolution set out in the Notice.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

15.1 Alternative Meeting Arrangements. Pursuant to, *inter alia*, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment) Order 2020 (the “**Order**”) which was gazetted on 13 April 2020, the announcement by the The Ministry of Law (“**MinLaw**”) on 6 April 2021 that MinLaw, in consultation with relevant Ministries and agencies, had further extended the duration of legislation that enables entities to hold meetings via electronic means, beyond 30 June 2021, and the SGX-ST Regulator’s Column dated 23 May 2022, the Company is allowed to adopt certain alternative arrangements in holding its EGM (the “**Alternative Meeting Arrangements**”), including the following:

- (i) the EGM will be held via electronic means;
- (ii) participation in the EGM electronically by shareholders via live audio-visual webcast or live audio-only stream;
- (iii) live voting during the EGM with their mobile phones, tablets or computers by the Shareholder or his/her/its duly appointed proxy(ies) (other than the Chairman of the EGM) or by appointing the Chairman of the EGM as their proxy to vote on their behalf at the EGM; and
- (iv) submission of questions on matters relating to the agenda of the EGM to the Company in advance of, or live at, the EGM.

15.2 When a Depositor is Regarded as a Shareholder. A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the time appointed for the EGM.

16. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Group and the XIC Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

17. CONSENTS

- 17.1 CWL.** CWL has given and has not withdrawn its written consent to the inclusion within this Circular of references to its name and the Relevant Intangible Assets Valuation Report, Relevant Land and Building Valuation Report and CWL Business Valuation Report dated 21 March 2022 which is enclosed in this Circular as **Appendix C**, **Appendix D** and **Appendix E**, respectively in the form and context in which they appear in this Circular.
- 17.2 APVSL.** APVSL has given and has not withdrawn its written consent to the inclusion within this Circular of references to its name and the APVSL Business Valuation Report dated 8 December 2022 which is enclosed in this Circular as **Appendix F** in the form and context in which they appear in this Circular.
- 17.3 IFA.** The IFA has given and has not withdrawn its written consent to the inclusion within this Circular of references to its name and the IFA Letter which is enclosed in this Circular as **Appendix G** in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 17.4 Allen & Gledhill LLP.** Allen & Gledhill LLP, the legal adviser to the Company, has given and has not withdrawn its written consent to the inclusion within this Circular of references to its name in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

18. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 3 Fusionopolis Link, #06-11 Nexus @one-north, Singapore 138543, during normal business hours for three months from the date of this Circular:

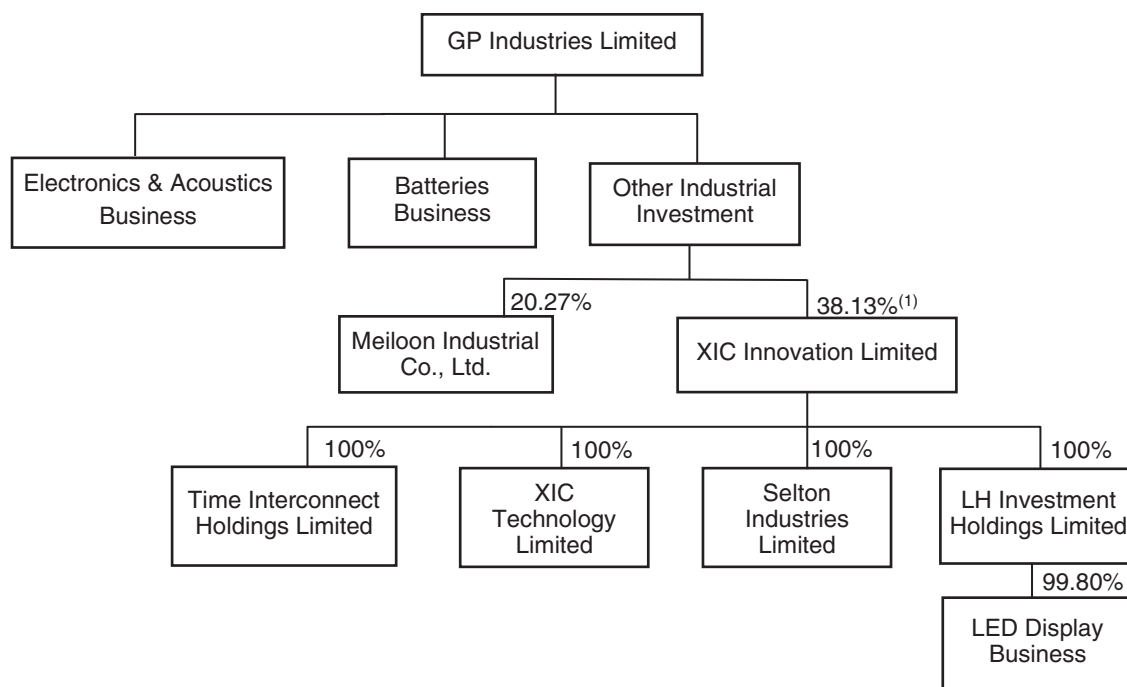
- (a) the constitution of the Company;
- (b) the Purchase Agreement;
- (c) the Amendment Agreement;
- (d) the Second Amendment Agreement;
- (e) the annual report of the Group for FY2022;
- (f) the audited consolidated financial statements of the Light Engine Group for TFY2021;
- (g) the CWL Valuation Reports;
- (h) the APVSL Business Valuation Report;
- (i) the IFA Letter; and
- (j) the written consents of each of the IFA, CWL, APVSL and Allen & Gledhill LLP.

Yours faithfully
For and on behalf of
the Board of Directors of
GP Industries Limited

Victor Lo Chung Wing
Chairman

APPENDIX A
THE STRUCTURE OF THE GROUP BEFORE AND AFTER COMPLETION
OF THE PROPOSED ACQUISITION

1. Before Completion of the Proposed Acquisition

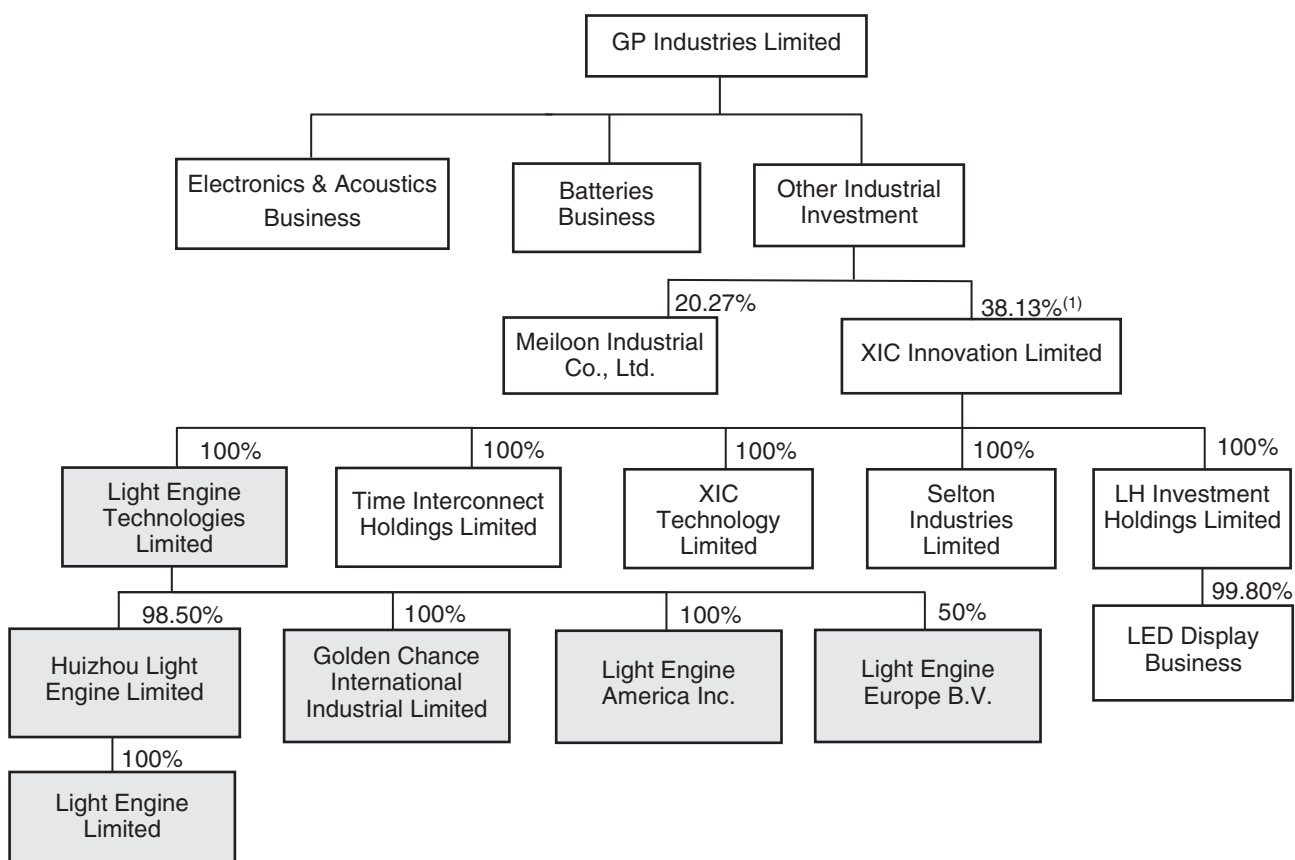


Note:

(1) Being the Group's interest in XIC Innovation Limited as at the Purchase Agreement Date.

APPENDIX A
THE STRUCTURE OF THE GROUP BEFORE AND AFTER COMPLETION
OF THE PROPOSED ACQUISITION

2. After Completion of the Proposed Acquisition



Note:

(1) Being the Group's interest in XIC Innovation Limited as at the Purchase Agreement Date.

APPENDIX B
FURTHER FINANCIAL INFORMATION IN RELATION TO THE LIGHT ENGINE GROUP

1. Financial performance and position of the Light Engine Group

The following are extracts of the unaudited consolidated financial statements of the Light Engine Group for T6M2022 and the financial period for the six months ended 30 June 2021 (“T6M2021”) and audited consolidated financial statements of the Light Engine Group for TFY2021, the financial year ended 31 December 2020 (“TFY2020”) and the financial year ended 31 December 2019 (“TFY2019”).

Summary of consolidated income statements

Figures in HK\$'000 ⁽¹⁾	Unaudited T6M2022	Unaudited T6M2021	Audited TFY2021	Audited TFY2020	Audited TFY2019
Revenue	594,190	555,759	1,277,434	1,060,916	1,143,373
Cost of sales	(452,376)	(432,936)	(1,003,539)	(790,775)	(870,131)
Gross profit	141,814	122,823	273,895	270,142	273,242
Other income	3,778	5,113	5,505	6,727	4,182
Selling and distribution expenses	(10,173)	(10,127)	(21,673)	(16,801)	(14,830)
General and administrative expenses	(50,863)	(46,914)	(96,104)	(77,128)	(84,027)
Finance costs	(13,572)	(16,745)	(33,398)	(44,525)	(52,061)
Research and development expenses	(13,382)	(11,327)	(24,752)	(22,083)	(27,474)
Other gains and losses ⁽²⁾	(2,899)	(1,467)	(2,322)	(5,308)	(9,041)
Share of results of an associate	-	-	1	(19)	-
Profit before tax	54,703	41,356	101,153	111,006	89,991
Profit after tax	41,739	31,845	76,301	85,097	68,978
Profit after tax attributable to owners of the company	41,207	31,515	75,379	84,315	67,816

Additional information for consolidated income statements

Figures in HK\$'000 ⁽¹⁾	Unaudited T6M2022	Unaudited T6M2021	Audited TFY2021	Audited TFY2020	Audited TFY2019
(Reverse allowance) Allowance for inventories	-	-	(29)	3,674	511
(Gain) Loss on disposal and write-off of property, plant and equipment	-	-	(702)	2,395	6,171
Impairment loss recognised (reversed) for trade receivables, net	(234)	-	2,716	(1,487)	1,820

APPENDIX B
FURTHER FINANCIAL INFORMATION IN RELATION TO THE LIGHT ENGINE GROUP

Summary of consolidated statements of financial position

Figures in HK\$'000 ⁽¹⁾	Unaudited T6M2022	Audited TFY2021	Audited TFY2020	Audited TFY2019
Non-current assets	784,087	847,548	939,519	857,470
Current assets	1,079,357	1,434,536	1,177,396	919,569
Non-current liabilities	36,264	49,628	157,004	212,597
Current liabilities	941,331	1,369,356	1,189,799	896,934
Total borrowings ⁽³⁾	742,051	1,082,365	1,164,480	910,543
Shareholders' equity	872,003	849,785	757,973	655,860
Net current assets/(liabilities)	138,026	65,180	(12,403) ⁽⁴⁾	22,634
Gearing ratio	0.9	1.3	1.5	1.4

Summary of consolidated statements of cash flow

Figures in HK\$'000 ⁽¹⁾	Unaudited T6M2022	Unaudited T6M2021	Audited TFY2021	Audited TFY2020	Audited TFY2019
Net cash generated from/(used in) operating activities	395,460	157,784	70,244	(127,889)	69,922
Net cash (used in)/generated from investing activities	(950)	(2,204)	29,223	(78,186)	(105,230)
Net cash (used in)/generated from financing activities	(349,066)	(156,871)	(106,008)	192,373	12,467
Net increase/(decrease) in cash and cash equivalents	45,444	(1,291)	(6,541)	(13,703)	(22,842)
Cash and cash equivalents as at end of financial year or period	50,597	10,252	5,153	11,544	24,752

Notes:

- (1) Figures presented in this section are provided by the directors of Light Engine and subject to rounding.
- (2) Other gains and losses include exchange differences, gain/loss on disposal and write-off of property, plant and equipment.
- (3) Total borrowings include bank borrowings, bills payables and lease liabilities.
- (4) There were breaches in financial covenants regarding the debt-equity ratio of the Light Engine Group for a bank loan of carrying amount HK\$40 million during TFY2020. While the directors of Light Engine attempted to renegotiate the terms of the term loan, the lender did not agree to waive its rights to demand immediate repayment, which resulted in the entire amount being reclassified from non-current liabilities to current liabilities. However, the loan was not recalled and Light Engine was allowed to repay the outstanding balances by instalments according to the original repayment schedule. As at the Latest Practicable Date, the said loan has been fully repaid. The directors of Light Engine confirmed that there was no breach of financial covenants during TFY2021, T6M2022 and as at the Latest Practicable Date.

APPENDIX B
FURTHER FINANCIAL INFORMATION IN RELATION TO THE LIGHT ENGINE GROUP

2. NAV and NTA of the Light Engine Group

The NAV and NTA of the Light Engine Group as at 30 June 2022 based on the Light Engine Group's unaudited financial statements for T6M2022 is as follows:

Light Engine Group's unaudited statement of financial position as at 30 June 2022	HK\$'000 ⁽¹⁾
<u>Non-current assets</u>	
Property, plant and equipment ("PPE")	611,583
Investment properties	73,932
Right-of-use assets	25,186
Deferred tax assets	3,308
Deposits for acquisition of PPE	70,077
Interest in an associate	1
	784,087
<u>Current assets</u>	
Inventories	301,592
Trade debtors	547,096
Other debtors, deposits and prepayments	178,813
Amount due from a related company	1,218
Amount due from an associate	41
Bank balances and cash	50,597
	1,079,357
<u>Current liabilities</u>	
Trade payables	132,355
Bills payables	18,571
Accrued charges and other payables	44,635
Lease liabilities	48
Amount due to a related company	1,230
Taxation payable	21,060
Bank borrowings - amount due within one year	723,432
	941,331
<u>Non-current liabilities</u>	
Deferred tax liabilities	36,264
	36,264
NAV	885,849
Less: non-controlling interest	(13,846)
NAV attributable to owners of the company	872,003
Less: intangible assets	-
Net tangible assets ("NTA")	872,003

Note:

- (1) The figures are based on the Light Engine Group's unaudited financial statements for T6M2022. Figures and computation presented in the table above are subject to rounding.

APPENDIX C
RELEVANT INTANGIBLE ASSETS VALUATION REPORT



Valuation Report

Linkz Industries Limited

United Luminous International (Holdings) Limited

Trademark and Patent Valuation

Valuation as at 31 December 2021

27/F, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong
香港銅鑼灣太古坊華蘭路 18 號港島東中心 27 樓
Tel 電話 +852 2507 0507
Fax 傳真 +852 2530 1502
cushmanwakefield.com.hk

Valuation Report No. F22-001095-02

APPENDIX C

RELEVANT INTANGIBLE ASSETS VALUATION REPORT



Valuation Report No. : F22-001095-02
Our Ref : PT/PCK/pcy
Date : 21 March 2022

The Directors
Linkz Industries Limited
Unit 601, 6/F, Photonics Centre
2 Science Park East Avenue
Hong Kong Science Park
Shatin
New Territories
Hong Kong

The Directors
United Luminous International (Holdings) Limited
Unit 611, 6/F, Photonics Centre
2 Science Park East Avenue
Hong Kong Science Park
Shatin
New Territories
Hong Kong

Dear Sirs,

Re: Valuation of the Trademarks and the Patents held by Light Engine Technologies Ltd.

In accordance with the instructions from Linkz Industries Limited and United Luminous International (Holdings) Limited (hereinafter together referred to as the "Companies") for us to conduct a valuation of the trademarks (hereinafter referred to as the "Trademarks", as per the Trademark List in Appendix I) and the patents (hereinafter referred to as the "Patents", as per the Patent List in Appendix I) held by Light Engine Technologies Ltd. (referred to as "Light Engine"), we are pleased to report that we have made relevant enquiries and obtained necessary information for the purpose of providing our valuation as at 31 December 2021 (hereinafter referred to as the "Valuation Date").

This report states the purpose and basis of valuation, scope of work, source of information, major assumptions, valuation methodology, limiting conditions, and presents our opinion of values.

1. PURPOSE OF VALUATION

The purpose of this valuation is to provide an independent opinion on the fair values of the Trademarks and the Patents for your internal reference purpose only.

We assume no responsibility whatsoever to any person other than the Companies in respect of, or arising out of, the contents of this report. If any party chooses to rely in any way on the contents of this report, they do so entirely at their own risk..

APPENDIX C

RELEVANT INTANGIBLE ASSETS VALUATION REPORT



Valuation of the Trademarks and Patents held by Light Engine Technologies Ltd.

Valuation Date
31 December 2021

2. BASIS OF VALUATION

Our valuation was carried out on the basis of fair value. Fair value is defined as ‘the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date’ in accordance with Hong Kong Financial Reporting Standard 13 (HKFRS 13)

3. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Companies, and/or its representatives (together referred to as the “Management”).

In the course of our valuation work, the following processes had been conducted to evaluate the reasonableness of the adopted basis and assumptions provided by the Management:

- Discussed with the Management and obtained relevant financial information in respect of the Trademarks and the Patents;
- Examined the relevant bases and assumptions of the financial information in respect of the Trademarks and the Patents;
- Conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and
- Presented the purpose and basis of valuation, scope of work, source of information, major assumptions, valuation methodology and our opinion of values in this report.

4. SOURCE OF INFORMATION

In arriving at our assessment of the fair values of the Trademarks and the Patents, we have relied on the following information that was provided to us by the Management, as well as other publicly available information that we have gathered through our own research, including, but not limited to, the following:

- Relevant information of the Trademarks and the Patents provided by the Management;
- Financial forecast of the Trademarks and the Patents provided by the Management;
- Historical financial statements of Light Engine provided by the Management;
- Publicly available information of comparable companies;
- Financial information obtained from Bloomberg Terminal™; and
- Other public information relating to the valuation.

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5. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The information provided has been prepared on a reasonable basis after due and careful consideration by the Management;
- Financial forecast of the Trademarks and the Patents provided by the Management is reasonable, reflecting market conditions and economic fundamentals, and will be materialized;
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which Light Engine operates or intends to operate would be officially obtained and renewable upon expiry;
- There will be no major change in the current taxation laws in the localities in which Light Engine operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which Light Engine operates or intends to operate, which would adversely affect the revenues attributable to and profitability of Light Engine;
- Interest rates and exchange rates in the localities for the operation of Light Engine will not differ materially from those presently prevailing;
- Competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of Light Engine;
- The core business operation of Light Engine will not differ materially from those of present or expected;
- The information regarding Light Engine, the Trademarks and the Patents provided by the Management is true and correct; and
- There are no hidden or unexpected conditions associated with Light Engine and the Trademarks and the Patents that might adversely affect the reported values. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

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6. VALUATION METHODOLOGY

There are generally three accepted approaches to assess the fair values of the Trademarks and the Patents, namely the market approach, the income approach and the cost approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

Market Approach

The market approach values the subject asset by comparing prices at which other assets in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar assets that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

Income Approach

The income approach focuses on the economic benefits due to the income producing capability of the subject asset. The underlying theory of this approach is that the value of the subject asset can be measured by the present worth of the economic benefits to be received over the useful life of the subject asset. Based on this valuation principle, the income approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the subject asset will continue to maintain stable economic benefits and growth rate.

Cost Approach

The cost approach provides an indication of value based on the principle that an informed buyer would pay no more than the cost of producing a substitute asset with equal utility as the subject asset. Under the cost approach, the historical cost method measures the cost incurred through the development of the subject asset at the time it was developed; the replication cost method measures the amount of investment that would be required to develop an asset similar to the subject asset; and the replacement cost method measures the amount of investment that would be required to develop the subject asset as it currently exists.

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Selection of Valuation Methodology

The income approach was considered to be the most appropriate valuation approach for the Trademarks and the Patents, as it takes the asset-specific issues of the Trademarks and the Patents into consideration. Under the income approach, the Price Premium Method was adopted for the valuation.

Price Premium Method

This method relies on the observation that for a similar product, a product with the intangible asset sells at a higher price than a product without the intangible asset. Applying this price difference on the volume of the product sold over the lifetime of the intangible asset, after deducting the related maintenance expenses of the intangible asset, would thus represent the excess profit attributable to the intangible asset. The value of the intangible asset was then derived by discounting the future after-tax excess profit to the present values using a discount rate that was appropriate for the expected risks associated with the intangible asset.

In the valuation, the price premium adopted for the Trademarks and the Patents, which were determined based on the best estimates of the Management, were as followed:

Trademark	Price Premium Adopted
Optiled and Opnova Trademark	5%
Cabled Trademark	5%
Patent	
LEL & HZ LEL Patent	5%
Cabled Patent	10%
Optical Patent	8%

Comparable Companies

The fair values of the Trademarks and the Patents were determined with reference to the financial and operational information of publicly listed companies that are considered to be comparable to the business operations of the Trademarks and the Patents (referred to as the "Comparable Companies"). Details of the Comparable Companies are as follows:

	Name of Company	Bloomberg Ticker
1.	Tons Lightology Inc	4972 TT
2.	Zhejiang Yankon Group Co Ltd	600261 CH
3.	Oppl Lighting Co Ltd	603515 CH
4.	Leedarson IoT Technology Inc	605365 CH
5.	Bortex Global Ltd	8118 HK
6.	Hengdian Group Tospo Lighting Co Ltd	603303 CH
7.	Guangdong PAK Corp Co Ltd	300625 CH
8.	Tecnon Fujian Commercial Lighting Co Ltd	300650 CH
9.	IMS Group Holdings Ltd	8136 HK

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Discount Rate

In calculating the discount rate, we first obtained the weighted average costs of capital ("WACC"), which was computed using the following formula:

$$WACC = \left(\frac{E}{V}\right) \times R_e + \left(\frac{D}{V}\right) \times R_d \times (1 - T_c)$$

Where:

R_e	=	Cost of equity
R_d	=	Cost of debt
E	=	Market value of the firm's equity
D	=	Market value of the firm's debt
V	=	$E + D$
E/V	=	Percentage of financing that is equity
D/V	=	Percentage of financing that is debt
T_c	=	Tax rate

As shown in the above formula, the WACC has two components: the cost of equity and the cost of debt.

The Capital Asset Pricing Model (CAPM) was used for determining the cost of equity. CAPM is a model that describes the relationship between risk and expected return and that is used in the pricing of risky securities and it is calculated as follow:

$$R_e = \beta \times (R_m - R_f) + SP + CSR$$

Where:

R_e	=	Cost of equity
R_f	=	Risk-free rate
β	=	Beta coefficient
R_m	=	Expected market return
$(R_m - R_f)$	=	Market risk premium
SP	=	Size premium
CSR	=	Company specific risk premium

The yield rate of China Government Bond Generic Bid Yield 10 Year of 2.779%, as extracted from Bloomberg, was adopted as the risk-free rate in the valuation.

The market risk premium represents the additional return required by an investor as compensation for investing in equities rather than a risk-free instrument. In the valuation, the market risk premium of China of 6.09% was determined by the market risk premium of the United States and the country risk premium of China.

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The beta coefficient measures the risk of an asset relative to the overall market. In the valuation, the beta coefficient was determined as the average of the betas of the Comparable Companies, with adjustment for differences in corporate tax rates and leverage compositions.

To determine the beta coefficient, the unlevered beta was calculated by removing the effects of the use of leverage on the capital structure of the Comparable Companies. The unlevered betas of the Comparable Companies are as follows:

Comparable Company	Unlevered Beta
Tons Lightology Inc	0.630
Zhejiang Yankon Group Co Ltd	0.875
Oppl Lighting Co Ltd	1.028
Leedarson IoT Technology Inc	1.234
Bortex Global Ltd	0.392
Hengdian Group Tospo Lighting Co Ltd	0.969
Guangdong PAK Corp Co Ltd	0.745
Tecnon Fujian Commercial Lighting Co Ltd	0.771
IMS Group Holdings Ltd	0.386
Average of the Unlevered Betas:	0.781

The average of the unlevered betas of the Comparable Companies was then relevered based on the specific corporate tax rate and the weight of debt. The beta coefficients was then calculated as 1.082.

A size premium of 3.68% was adopted in the valuation. As a result, the cost of equity was calculated as 13.05%.

The cost of debt of 4.90% was determined by the expected lending rate. Since the interest paid on debts are tax-deductible, the cost of obtaining debt funds is less than the required rate of return of the suppliers of the debt capital. The after-tax cost of debt of 3.77% was calculated by multiplying one minus Light Engine's effective tax rate of 23% by the cost of debt.

The weight of debt was determined by the expected weight of debt of Light Engine, and the weight of equity was calculated as one minus the weight of debt.

As a result, the WACC was calculated as 10% (rounded).

Intangible assets generally have greater risk than tangible assets. Therefore, a company would expect that an intangible asset would have an asset-specific cost of capital which is higher than a tangible asset and would expect to earn a higher rate of return on an intangible asset than on a tangible asset. In the valuation, an intangible asset risk premium of 5% was adopted to reflect the additional risk associated with the Trademarks and the Patents.

As a result, the discount rate of the Trademarks and the Patents was calculated as 15% (rounded).

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7. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management, including written information and oral representation, in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities are accepted for the operation and financial information that have not been provided to us.

Our valuation relied on the assumption that financial forecast in respect of the Trademarks and the Patents provided by the Management is reasonable, reflecting market conditions and economic fundamentals, and will be materialized. We did not independently investigate or otherwise verify whether the financial forecast can be achieved and do not express an opinion or offer any form of assurance on it.

Our conclusion of the fair value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

Neither the whole nor any part of this report or any reference hereto may be included in any published document, circular or statement, or published in any way, without our prior written approval of the form and context in which it may appear.

Finally and in accordance with our standard practice, we must state that this report and valuation are for the exclusive use only of the addressee and for the purpose stated herein. No responsibility is accepted to any third party for the whole or any part of its contents.

8. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HKD).

We hereby confirm that we have neither present nor prospective interests in the Companies, the Trademarks, the Patents or the values reported herein.

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9. OPINION OF VALUES

Based on the investigation and analysis stated above and on the valuation method employed, the fair values of the Trademarks and the Patents as at the Valuation Date are, in our opinion, reasonably estimated as:

Trademark	Fair Value
Optiled and Opnova Trademark	HK\$58,000,000 (HONG KONG DOLLARS FIFTY EIGHT MILLION ONLY)
Cabled Trademark	HK\$11,000,000 (HONG KONG DOLLARS ELEVEN MILLION ONLY)
Patent	Fair Value
LEL & HZ LEL Patent	HK\$80,000,000 (HONG KONG DOLLARS EIGHTY MILLION ONLY)
Cabled Patent	HK\$20,000,000 (HONG KONG DOLLARS TWENTY MILLION ONLY)
Optical Patent	HK\$20,000,000 (HONG KONG DOLLARS TWENTY MILLION ONLY)

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited

Philip C Y Tsang
Registered Business Valuer registered with
the Hong Kong Business Valuation Forum
MSc, MHKIS
Director, Valuation & Advisory Services

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited

Pakky Chan
CFA
Senior Associate Director, Valuation & Advisory Services

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Valuation of the Trademarks and Patents held by Light Engine Technologies Ltd.

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Appendix I - Trademark & Patent List

Trademark

1. Optiled and Opnova Trademark

Title 名稱	Matter Type 商標類別	Country 註冊地	Registration no 註冊號	Reg Date 註冊日期	Expiry Date 到期日
OPTILED	Word - Class 11	US	2861422	6-Jul-04	6-Jul-24
OPTILED (stylized with color)	Design - Class 11	US	3397675	18-Mar-08	18-Mar-28
OPTILED (Stylized)	Class 9	US	4126334	10-Apr-12	10-Apr-22
OPTILED	Word - Class 11	Australia	950993	25-Aug-03	16-Apr-23
OPTILED (Stylized)	Class 9, 11	Australia	1390687	22-Jul-11	25-Oct-30
"O" Mark	Class 9, 11	Australia	1390688	22-Jul-11	25-Oct-30
OPTILED	Word - Class 11	Brazil	82952271	26-Apr-16	26-Apr-26
OPTILED (Stylized)	Class 9	Brazil	831008938	29-Jul-14	29-Jul-24
OPTILED (Stylized)	Class 11	Brazil	831008946	29-Jul-14	29-Jul-24
O Design	Class 9	Brazil	831008911	29-Jul-14	29-Jul-24
O Design	Class 11	Brazil	831008920	29-Jul-14	29-Jul-24
OPTILED (Design Mark; In color)	Design - Class 11	Canada	TMA768,354	01-Jun-10	01-Jun-25
OPTILED (Stylized)	Class 9, 11	Canada	TMA 869,644	22-Jan-14	22-Jan-29
"O" Mark	Class 9, 11	Canada	TMA869,645	22-Jan-14	22-Jan-29
OPTILED	Word - Class 11	Japan	4715013	25-Aug-03	17-Apr-23
"OPTILED (Stylized)	Class 9,11	Japan	5439309	16-Sep-11	16-Sep-31
"O" Mark	Class 9,11	Japan	5433696	19-Aug-11	19-Aug-31
OPTILED	Word - Class 11	China	6872580	7-Mar-12	6-Mar-22
OPTILED	Word - Class 11	China	5578800	14-Aug-09	13-Aug-29
OPTILED	Word - Class 09	China	7690448	14-Dec-13	13-Dec-23
OPTILED Stylized	Class 09	China	7690446	07-Aug-14	06-Aug-24
OPTILED Stylized (in Color)	Class 09	China	7690444	07-Aug-14	06-Aug-24
OPTILED Stylized	Class 11	China	7690456	07-Mar-11	07-Mar-31

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Title 名稱	Matter Type 商標類別	Country 註冊地	Registration no 註冊號	Reg Date 註冊日期	Expiry Date 到期日
OPTILED Stylized (in Color)	Class 11	China	7690443	14-Oct-13	13-Oct-23
奧的亮	Word - Class 11	China	6784192	28-Jul-13	27-Jul-23
奧的亮	Word - Class 09	China	6784213	28-Jul-13	27-Jul-23
奧的亮	Word - Class 11	China	6784215	21-Sep-11	20-Sep-31
奧的亮	Word - Class 09	China	6784214	21-Sep-11	20-Sep-31
Optiled (Stylised)	Class 09	China	6837713	21-Oct-10	20-Oct-30
奧的亮	Class 09	China	7690441	28-Oct-11	27-Oct-31
奧的亮	Class 09	China	7690468	07-Nov-11	07-Nov-31
奧的亮	Class 11	China	7690440	28-Oct-11	27-Oct-31
奧的亮	Class 11	China	7690467	07-Nov-11	07-Nov-31
OPTILED	Class 042	China	7690447	07-Sep-13	06-Sep-23
OPTILED Stylized	Class 42	China	7690445	07-Sep-13	06-Sep-23
OPTILED Stylized (in Color)	Class 42	China	7690442	07-Sep-13	06-Sep-23
Super Star (1433.004)	Word - Class 11	China	8250403	28-Jun-12	28-Jun-22
"O" Mark	Class 9	China	8777883	7-Nov-10	6-Nov-31
OPTILED (both chin & Eng)	Class 9	China	11760011	7-May-16	6-May-26
OPTILED (both chin & Eng)	Class 11	China	11760012	28-Apr-14	27-Apr-24
OPTILED (both chin & Eng)	Class 9 in color	China	11760009	7-May-16	7-May-26
OPTILED (both chin & Eng)	Class 11 in color	China	11760010	28-Apr-14	27-Apr-24
OPTILED (Stylized) (Color) 42582-0758	Class 9	China	13958457	21-Aug-15	20-Aug-25
OPTILED (Stylized) (Black & White) 42582-0758	Class 9	China	13958456	28-Apr-16	24-Apr-26
OPTILED (Stylized) (Color) 42582-0790	Class 9	China	13958456A	14-Aug-15	13-Aug-25
"O" Mark	Class 9	China	48633410	21-Jun-21	20-Mar-31
OPTILED	Word - Class 11	European Community	003135407	13-Sep-04	17-Apr-23
OPTILED	Word - Class 09	European Community	006539316	29-Jan-09	21-Dec-27
OPTILED (Stylized)	Class 9, 11	European Community	009470147	25-May-11	25-Oct-30

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Title 名稱	Matter Type 商標類別	Country 註冊地	Registration no 註冊號	Reg Date 註冊日期	Expiry Date 到期日
"O" Mark	Class 9, 11	European Community	009470121	25-May-11	25-Oct-30
ARRAY	Class 9,11	European Community	10547479	6-Jun-12	9-Jan-22
"O" Mark	Class 9,11	India	2050219	2-Aug-12	4-Nov-30
OPTILED	Word-Class 11.09,37	Germany	30037719	22-Aug-11	31-May-30
OPTILED (Stylized)	Class 9 & 11	Indonesia	IDM000347525	03-Feb-12	09-Nov-30
"O" Mark	Class 11 & Class 9	Indonesia	IDM000409858	25-Aug-11	25-Aug-31
OPTILED	Word - Class 11	Indonesia	IDM000323729	27-Sep-11	18-May-30
OPTILED	Word - Class 09	Malaysia	2010008518	14-May-10	14-May-30
OPTILED (Stylized)	Class 9	Malaysia	201020721	27-Jul-12	29-Oct-30
OPTILED (Stylized)	Class 11	Malaysia	2010020722	16-Jan-12	29-Oct-30
"O" Mark	Class 9	Malaysia	2010020723	27-Jan-12	29-Oct-30
OPTILED	Word - Class 11	Malaysia	2010008519	14-Sep-11	14-May-30
OPTILED	Word - Class 09, 11	Philippines	4-2010-004092	02-Sep-10	02-Sep-30
OPTILED (Stylized)	CI 9.11	Philippines	4-2010-011865	07-Apr-11	07-Apr-31
"O" Mark	Class 9,11	Philippines	4-2010-12133	3-Mar-11	3-Mar-31
OPTILED	Word - Class 09	Singapore	T1004123E	24-Nov-10	07-Apr-30
OPTILED (Stylized)	Class 9, 11	Singapore	T1013864F	09-Jun-11	25-Oct-30
"O" Mark	Class 9, 11	Singapore	T1013865D	09-Jun-11	25-Oct-30
Super Star (1433.003)	Word - Class 11	Singapore	T1004923F	30-Dec-10	-
OPTILED (Stylized)	Word - Class 09, 11	Taiwan	01523618	16-Jun-12	16-Jun-22
in color	Word - Class 09, 11	Taiwan	01580363	16-May-13	15-May-23
O Design	Class 9	Thailand	Kor 354890	02-Oct-12	04-Nov-30
O Design	Class 11	Thailand	Kor 354891	02-Oct-12	04-Nov-30
OPTILED	Class 9,11	Vietnam	181848	27-Mar-12	22-Apr-22
"OPTILED (Stylized)	Class 9,11	Vietnam	179347	15-Feb-12	05-Nov-30
OPTILED (1002321.002)	Word - Class 11	Hong Kong	301730277	27-Nov-11	05-Oct-30

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奧的亮 (Chinese Character) (1002321.003)	Word - Class 11	Hong Kong	301730286	24-Mar-11	05-Oct-30
OPTILED (Stylized)	Class 9, 11	Hong Kong	301744948	21-Nov-11	24-Oct-30
OPTILED (both chin & Eng)	Class 9, 11	Hong Kong	302423808	17-Jul-13	1-Nov-22
OPTILED (both chin & Eng)	in Color Class 11	Macao	N/70966	26-Nov-13	30-Oct-30
OPTILED (both chin & Eng)	in Color Class 9	Macao	N/70965	26-Nov-13	30-Oct-30
OPTILED (Word Mark)	Class 9,11	Costa Rica	219612	24-Jul-12	24-Jul-22
OPTILED	Class 9,11	El Salvador	26429	10-Oct-12	10-Oct-22
OPTILED	Class 9	Panama	210827 01	29-Oct-12	10-Oct-22
OPTILED	Class 11	Panama	210828 01	29-Oct-12	10-Oct-22
OPTILED	Class 9	Guatemala	195691	21-Apr-14	20-Apr-24
OPTILED	Class 11	Guatemala	201,534	19-Nov-14	18-Nov-24
OPTILED (Word Mark)	Class 9	Nicaraguan	2014102536	3-Mar-14	3-Mar-24
OPTILED (Word Mark)	Class 11	Nicaraguan	2014102688	9-Mar-14	9-Mar-24
OPNOVA (word mark)	Class 9, 11	Hong Kong	302382769	19-Sept-12	18-Sept-22
OPNOVA (Stylized)	Class 9, 11	Hong Kong	302424762	30-Jul-13	5-Nov-22
OPNOVA (word mark)	Class 9, 11	Japan	5603829	2-Aug-13	2-Aug-23
OPNOVA (Stylized)	Class 9,11	Japan	5603839	2-Aug-13	2-Aug-23
OPNOVA (word mark)	Class 9, 11	South Korea	40-0975313	17-Jun-13	17-Jun-23
OPNOVA (Stylized)	Class 9,11	South Korea	40-0995735	17-Sep-13	17-Sep-23
OPNOVA	Class 9, 11	Taiwan	1578400	1-May-13	30-Apr-23
OPNOVA (Stylized)	Class 9,11	Taiwan	1613690	1-Dec-13	30-Nov-23
OPNOVA (word mark)	Class 11	China	11577437	14-Mar-14	13-Mar-24
OPNOVA (word mark)	Class 9	China	11577438	14-Mar-14	13-Mar-24
OPNOVA (Stylized)	Class 11	China	1176000	7-May-14	6-May-24
OPNOVA (Stylized)	Class 9	China	11760008	28-Apr-14	27-Apr-24
幻譜	Class 9	China	14479904	14-Jun-15	13-Jun-25

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幻譜	Class 11	China	14479903	14-Jun-15	13-Jun-25
幻譜 幻譜	Class 9,11	Hong Kong	302967823	3-Nov-14	16-Apr-24
幻譜	Class 9,11	Taiwan	1689266	16-Jan-15	15-Jan-25
OPTILED	Class 9,11	UK	UK00903135407	13-Sep-04	17-Apr-23
OPTILED	Class 9,11	UK	UK00906539316	29-Jan-09	21-Dec-27
OPTILED (logo)	Class 9,11	UK	UK00909470147	10-May-11	20-Oct-30
O Design	Class 9,11	UK	UK00909470121	10-May-11	25-Oct-30
ARRAY	Class 9,11	UK	UK00910547479	6-Jun-12	9-Jan-22

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2. Cabled Trademark

Title 名稱	Matter Type 商標類別	Country 註冊地	Registration no 註冊號	Reg Date 註冊日期	Expiry Date 到期日
CABLED	Word Mark - IC 09 & IC 11	United State	4,074,507	20-Dec-11	20-Dec-31
CABLED	Word Mark - IC 09 & IC 11	Canada	TMA 816208	26-Jan-12	26-Jan-27
CABLED	Word Mark - IC 09 & IC 11	France	3660128	18-Dec-09	24-Jun-29
CABLED	Word Mark - IC 09 & IC 11	UK	2519350	8-Jan-10	24-Jun-29
CABLED	Word Mark - IC 09 & IC 11	Japan	5448366	4-Nov-11	4-Nov-31
CABLED	Word Mark - IC 09	Brazil	830507043	7-Oct-14	7-Oct-24
CABLED	Word Mark - IC 11	Brazil	830507051	7-Oct-14	7-Oct-24
CABLED	Word Mark - IC 09 & IC 11	Spain	2909639	12-May-10	21-Jan-30
CABLED	Word Mark - IC 09 & IC 11	Germany	30 2010 000 386	22-Jun-10	31-Jan-30
CABLED	Word Mark - IC 09 & IC 11	Poland	234,240	18-May-11	20-Jan-30
CABLED	Word IC 09 & IC 11	Singapore	T1015346G	22-Mar-11	25-Oct-30
CABLED	Word IC 09 & IC 11	Hong Kong	301805526	28-Dec-11	5-Jan-31
CableLED (Stylized)	Class 9	Malaysia	2011003990	19-Jun-13	4-Mar-31
CableLED (Stylized)	Class 11	Malaysia	2011003991	12-Jun-13	4-Mar-31
CableLED (Stylized)	Class 11	China	9101313	21-Feb-12	21-Feb-22
亮脈	Class 11	China	9419144	21-May-12	20-May-22
亮脈	Class 09	China	9419145	21-Jun-12	20-Jun-22
亮脈 (Stylized)	Class 09	China	9818086	14-Oct-12	13-Oct-22
亮脈 (Stylized)	Class 11	China	9818085	7-Oct-12	6-Oct-22

APPENDIX C

RELEVANT INTANGIBLE ASSETS VALUATION REPORT



Valuation Date
31 December 2021

Valuation of the Trademarks and Patents held by Light Engine Technologies Ltd.

Patent

1. LEL & HZ LEL Patent

Name of Patents / Proprietary Technology	Country	Patent No.	Expire Date
SOLID STATE LIGHTING ARRAY DRIVING CIRCUIT (LDM) Docket no: L6398.0010	US	7009580	1-Mar-23
METHOD AND APPARATUS FOR CONTROLLING BRIGHTNESS OF LIGHT EMITTING DIODES Doc no: L6398.0184 US NON 42582-0391	US	8928240	18-Nov-30
TRIAC DIMMABLE POWER SUPPLY UNIT FOR LIGHT EMITTING DIODES Doc no: H6398.0274 EP (42582-0374)	EP	2567596	15-Oct-32
TRIAC DIMMABLE POWER SUPPLY UNIT FOR LIGHT EMITTING DIODES Doc no: H6398.0278 (42582-0348)	US	8723439	30-Jan-33
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE L6398.0200 US	US	8508140	29-Nov-30
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE L6398.0179 CN (Invention) 用于改變輸入電壓來源的LED開關電路	CN	ZL201010543059.7	12-Nov-30
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE H6398.0305 EP (base on H6398.0011) 42582-0354	EP	2604093	12-Aug-30
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE 42582-0775 DE (base on H6398.0305 EP)	DE Germany	602010023518.1	31-Mar-35
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE H6398.0307 AU	AU	2010358999	12-Aug-30
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE H6398.0308 (42582-0357)	JP	5579933	14-Jun-33
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE (CIP) H6398.0011 US (42582-0343)	US	8947014	25-Feb-30
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE Based on H6398.0011 US (This reference is 42582-0778)	US	9113525	30-Jan-35
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE (CIP) 用于变化的输入电压的LED 切换电路 H6398.0266 CN (Invention application) 42582-0230	CN	ZL201180011657.2	11-May-32
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE Y7411-00807 (based on 42582-0413)	DE Germany	602011037206.8	
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE (CIP) 42582-0413 EP Y7411-00413	EP	2604096	12-Mar-33
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE (CIP) 42582-0416 US	US	9320099	20-May-33
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE 42582-0808 (Div of 42582-0413) Y7411-00808 EP	EP	3190863	19-Apr-34
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE Y7411-00953 DE (national validation of EU no. 3190863)	DE Germany	602011062088.6	
LED SWITCH CIRCUITRY FOR VARYING INPUT VOLTAGE SOURCE Y7411-00718 HK	HK	HK1185214	6-Nov-33
LIGHT ENGINE WITH LED SWITCHING ARRAY H6398.0150 CN (Invention) (42582-0139)	CN	ZL 201110270950.2	14-Sep-31
LIGHT ENGINE WITH LED SWITCHING ARRAY H6398.0236 US (42582-0203)	US	9357604	14-Aug-32
AC LED ARRAY CONFIGURATION SWITCHING CIRCUIT TRIGGERED BY SOURCE VOLTAGE LEVEL 由源电压电平触发的交流LED列配置开关电路 42582-0725 (INV)	CN	ZL201310535843.7	11-Oct-33
An LED Array Lighting Apparatus Powered by Rectified voltage 由整流电压供电的LED列照明装置 42582-0726 (UM)	CN UM	ZL201320687478.7	11-Oct-33
AC LED ARRAY CONFIGURATION SWITCHING CIRCUIT TRIGGERED BY SOURCE VOLTAGE LEVEL 42582-0751	US	9161404	11-Oct-33
Method and Circuit For driving Light Emitting diodes from three phase power source 42582-0765 (Non Pro)	US	9445472	23-Sep-34
Method and Circuit For driving Light Emitting diodes from three phase power source Y7411-00901 EP	EP	EP 3198993	20-Apr-37
Method and Circuit For driving Light Emitting diodes from three phase power source Y7411-00954	DE Germany	EP 3198993	21-Apr-37

APPENDIX C

RELEVANT INTANGIBLE ASSETS VALUATION REPORT



Valuation Date
31 December 2021

Valuation of the Trademarks and Patents held by Light Engine Technologies Ltd.

Name of Patents / Proprietary Technology	Country	Patent No.	Expire Date
Method and Circuit For driving Light Emitting diodes from three phase power source Y7411-00955	NL Netherlands	EP 3198994	22-Apr-37
Method and Circuit For driving Light Emitting diodes from three phase power source 通过三相电源驱动发光二极管的方法和电路 42582-0771-CN (INV)	CN	ZL 201410727909.7	3-Dec-34
Method and arrangement for remotely driving light emitting diodes from a three-phase power source via a single phase cable system 42582-0772	US	9462648	20-Oct-34
模组式LED植物生长灯	CN UM	ZL201821250525.0	5-Aug-28
SECONDARY LIGHT DISTRIBUTION LENS FOR MUTLI-CHIP SEMICONDUCTOR (LED) LIGHTING AC:JYW:U295-25 (US Non-provisional)	US	8740417	1-Sep-31
Faceted LED Street Lamp Lens 42589-0076	US	9178832	16-Sep-33
Mehod and Apparatus for cancelling output current ripples in LED Driving Circuits 42582-0727	US	9161400	26-Sep-33
A Lighting Array And a Method of Reducing output current ripply to a light emitting diode 消除LED驱动电路中的输出电流波纹的方法和装置 42582-0724 CN (INV)	CN	ZL201310504074.4	23-Oct-33
一种LED背光触控调光装置	CN UM	ZL201821250536.9	2028年8月4日
一种柔性方向调光调色台灯	CN UM	ZL201821250537.3	2028年8月5日
一种电源频闪控制电路	CN UM	ZL201821280313.7	2028年8月9日
一种无极调光调色防眩智能吸顶灯	CN UM	ZL201821332813.0	2028年8月17日
一种可作夜灯的智能控制环形LED灯管	CN UM	ZL201821332797.5	2028年8月17日
一种曲面均匀发光的LED筒灯	CN UM	ZL201821903704.X	2028年11月19日
一种180度光度均匀的LED条形透镜及LED条形灯	CN UM	ZL201821933147.6	2028年11月22日
一种90度光度均匀的LED条形透镜及LED条形灯	CN UM	ZL201821934130.2	2028年11月22日
一种出光均匀、防眩光带偏光的LED灯具	CN UM	ZL201921084178.3	2029年7年11日
一种具有彩色扩散罩结构的灯具	CN UM	ZL201921084192.3	2029年7年11日
一种用于升压恒流调光电路的调光深度控制电路	CN UM	ZL201921761746.9	2029年10月21日
一种光度均匀的LED偏光透镜	CN UM	ZL202020253683.2	2030年3月4日
一种光度均匀的LED冰柜灯	CN UM	ZL202020253104.4	2030年3月4日
NON-GLARE REFLECTIVE LED LIGHTING APPARATUS WITH HEAT SINK MOUNTING (42582-0708)	US	9206975	23-Jul-33
NON-GLARE REFLECTIVE LED LIGHTING APPARATUS WITH HEAT SINK MOUNTING Docket: L6398.0167-EU	EP	2276973	21-Feb-29
NON-GLARE REFLECTIVE LED LIGHTING APPARATUS WITH HEAT SINK MOUNTING Docket: L6398.0168-HK (42582-0572)	HK	HK 1151845	9-Jun-31
NON-GLARE REFLECTIVE LED LIGHTING APPARATUS WITH HEAT SINK MOUNTING Docket: L6398.0250 US (CIP) 42582-0648	US	9234646	21-Feb-32
NON-GLARE REFLECTIVE LED LIGHTING APPARATUS WITH HEAT SINK MOUNTING Docket: H6398.0216 DE	DE Germany	602009011387.9	
NON-GLARE REFLECTIVE LED LIGHTING APPARATUS WITH HEAT SINK MOUNTING Docket: H6398.0220 NL	NL Netherlands	2276973	
Light Emitting Diode strobe lighting system 42582-0803 US Non Pro Y7411-00803	US	10145531	11-Nov-36
Light Emitting Diode strobe lighting system 发光二极管频闪照明系统 42582-0804 CN Y7411-00804	CN	ZL201610998123.8	14-Nov-36
Lamps having current Leakage protection, Systems and mehtods of use Y7411-00916 US	US	10251236	11-Jun-38
Electrical connections for a light emitting diode lamp H6398.0293 US (42582-0232)	US	9212801	21-Nov-32
一种LED声光火警灯	CN UM	ZL201821250533.5	2028年8月5日
一种智能感应夜灯的光度测试治具	CN UM	ZL201821250527.X	2028年8月5日
一种电源噪音控制电路	CN UM	ZL201821279783.1	2028年8月9日
一种防止智能模块启动时LED闪烁的控制电路	CN UM	ZL201821279072.4	2028年8月9日
一种抗WiFi串扰信号的LED驱动控制电路	CN UM	ZL201821279782.7	2028年8月9日
一种智能控制LED筒灯	CN UM	ZL201821332301.4	2028年8月17日
一种阻尼转轴及管状臂阻尼悬停结构	CN UM	ZL201821933118.X	2028年11月22日
一种便于拆卸的灯具锁紧固定结构	CN UM	ZL201921562811.5	2029年9月19日
用于LED水池灯发光颜色智能切换的开关控制装置	CN UM	ZL201922164117.4	2029年12月6日

APPENDIX C

RELEVANT INTANGIBLE ASSETS VALUATION REPORT



Valuation Date
31 December 2021

Valuation of the Trademarks and Patents held by Light Engine Technologies Ltd.

2. Cabled Patent

Name of Patents / Proprietary Technology	Country	Patent No.	Expire Date
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE Docket: D3677.0006 (US Provisional) 扁平模块化光源	US	7988332	12-Sep-27
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE (Europe) Docket: D3677.0009-EP	EP	2061991	12-Sep-27
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE (China) Docket: D3677.0010-CN (Invention) 整体成型的单片发光二极管管状灯	CN	ZL200780001712.3	12-Sep-27
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE (Hong Kong) Docket: D3677.0012-HK	HK	HK1127796	12-Sep-27
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE (Australia) Docket: D3677.0020-AU	AU	2007296902	12-Sep-07
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE Docket: H6398.0139 (42582-0130) CIP	US	8789971	15-Jul-31
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE (Germany) Docket: D3677.0065 DE	GE	60 2007013419	12-Sep-27
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE (UK) Docket: D3677.0066 GB	GB	2061991	12-Sep-27
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE (Netherland) Docket: D3677.0069 NL	NL Netherlands	2061991	12-Sep-27
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE (Poland) Docket: D3677.0070 PO	PO	2061991	12-Sep-27
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE Docket: H6398.0159 JP (42582-0148)	JP	5430635	19-Nov-31
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE Docket: 42582-0706 JP (Div H6398.0159)	JP	5599912	2-May-33
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF (U.S. CIP) Docket: D3677.0016	US	8052303	16-Jan-29
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: D3677.0092 JP (CIP) (42582-0283)	JP	5818686	22-Apr-31
DYNAMIC LIGHT EMITTING DIODE DISPLAY MODULE (US Provisional) Docket: D3677.0008 (42582-0717)	JP	5813053	11-Jun-33
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF 一体成型的单片发光二极管管状灯及其使用 Docket: D3677.0088 CN (Invention)	CN	ZL200980142337.0	20-Jan-29
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: D3677.0089 HK (42582-0337)	HK	HK 1160916	20-Jan-29
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: D3677.0091 EP (42581-0371) Div of	EP	602009013960.6	21-Apr-31
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: 42582-0701 DE	DE Germany	2379937	20-Jan-29
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: 42582-0700 GB	GB	2379937	20-Jan-29
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: 42582-0698 IT	IT	2379937	20-Jan-29
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: 42582-0704 NL	NL Netherlands	2379937	20-Jan-29
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: H6398.0160 HK	HK	HK 1163228	11-Apr-32
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: H6398.0140 (42582-0131)	US	8496351	15-Jul-31
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: H6398.0162 (Div App of D3677.0091)	EP	12162109.8	29-Mar-31
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE Docket: 42582-0740 (From H6398.0162 EP)	GE	602009020142.5	
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE Docket: 42582-0741 GB (From H6398.0162 EP)	GB	2474775	
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: 42582-0743 IT (from H6398.0162)	IT	Italian Paten no. 67592BE/2014 2474755	
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: 42582-0745 NL (from H6398.0162)	NL Netherlands	500096583 (EP 2474775)	
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: 42582-0746 PL (from H6398.0162)	PL	2474775	
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: H6398.0184 (42582-0163)	EP	-	11-May-32
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: H6398.0185	AU	2010345500	27-Apr-32

APPENDIX C

RELEVANT INTANGIBLE ASSETS VALUATION REPORT



Valuation of the Trademarks and Patents held by Light Engine Technologies Ltd.

Valuation Date
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Name of Patents / Proprietary Technology	Country	Patent No.	Expire Date
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF Docket: H6398.0187	SA	2012/02778	12-Feb-30
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF 一件成形的单片发光二极管灯线及其使用 Docket: H6398.0189 (Div App) (42582-0168)	CN	ZL201210117456.7	19-Apr-32
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF (U.S. 2nd CIP) D3677.0048 - US (42582-0324)	US	8567992	9-Feb-30
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF (U.S. 2nd CIP) 一体成型的发光二极管的发光线及其应用 H6398.0188 CN	CN	ZL 201080051319.7	31-May-32
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF (U.S. 2nd CIP) H6398.0181 HK (42582-0160)	HK	HK 1171322	16-Nov-32
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF (3rd CIP) H6398.0191 (KEEP CIP 3 US & CN only)	US	8807796	13-Aug-32
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE AND USES THEREOF (3rd CIP) 整体形成的发光二极管光导束 H6398.0263 CN Utility model (KEEP CIP 3 US & CN only)	CN UM	ZL 201220438372.9	30-Aug-32
INTEGRALLY FORMED SINGLE PIECE LIGHT EMITTING DIODE LIGHT WIRE 42582-0705	HK	HK 1178236	30-Apr-33

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RELEVANT INTANGIBLE ASSETS VALUATION REPORT



Valuation Date
31 December 2021

Valuation of the Trademarks and Patents held by Light Engine Technologies Ltd.

3. Optical Patent

Name of Patents / Proprietary Technology	Country	Patent No.	Expire Date
OPTICAL DEVICE FOR REPOSITIONING AND REDISTRIBUTING AND LED'S LIGHT L6398.0221 US 42589-0035	US	7021797	14-Jun-23
OPTICAL DEVICE FOR LED-BASED LAMP 重新定位和重新分配LED发光的光学器件 L6398.0225 US 42589-0039	US	7329029	1-Jun-24
OPTICAL DEVICE FOR LED-BASED LAMP L6398.0231 US 42589-0045	US	7753561	13-Mar-24
COLOR-MIXING COLLIMATOR L6398.0227 EP 42589-0041	EP	1692557	9-Jun-25
OPTICAL DEVICE FOR LED-BASED LAMP 42589-0082 NL (Base on L6398.0227 EP)	NL	1692557	10-Jun-25
OPTICAL DEVICE FOR LED-BASED LAMP 42589-0083 NL (Base on L6398.0227 EP)	Netherlands	1692557	10-Jun-25
OPTICAL DEVICE FOR LED-BASED LAMP 42589-0084 NL (Base on L6398.0227 EP)	GB	1692557	11-Jun-25
OPTICAL DEVICE FOR LED-BASED LAMP 42589-0084 NL (Base on L6398.0227 EP)	DE	60 2044047344.8	12-Jun-25
OPTICAL DEVICE FOR LED-BASED LAMP 42589-0085 NL (Base on L6398.0227 EP)	Germany	60 2044047344.8	12-Jun-25
OPTICAL DEVICE FOR DISTRIBUTING RADIANT EMISSION FROM A LIGHT 密集折疊型光學元件照明透鏡 L6398.0222 CN 42589-0036	ES	1692557	13-Jun-25
OPTICAL DEVICE FOR LED-BASED LIGHT BULB SUBSTITUTE 基于LED灯的光学器件 L6398.0251 EP (42589-0037)	CN	ZL0200480016923.0	12-May-24
OPTICAL DEVICE FOR LED-BASED LIGHT BULB SUBSTITUTE L6398.0252 GB	EP	1634335	13-May-24
OPTICAL DEVICE FOR LED-BASED LIGHT BULB SUBSTITUTE L6398.0251 DE	GB	1634335	13-May-24
A Kind of Optical Lens and a kind of miner's helmet Lamp 42582-0735 US	DE	602004036523.8	14-May-24
LED Light Bulb With LEDs Mounted on and angled circuit board LED 安装在倾斜电路板上的LED 灯泡 42582-0721 CN (UM)	US	9267667	9-Sep-33
COMPACT FOLDED OPTICS ILLUMINATOIN LED L6398.0218 US 42589-0041	CN UM	ZL 201320449552.1	25-Jul-33
COMPACT FOLDED OPTICS ILLUMINATION LED L6398.0230 US 42589-0044	US	6896381	10-Sep-23
COMPACT FOLDED OPTICS ILLUMINATION LED L6398.0228 US 42589-0042	US	7152985	11-Oct-22
ASYMMETRIC TIR LENSES PRODUCING OFF-AXIS BEAMS 42589-0034 (L6398.0220)	US	7181378	3-Mar-23
CIRCUMFERENTIALLY EMITTING LUMINAIRES AND LENS-ELEMENTS FORMED BY TRANSVERSE-AXIS PROFILE-SWEEPS L6398.0229 US 42589-0043	US	6924943	18-Jul-23
CIRCUMFERENTIALLY EMITTING LUMINAIRES AND LENS-ELEMENTS FORMED BY TRANSVERSE-AXIS PROFILE-SWEEPS L6398.0224 EP 42589-0038 Y7406-0038	US	7006306	29-Apr-21
CIRCUMFERENTIALLY EMITTING LUMINAIRES AND LENS-ELEMENTS FORMED BY TRANSVERSE-AXIS PROFILE-SWEEPS 42589-0088 (Y7406-00088)	EP	1660918	29-Jul-24
APPARATUS AND METHOD FOR USE IN FULFILLING ILLUMINATION PRESCRIPTION L6398.0226 US 42589-0040	DE	60 20004050922.1	29-Jul-24
LED LUMINANCE-AUGMENTATION VIA SPECULAR RETROREFLECTION INCLUDING COLLIMATORS THAT ESCAPE THE ETENDUE LIMIT L6398.0235 US 42589-0049	US	7042655	1-Dec-23
LED LUMINANCE-AUGMENTATION VIA SPECULAR RETROREFLECTION INCLUDING COLLIMATORS THAT ESCAPE THE ETENDUE LIMIT L6398.0014 CA (42589-0020)	US	7874704	21-May-28
LED LUMINANCE-AUGMENTATION VIA SPECULAR RETROREFLECTION INCLUDING COLLIMATORS THAT ESCAPE THE ETENDUE LIMIT L6398.0018 MY 42589-0023	CA	2687889	21-May-28
LED LUMINANCE-AUGMENTATION VIA SPECULAR RETROREFLECTION INCLUDING COLLIMATORS THAT ESCAPE THE ETENDUE LIMIT L6398.0019 SG 42589-0024	MALAYSIA	MY 151921 A	21-May-28
LED LUMINANCE-AUGMENTATION VIA SPECULAR RETROREFLECTION INCLUDING COLLIMATORS THAT ESCAPE THE ETENDUE LIMIT L6398.0017 JP 42589-0022	SG	157074	21-May-28
FACETTED FOLDED-OPTIC COLLIMATOR H6398.0203 (42589-0064)	JP	5469597	21-May-28
FACETTED FOLDED-OPTIC COLLIMATOR 42589-0078 SG	US	8931927	18-Feb-33
	SG	195326	8-Jun-32

APPENDIX D
RELEVANT LAND AND BUILDING VALUATION REPORT



Valuation Report

Linkz Industries Limited

United Luminous International (Holdings) Limited

Industrial complex at No. 9, Chenjiang Yuanhui Road,
Zhongkai Hi-Tech Industrial Development Zone, Huizhou
City, Guangdong Province, the People's Republic of China

Valuation as at 31 December 2021

27/F, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong
香港銅鑼灣華蘭路 18 號太古坊港島東中心 27 樓
Tel 電話 +852 2507 0507
Fax 傳真 +852 2530 1502
cushmanwakefield.com.hk

Valuation Report No. F22-001095-03

APPENDIX D

RELEVANT LAND AND BUILDING VALUATION REPORT



Valuation Report No. : F22-001095-03
Our Ref : PT/pcy
Date : 21 March 2022

The Directors
Linkz Industries Limited
Unit 601, 6/F. Photonics Centre
2 Science Park East Avenue
Hong Kong Science Park
Shatin
New Territories
Hong Kong

The Directors
United Luminous International (Holdings) Limited
Unit 611, 6/F, Photonics Centre
2 Science Park East Avenue
Hong Kong Science Park
Shatin
New Territories
Hong Kong

Dear Sirs,

Re: Industrial complex at No. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the People's Republic of China
(中国广东省惠州市仲恺高新区陈江元晖路9号工厂)

Instructions, Purpose & Valuation Date

In accordance with the instructions of **Linkz Industries Limited** (“**Linkz Industries**”) and **United Luminous International (Holdings) Ltd** (“**United Luminous**”) for us to carry out market valuation of the Property held by Huizhou Light Engine Limited (惠州元晖光电股份有限公司) (hereinafter as “**Huizhou Light Engine**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out site inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 December 2021 (the “**Valuation Date**”) for accounting reference purpose.

Definition of Market Value

Our valuation of the Property represents its market value which in accordance with HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

APPENDIX D

RELEVANT LAND AND BUILDING VALUATION REPORT



Industrial complex at No. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the PRC

Valuation Date
31 December 2021

Valuation Assumptions

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the Property situated in the PRC, we have assumed that transferable land use rights in respect of the Property for its respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have relied on the information and advice given by Linkz Industries and United Luminous on PRC laws, regarding the title to the Property and the interests of the owner in the Property. In valuing the Property, we have assumed that the owner has an enforceable title to the Property and has free and uninterrupted right to use, occupy or assign the Property for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Valuation Method

In the absence of relevant market data to arrive at the market value of the Property by means of market-based evidence, we have valued the Property by Depreciated Replacement Cost Method. It requires a valuation of the market value of the land in its existing use by Market Comparison Method by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, size and other relevant factors; and an estimate of the new replacement cost of the buildings and structures, from which deductions are made to allow for the age, condition and functional obsolescence. The market value by Depreciated Replacement Cost Method only applies to the whole of the Property as a unique interest, and no piecemeal transaction of the Property is assumed. The market value is subject to service potential of the entity from the use of the Property as a whole.

In valuing the Property, we have complied with the requirements set out in HKIS Valuation Standards 2020.

Source of Information

In respect of the Property in the PRC, we have been provided with extracts of documents in relation to the titles to the Property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by Linkz Industries and United Luminous in respect of the Property in the PRC and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the Property, completion date of buildings, building specifications, particulars of occupancy, construction cost, site and floor areas and all other relevant matters.

APPENDIX D

RELEVANT LAND AND BUILDING VALUATION REPORT



Industrial complex at No. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the PRC

Valuation Date
31 December 2021

Dimensions, measurements and areas included in the valuation report are based on information provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by Linkz Industries and United Luminous which is material to the valuation. We were also advised by Linkz Industries and United Luminous that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise Linkz Industries and United Luminous to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

- Title Investigation** We have been provided by Linkz Industries and United Luminous with copies of documents in relation to the current title to the Properties. However, we have not been able to conduct searches to verify the ownership of the Property; we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Property in the PRC and we have therefore relied on the advice given by Linkz Industries and United Luminous. All documents have been used for reference only and all dimensions, measurements and areas are approximate.
- Site Inspection** Our Shenzhen Office valuers, Liam He (a China Real Estate Appraiser with 3 years' of property valuation) have inspected the exterior and, wherever possible, the interior of the Properties in October 2021. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.
- Currency** Unless otherwise stated, all money amounts stated in the valuation report are in Renminbi ("RMB"), the official currency of the PRC.

APPENDIX D

RELEVANT LAND AND BUILDING VALUATION REPORT



Industrial complex at No. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the PRC

Valuation Date
31 December 2021

Market Volatility The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the Property is valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

Non-publication & Saving Clauses Neither the whole nor any part of this letter, the attached valuation report or any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which they will appear.

Finally and in accordance with our standard practice, we must state that this letter, the attached valuation report is for the use only of the party to whom they are addressed and no responsibility is accepted to any third party for the whole or any part of their contents.

Remarks We are instructed by Linkz Industries and United Luminous to prepare the valuation, Linkz Industries and United Luminous understand that our valuation is prepared on an impartial basis without bias to any party concerned.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited

Philip C.Y. Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director, Valuation & Advisory Services

APPENDIX D

RELEVANT LAND AND BUILDING VALUATION REPORT

Industrial complex at No. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the PRC

Valuation Date
31 December 2021

VALUATION REPORT

Property held for owner-occupation by Huizhou Light Engine in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021
Industrial complex at No. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the PRC (中国 广东省 惠州市 仲恺高新区 陈江元晖路 9 号工厂)	<p>The Property comprises an industrial complex with 3 factories and a staff quarters erected on a parcel of industrial land with a site area of 96,603.84 sq m. The buildings were completed in 2014.</p> <p>The Property have a total gross floor area of 66,938.55 sq m. (Please refer to Note 1 for details of the buildings.)</p> <p>The land use rights of the Property have been granted for a land use term due to expire on 2 August 2061 for industrial use.</p>	<p>As at the Valuation Date, part of the Property was subject to various tenancies with the latest expiry in 2024. The remaining part of the Property was owner-occupied.</p>	<p>RMB373,900,000</p> <p>(RENMINBI THREE HUNDRED SEVENTY THREE MILLION NINE HUNDRED THOUSAND)</p>

Notes:

- (1) According to Real Estate Title Certificate No. (2018) 5046472 dated 25 December 2018 issued by Huizhou State Land Resources Bureau, the land use rights of site area 96,603.84 sq m have been vested in Huizhou Light Engine for a land use term due to expire on 2 August 2061 for industrial use. The building ownership are as follows:

Building	Gross Floor Area sq m	No. of Storey	Current Use (As advised)
廠房 A-1 A 栋	17,096.94	5	Factory
宿舍 B-1 R 栋	18,058.2	7	Staff Quarters
辦公樓 C-1 M 栋	14,685.37	5	Office
廠房 A-3 B 栋	17,098.04	5	Factory
Total:	66,938.55		

APPENDIX D

RELEVANT LAND AND BUILDING VALUATION REPORT

Industrial complex at No. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the PRC

Valuation Date
31 December 2021

- (2) We have prepared our valuation on the following assumptions:
- (i) Huizhou Light Engine is in possession of a proper legal title to the Property and is entitled to transfer the Property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
 - (ii) all land premium and other costs of public utilities, ancillary and infrastructure fees have been fully settled;
 - (iii) the design and construction of the Property are in compliance with the relevant regulations and stipulations and have been approved by the relevant authorities; and
 - (iv) the Property may be disposed of freely to the third parties.
- (3) The status of the title and grant of major approvals and licences in accordance with the information provided by Linkz Industries and United Luminous:
- | | |
|-------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Business Licence | Yes |

APPENDIX E
CWL BUSINESS VALUATION REPORT



Valuation Report

Linkz Industries Limited

United Luminous International (Holdings) Limited

Valuation of the 100% equity interest in
Light Engine Technologies Ltd

Valuation as at 31 December 2021

27/F, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong
香港銅鑼魚涌華蘭路 18 號太古坊港島東中心 27 樓
Tel 電話 +852 2507 0507
Fax 傳真 +852 2530 1502
cushmanwakefield.com.hk

Valuation Report No. F22-001095-01

APPENDIX E

CWL BUSINESS VALUATION REPORT



Valuation Report No. : F22-001095-01
Our Ref : PT/PCK/pcy
:
Date : 21 March 2022

The Directors
Linkz Industries Limited
Unit 601, 6/F, Photonics Centre
2 Science Park East Avenue
Hong Kong Science Park
Shatin
New Territories
Hong Kong

The Directors
United Luminous International (Holdings) Limited
Unit 611, 6/F, Photonics Centre
2 Science Park East Avenue
Hong Kong Science Park
Shatin
New Territories
Hong Kong

Dear Sirs,

Re: Valuation of the 100% equity interest in Light Engine Technologies Ltd.

In accordance with the instructions from Linkz Industries Limited and United Luminous International (Holdings) Limited (hereinafter together referred to as the "Companies") to us to conduct a valuation of the 100% equity interest in Light Engine Technologies Ltd. (referred to as "Light Engine"), we are pleased to report that we have made relevant enquiries and obtained necessary information for the purpose of providing our valuation as at 31 December 2021 (hereinafter referred to as the "Valuation Date").

This report states the purpose and basis of valuation, scope of work, source of information, background of Light Engine, major assumptions, valuation methodology, limiting conditions, and presents our opinion of value.

1. PURPOSE OF VALUATION

The purpose of this valuation is to value the 100% equity interest in Light Engine for your internal reference purpose only.

We assume no responsibility whatsoever to any person other than the Companies in respect of, or arising out of, the contents of this report. If any party chooses to rely in any way on the contents of this report, they do so entirely at their own risk.

APPENDIX E

CWL BUSINESS VALUATION REPORT



Valuation of the 100% equity interest in Light Engine Technologies Ltd

Valuation Date
31 December 2021

2. BASIS OF VALUATION

We have carried out the valuation on the basis of market value in accordance with the International Valuation Standards. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

3. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Companies, and/or its representatives (together referred to as the “Management”).

In the course of our valuation work, the following processes had been conducted to evaluate the reasonableness of the adopted basis and assumptions provided by the Management:

- Discussed with the Management and obtained relevant financial information in respect of Light Engine;
- Examined the relevant bases and assumptions of the financial information in respect of Light Engine;
- Conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and
- Presented the purpose and basis of valuation, scope of work, source of information, background of Light Engine, major assumptions, valuation methodology and our opinion of value in this report.

4. SOURCE OF INFORMATION

In arriving at our assessment of the value of the 100% equity interest in Light Engine, we have relied on the following information that was provided to us by the Management, as well as other publicly available information that we have gathered through our own research, including, but not limited to, the following:

- Copies of business licenses and other relevant documents of Light Engine;
- Unaudited management accounts of Light Engine as at 31 December 2021;
- Financial information obtained from Bloomberg Terminal TM; and
- Other public information relating to the valuation.

APPENDIX E

CWL BUSINESS VALUATION REPORT



Valuation of the 100% equity interest in Light Engine Technologies Ltd

Valuation Date
31 December 2021

5. BACKGROUND OF LIGHT ENGINE

Light Engine is an investment holding company and its subsidiaries are principally engaged in the business of manufacturing and sale of LED products.

6. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The information provided has been prepared on a reasonable basis after due and careful consideration by the Management;
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which Light Engine operates or intends to operate would be officially obtained and renewable upon expiry;
- There will be no major change in the current taxation laws in the localities in which Light Engine operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which Light Engine operates or intends to operate, which would adversely affect the revenues attributable to and profitability of Light Engine;
- Interest rates and exchange rates in the localities for the operation of Light Engine will not differ materially from those presently prevailing;
- The core business operation of Light Engine will not differ materially from those of present or expected; and
- The information regarding Light Engine provided by the Management is true and accurate.

APPENDIX E

CWL BUSINESS VALUATION REPORT



Valuation of the 100% equity interest in Light Engine Technologies Ltd

Valuation Date
31 December 2021

7. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the 100% equity interest in Light Engine, namely the market approach, the income approach and the cost approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

Market Approach

The market approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. The market approach comprises two methods namely guideline (or comparable) company method and similar transaction method.

The guideline company method focuses on analyzing the data and valuation multiples of companies that can be considered comparable to those being valued. Adjustments are made to the comparable companies to compensate for differences between those companies and the company being valued. Finally, appropriate valuation multiples are applied to the subject company's normalized financial data to arrive at an indication of the value of the subject company.

The similar transaction method measures value based on what other purchasers in the market have paid for companies that can be considered reasonably similar to those being valued. When the similar transaction method is utilized, data are collected on the prices paid for reasonably comparable companies. Adjustments are made to the comparable companies to compensate for differences between those companies and the company being valued. The application of the similar transaction method results in an estimate of the price reasonably expected to be realized from the sale of the company.

Income Approach

The income approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the income approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

APPENDIX E

CWL BUSINESS VALUATION REPORT



Valuation of the 100% equity interest in Light Engine Technologies Ltd

Valuation Date
31 December 2021

Cost Approach

The cost approach provides an indication of value based on the principle that an informed buyer would pay no more than the cost of producing a substitute asset with equal utility as the subject asset. Under the cost approach, the historical cost method measures the cost incurred through the development of the subject asset at the time it was developed; the replication cost method measures the amount of investment that would be required to develop an asset similar to the subject asset; and the replacement cost method measures the amount of investment that would be required to develop the subject asset as it currently exists.

Selection of Valuation Methodology

The selection of a valuation approach is based on, among others, the quantity and quality of information provided, access to available data, availability of relevant market transactions, type and nature of subject assets, purpose and objective of the valuation and professional judgment and technical expertise. Among the three approaches, we consider that market approach is more appropriate for valuing the 100% equity interest in Light Engine.

While useful for certain purposes, the cost approach is generally not considered applicable to the valuation of a going concern, as it does not directly incorporate information about the economic benefits associated with the business. Income approach requires detailed financial forecast of Light Engine in the projected period, which involves adoption of much more subjective assumptions than the other two approaches, not all of which can be easily quantified or ascertained. Thus, we consider market approach to be more appropriate for valuing the 100% equity interest in Light Engine as it is the most direct valuation approach which reflects the value obtained as a result of a consensus of what others in the market place have judged it to be.

In adopting the market approach, we have used guideline public company method in this valuation.

Selection Criteria for Comparable Companies

In the valuation, we used the market approach by referring to companies engaging in lighting product manufacturing business. Comparable companies were identified and selected from Bloomberg Terminal™ based on the following criteria:

1. The subject company is principally engaged in lighting product manufacturing business;
2. The subject company is profitable for the trailing 12 months before the Valuation Date; and
3. The subject company is listed in the Stock Exchange of Mainland China, Hong Kong or Taiwan.

APPENDIX E

CWL BUSINESS VALUATION REPORT



Valuation of the 100% equity interest in Light Engine Technologies Ltd

Valuation Date
31 December 2021

Comparable Companies

A list of nine comparable companies (referred to as the “Comparable Companies”) satisfying the above selection criteria were identified. Details of the Comparable Companies are as follows:

Company Ticker	Company Name	Description
4972 TT	Tons Lightology Inc	Tons Lightology Inc. engages in the development, manufacture, and sales of commercial lighting fixtures.
600261 CH	Zhejiang Yankon Group Co Ltd	Zhejiang Yankon Group Co., Ltd. manufactures electronic energy-saving lamps, energy-saving fluorescence bulbs, and other related lighting systems. The company sells its products domestically and exports to other countries.
603515 CH	Oppl Lighting Co Ltd	Oppl Lighting Co. Ltd. manufactures lighting products. The company designs, produces, and sells bulbs, lighting fixtures, LED, and other related items around the world.
605365 CH	Leedarson IoT Technology Inc	Leedarson IoT Technology Inc. manufactures and distributes lighting fixtures. The company produces light emitting diode light sources, light emitting diode lamps, energy saving lamps, and other products. Leedarson IoT Technology also produces internet of things products.
8118 HK	Bortex Global Ltd	Bortex Global Limited manufactures lighting products. The company produces and markets light-emitting diode decorations and luminaire lighting series. Bortex Global serves customers worldwide.
603303 CH	Hengdian Group Tospo Lighting Co Ltd	Hengdian Group Tospo Lighting Co., Ltd. manufactures lighting products. The company produces and sells compact fluorescent lamp bulbs, LED bulbs, lighting electronics, outdoor luminaires, and more. Hengdian Group Tospo Lighting markets its products throughout the world.
300625 CH	Guangdong PAK Corp Co Ltd	Guangdong PAK Corporation Co., Ltd. manufactures and distributes lighting products. The company produces commercial, engineering, home, and outdoor lighting products, as well as provides lights designing, technical consulting, equipment installation, and other related services.
300650 CH	Tecnon Fujian Commercial Lighting Co Ltd	Tecnon (Fujian)Commercial Lighting Co., Ltd manufactures and distributes lighting fixtures. The company produces energy saving environmental lightings, light emitting diodes, billboard lights, lamps, and other related products. Tecnon (Fujian) Commercial Lighting provides its products for museums, galleries, supermarkets, retail shops, and other fields.
8136 HK	IMS Group Holdings Ltd	IMS Group Holdings Limited operates as a lighting fixture products manufacturing company. The company produces and sells light emitting diode lighting fixtures, electric lamp bulbs, and other products. IMS Group Holdings markets its products worldwide.

Source: Bloomberg Terminal™

APPENDIX E

CWL BUSINESS VALUATION REPORT



Valuation of the 100% equity interest in Light Engine Technologies Ltd

Valuation Date
31 December 2021

Selection of Value Multiples

In this valuation task, we have considered various commonly used value multiples, including (i) price to earnings ("P/E"); (ii) price to sales ("P/S") and (iii) price to net book value ("P/B").

P/S multiple is commonly used in the valuation of start-up enterprises. However, it ignores the cost structure of a company.

P/B multiple is usually adopted in the valuation of asset-intensive companies. However, it does not take into consideration of the profitability of a company.

We consider P/E multiple as the most relevant and therefore has been adopted in this valuation task as P/E is the most commonly used valuation multiple for profit-making business and earnings is one of the most direct drivers of equity value.

P/E Multiples of the Comparable Companies

The P/E multiple of each of the Comparable Companies, as extracted from Bloomberg Terminal™, was arrived at based on the stock price as at the Valuation Date and the latest available historical net profit for the trailing 12 months before the Valuation Date. Details are listed below:

	Company Ticker	Company Name	P/E
1.	4972 TT	Tons Lightology Inc	14.0
2.	600261 CH	Zhejiang Yankon Group Co Ltd	16.1
3.	603515 CH	Oppl Lighting Co Ltd	16.9
4.	605365 CH	Leedarson IoT Technology Inc	18.8
5.	8118 HK	Bortex Global Ltd	6.1
6.	603303 CH	Hengdian Group Tospo Lighting Co Ltd	24.4
7.	300625 CH	Guangdong PAK Corp Co Ltd	19.1
8.	300650 CH	Tecnon Fujian Commercial Lighting Co Ltd	26.2
9.	8136 HK	IMS Group Holdings Ltd	3.3
Average:			16.1

Source: Bloomberg Terminal™

APPENDIX E

CWL BUSINESS VALUATION REPORT



Valuation of the 100% equity interest in Light Engine Technologies Ltd

Valuation Date
31 December 2021

Discount for Lack of Marketability (“DLOM”)

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company. In this valuation, we consider 15.8% is deemed to be sufficient to reflect the lack of marketability of the equity interest in Light Engine, which was with reference to Stout Restricted Stock Study™.

Control Premium (“CP”)

A control premium is the premium an investor is willing to pay in addition to a marketable minority equity value to obtain controlling interest in a business subject. The published market price of each of the identified comparable companies was on a minority stake of the subject company, therefore adjustment has been made to reflect the degree of control associated with a 100% equity interest in Light Engine. In the valuation, we consider 25.6% is deemed to be sufficient to reflect the control premium of the equity interest in Light Engine, which was with reference to FactSet Mergerstat/BVR Control Premium Study.

Applying the Average P/E Multiple, DLOM and CP to the Net Profit attributable to Shareholders of Light Engine

The average P/E of the comparable companies was then applied to the latest available historical net profit attributable to shareholders of Light Engine for the trailing 12 months before the Valuation Date, and adjusted with DLOM and CP, to arrive at the market value of the 100% equity interest in Light Engine.

Details are listed below:

Average P/E of the Comparable Companies:	16.1
Latest available historical net profit attributable to shareholders of Light Engine for the trailing 12 months before the Valuation Date:	HK\$70,874,299
Discount for lack of marketability:	15.8%
Control premium:	25.6%
Market value of 100% equity interest in Light Engine:	HK\$1,210,000,000 (rounded)

APPENDIX E

CWL BUSINESS VALUATION REPORT



Valuation of the 100% equity interest in Light Engine Technologies Ltd

Valuation Date
31 December 2021

8. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management, including written information and oral representation, in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

Neither the whole nor any part of this report or any reference hereto may be included in any published document, circular or statement, or published in any way, without our prior written approval of the form and context in which it may appear.

Finally and in accordance with our standard practice, we must state that this report and valuation are for the exclusive use only of the addressee and for the purpose stated herein. No responsibility is accepted to any third party for the whole or any part of its contents.

9. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HK\$).

We hereby confirm that we have neither present nor prospective interests in the Companies, Light Engine or the value reported herein.

APPENDIX E

CWL BUSINESS VALUATION REPORT



Valuation of the 100% equity interest in Light Engine Technologies Ltd

Valuation Date
31 December 2021

10. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of the 100% equity interest in Light Engine as at the Valuation Date is, in our opinion, reasonably estimated as **HK\$1,210,000,000 (HONG KONG DOLLARS ONE BILLION TWO HUNDRED TEN MILLION ONLY)**.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited



Philip C Y Tsang
Registered Business Valuer registered with
the Hong Kong Business Valuation Forum
MSc, MHKIS
Director, Valuation & Advisory Services

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited



Pakky Chan
CFA
Senior Associate Director, Valuation & Advisory Services



Valuation

of

100% Equity Interest

in

Light Engine Technologies Limited and its subsidiaries

for

GP Industries Limited

Valuation Date : 30 June 2022

Report Date : 8 December 2022

Our Reference : VH1220520-04313WY

APPENDIX F
APVSL BUSINESS VALUATION REPORT

Ref: VH1220520-04313WY

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APVSL BUSINESS VALUATION REPORT

Ref: VH1220520-04313WY

Date : 8 December 2022

The Board of Directors
GP Industries Limited
3 Fusionopolis Link,
#06-11 Nexus @One-North,
Singapore 138543

Dear Sirs,

RE: Valuation of 100% Equity Interest in Light Engine Technologies Limited and its subsidiaries

In accordance with the instruction of **GP Industries Limited** (the “**Company**”), we have undertaken a valuation to determine the fair value of 100% equity interest in **Light Engine Technologies Limited and its subsidiaries** (collectively the “**Target Group**”), as of **30 June 2022** (the “**Valuation Date**”).

This report outlines the factors considered, valuation methodology, basis and assumptions employed in formulating our opinion and our conclusion of value.

Ascent Partners Valuation Service Limited (“**Ascent Partners**”) is an independent firm providing full range of valuation and advisory services. This report is prepared independently. Neither Ascent Partners nor any authors of this report hold any interest in the Company or its related parties. The fee for providing this report is based on Ascent Partners’ normal professional rates, whilst expenses (if incurred) are being reimbursed at cost. Payment of fees and reimbursements are not contingent upon the conclusions drawn in this report.

1. Purpose of Valuation

The purpose of this valuation is to express an independent opinion on the fair value of the Target Group as at the Valuation Date. This report outlines our latest findings and valuation conclusion, and is prepared for the management of the Company for public disclosure purpose.

2. Scope of Work

In conducting this valuation exercise, we have

- Co-ordinated with the Company representatives to obtain the required information and documents for our valuation;
- Gathered the relevant information of the Target Group, including the legal documents, licenses, financial statements, projections, etc. made available to us;
- Discussed with the management of the Target Group (the “**Management**”) and the Company to understand the history, business model, operations, customer base, business development plan and profit forecast, etc. of the business enterprises for valuation purpose;
- Carried out research in the sector concerned and collected relevant market data from reliable sources for analysis;

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- Investigated into the information of the Target Group made available to us and considered the basis and assumptions of our conclusion of value;
- Designed an appropriate valuation model to analyze the market data and derived the estimated fair value of the Target Group;
- Compiled a report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value; and

When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should be provided to us. We relied on such data, records and documents in arriving at our opinion of values and had no reason to doubt the truth and accuracy of the information provided to us by the Company, the Target Group and its authorized representatives.

3. Background of the Target Group

The Target Group, with headquarter in Hong Kong, principally engaged in manufacturing and selling LED lightnings to clients in Hong Kong, China, Japan, Asia Pacific, European and United States.

4. Basis of Valuation

Our valuation was carried out on a fair value basis. Hong Kong Financial Reporting Standard (HKFRS) 13 *Fair Value Measurement* defines fair value as “*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*”.

5. Basis of Opinion

We have conducted our valuation with reference to the International Valuation Standards issued by International Valuation Standards Council.¹ The valuation procedure includes review of the financial and economic conditions of the subject business, an assessment of key assumptions, estimates, and representations made by the Target Group. All matters essential to the proper understanding of the valuation are disclosed in the valuation report. Opinion of value included in the valuation report is impartial, independent, and unbiased.

The following factors also form a considerable part of our basis of opinion:

- Assumptions on the market and on the subject business that are considered to be fair and reasonable;
- Historical financial data that reflects the performance of the subject business operation;
- Consideration and analysis on the micro- and macro-economic factors; and

¹ The IVSC has been in existence for more than 25 years. Its origins were in the need identified by a number of professional bodies from around the world for uniformity in the valuation approaches used in real estate markets. Over the past decade it has evolved and expanded and now produces standards for many types of assets, including plant and equipment, intangible assets and businesses. The International Valuation Standards are already recognised and accepted by a wide range of organisations including the UK Financial Services Authority, the Hong Kong Securities and Futures Commission, the Securities and Exchange Board of India and the European Public Real Estate Association amongst others. IVSC has also worked in liaison with the International Accounting Standards Board (IASB) in producing guidance on valuations required under IFRS, an increasingly important need as IFRS is adopted in more a states.

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- Analytical review of the subject business.

We have planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. We believe that our valuation provides a reasonable basis for our opinion.

6. Sources of Information

In conducting our valuation of the subject asset, we have considered, reviewed and relied upon the following key information provided by the instructing party and the from public.

- Overview of the business nature of the Target Group;
- Discussions with the Management;
- Historical financial reports of the Target Group;
- Financial projection provided by the Target Group;
- Publications and private research reports regarding the industry; and
- Bloomberg Database, Hong Kong Stock Exchange, Hong Kong Monetary Authority and other reliable sources of market data.

In arriving at our opinion, we have assumed and relied upon the accuracy and completeness of the information reviewed by us for the purpose of this valuation. In addition, we have relied upon the statements, information, opinion and representations provided to us by the Company.

We also conducted research using various sources including government statistical releases and other publications to verify the reasonableness and fairness of information provided and we believe that the information is reasonable and reliable.

Our opinion is based upon existing economic, market, financial and other conditions which can be evaluated on the date of this report and we assume no responsibility to update or revise our opinion based on events or circumstances occurring after the date of this report. In reaching our opinion, we have made assumptions with respect to such economic, market, financial and other conditions and other matters, many of which are beyond our control or the control of any party involved in this valuation exercise.

7. Valuation Approach and Methodology Considered

In carrying out this valuation exercise, we have considered the following approaches and methodologies:

Cost Approach – The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

Unlike market and income approaches which incorporate either market sentiments or future earnings capacity of an asset as a function to determine its current value, cost approach

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considers the fundamental cost that takes to form the asset. In our opinion, this method is inapplicable to the current analysis as there is no convincing association of the market value of the subject asset with its cost.

Market Approach – In this approach, the value of an asset is derived by looking at how the market prices similar assets. This approach employs market data from comparable guideline companies to develop a measure of value for the subject company. There are two methods to implement the market approach.

In the first market approach, transaction data for private and public companies is used to compute the value. In this method, a database of buy and sale records of enterprises with financial fundamentals on companies similar to the subject company is used as basis for transaction prices. Assets which have an established market may be appraised by this approach. However, this method has not been adopted because insufficient market transaction data are available from listed companies engaged in the same business. Therefore, there are insufficient relevant comparable transactions to form reliable basis for our opinion of value.

In the second market approach, the valuation multiples derived from the market prices and financial data of listed companies in a similar business is used to appraise the subject company. This method is not appropriate because it does not capture the Target Group's earnings growth potential. As such, earning multiples derived from comparable companies cannot be applied on the Target Group to arrive its fair value.

Income Approach – In the income approach, the value of an asset is the present worth of the expected future economic benefits of ownership. The value of the asset to be valued is developed through the application of the discounted cash flow method to devolve the values of expected future income generated by the asset into a present value.

In this valuation exercise, we believed that the Income Approach would be appropriate and reasonable in the appraisal for the fair value of the Target Group, because it eliminates the discrepancy in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to its business operation. And in addition, it captures the earning growth potential of the Target Group, especially in expansion of new businesses in sustainable horticultural and smart cities related LED lighting products. The fair value of the Target Group has been developed through the application of the weighted average cost of capital (WACC) to discount the free cash flows to the firm (FCFFs). The enterprise value is then adjusted for net debt to derive the fair value of equity of the Target Group.

8. Assumptions and Notes to Valuation

The following assumptions considered, having significant sensitivity effects in this valuation, have been evaluated and validated in arriving at our assessed values.

General Assumptions

- a) We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of the Target Group.
- b) We have not investigated any financial data to determine the earning capacity of the operation in which the assets are used, and we assumed that the prospective earnings

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would provide a reasonable return on the fair market value of the assets.

- c) As part of our analysis, we have reviewed the information related to this valuation, which is made available to us. We have no reason to doubt the accuracy and fairness of such information on which we have relied to a considerable extent in arriving at our opinion of value.

Other Assumptions and Notes

- d) We have conducted an online virtual visit to the premises where the Target Group's business operates. We have relied on the assistance of, and information provided by the Company and the Target Group.
- e) Since the majority of the Target Group's sales comes from Hong Kong, the average of historical annual inflation rate of Hong Kong from 2012 to 2021 is employed as the terminal growth rate. According to the Bloomberg, the average of Hong Kong's consumer price index from 2012 to 2021 is 2.77%. The average annual nominal GDP growth rate of Hong Kong for the same period, according to International Monetary Fund, World Economic Outlook Database, April 2022, is 3.93%
- f) A discount for the lack of marketability ("DLOM") of 15.80% is applied due to the Target Group is closely held company that is not freely marketable, according to the "2021 Stout Restricted Stock Study Companion Guide" published by Stout Risius Ross, LLC.

9. Analysis and Valuation

The income approach is employed, based on the financial projections provided primarily by the Target Group and the Company, to estimate the equity interest in the Target Group. The enterprise value of the Target Group is developed through the application of the market value weighted-average-cost-of-capital ("WACC") to discount the free cash flows to the firm ("FCFF"). The WACC is calculated by taking into account the relative weights of each component of the capital structure. The enterprise value of the Target Group is then adjusted for operating debts, cash and cash equivalents, non-operating assets, and non-operating debts and liabilities to derive the fair value of the equity interest in the Target Group. The FCFF and WACC are computed using the formulas below:

$$\text{FCFF} = \text{Net Income} + \text{Non-Cash Charges} + \text{Interest Expense} \times (1 - \text{Tax Rate}) - \text{Fixed Capital Investment} - \text{Working Capital Investment}$$

$$\text{WACC} = W_e \times R_e + W_d \times R_d \times (1 - t), \text{ in which:}$$

R_e = Cost of Equity

R_d = Cost of Debt

W_e = Weight of Equity Value to Enterprise Value

W_d = Weight of Debt Value to Enterprise Value

t = Corporate Tax Rate

- a) The WACC is derived from the market data of the following guideline public companies adopted.

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<u>Stock Code</u>	<u>Company Name</u>
002724 CH Equity	Ocean's King Lighting Science & Technology Company Limited
603515 CH Equity	Oppl Lighting Co., Ltd.
8118 HK Equity	Bortex Global Limited
002983 CH Equity	Anhui Coreach Technology Co.,Ltd.
300889 CH Equity	Shenzhen EXC-LED Technology Co., Ltd.
603679 CH Equity	Sichuan Huati Lighting Technology Co., Ltd.
300625 CH Equity	Guangdong PAK Corporation Co., Ltd.
8136 HK Equity	IMS Group Holdings Limited
6932 JP Equity	ENDO Lighting Corporation
6924 JP Equity	IWASAKI Electric Co., Ltd.

Details of screening process and criteria of these guideline public companies can be found in Appendix II.

- b) As at the Valuation Date, the debt-to-equity ratio is 7.84% which represents the average debt-to-equity ratio of the guideline public companies.
- c) We assumed the cost of debt is 5.0% which is Hong Kong Prime lending rate.
- d) The cost of equity, according to the Capital Asset Pricing Model (CAPM), is given by:

Cost of Equity = Risk-free Rate + β_l x Market Risk Premium + Size Premium

where:

- β_l is a measure of the sensitivity of return on equity of the firm to the market risk premium; and
- the market risk premium is the difference between the expected market return, i.e. the expected rate of return on the market portfolio, and the risk-free rate.

- e) The value of β_l is given by

$$\beta_l = \beta_u + \beta_u(1 - t) \frac{D}{E}$$

where:

- β_u is a measure of the unlevered sensitivity of return on equity of the firm to the market risk premium;
- t is the effective corporate tax rate of the Target Group, which is 23%; and
- D/E is 7.84%, please refer to Section 9 (b).

- f) The resulting cost of equity applied is 11.52%. Cost of equity calculation:

Risk-free Rate ⁽¹⁾	2.87%
Levered Beta (β) ⁽²⁾	0.923
Market Risk Premium ⁽³⁾	6.10%

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Size Premium ⁽⁴⁾	3.02%
Cost of Equity	11.52%

Notes:

- (1) *The long-term Hong Kong Government Bond Yield as at the Valuation Date is employed as the risk-free rate of Hong Kong because government bonds are regarded as risk-free. This rate, as obtained from Bloomberg database, is 2.87%.*
- (2) *0.923 is the levered beta derived from the average of unlevered beta of 10 guideline public companies in similar industries.*

<u>Guideline Public Companies</u>	<u>Unlevered Beta</u> <u>(β_u)</u>
002724 CH Equity	0.968
603515 CH Equity	1.002
8118 HK Equity	Outlier
002983 CH Equity	0.958
300889 CH Equity	Outlier
603679 CH Equity	0.970
300625 CH Equity	0.659
8136 HK Equity	0.588
6932 JP Equity	Outlier
6924 JP Equity	0.950
Average of β_u	0.871

- (3) *The market risk premium of Hong Kong is estimated as 6.10%, by adding up the market risk premium of the US of 5.50% and the country risk premium of Hong Kong of 0.60%.*
- (4) *A small company risk premium of 3.02% suggested by Duff & Phelps Valuation Handbook 2021, is applied to compensate for the relatively small size of the Target Group.*
- g) The resulting WACC is found to be 10.96%.
- h) The calculation summary for the valuation of 100% equity interest in the Target Group is shown below:

Enterprise value of the Target Group:	HKD 2,024,502,242
Minus: Debt	HKD 723,432,145
100% equity interest of business operation:	HKD 1,301,070,097
Less: 15.80% discount for lack of marketability	
Adjusted Operating Equity Value	HKD 1,095,501,022
Add: Cash & Cash Equivalent	HKD 50,597,706
Add: Non-operating assets or liabilities	(HKD 1,190,032)

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Add: Investment Property ⁽¹⁾	HKD 78,900,000
100% equity interest in the Target Group	<u>HKD 1,224,000,000</u> ⁽²⁾

Notes:

(1) *The fair value of the investment property is referenced from our property valuation report, converted by the exchange rate of HKD/CNY as of the Valuation Date.*

(2) *Rounded to the nearest hundred thousand.*

10. Valuation Comments

As part of our analysis, we have reviewed the financial and business information, such as project documents and other pertinent data concerning the Target Group, provided to us by the Target Group and the Company. We have assumed the accuracy of, and have relied on, such information to a considerable extent in arriving at our opinion of value.

We confirm that we have made relevant searches and enquiries and have obtained such further information as is considered necessary for the purpose of this valuation.

The conclusion of value is based on generally accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and consideration of such matters are regarded by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Group, the Company, and Ascent Partners.

11. Risk Factors

a) General Economic, political and social considerations

Due to the uncertainties in economic situation, there is no guarantee that the expected financial performance will materialize. Any changes in global political, economic and social conditions, laws, regulations and policies may have significant impacts on the projections of the future income of the Target Group. None of these changes can be foreseen with certainty.

b) Inflation

The concurrent loosening of monetary policies by the central banks in many developed and developing countries pose a significant risk of inflation, which will erode the profitability of the Target Group.

c) Technological changes

Any changes in the technological developments and advancements may have significant impacts on the projections of the future income of the Target Group. To remain competitive in the industry, the Target Group may be required to make substantial capital expenditures to keep up with technological changes.

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d) Concentration risk

The revenue of the Target Group is heavily dependent on a single business segment. There is no guarantee that this business relationship can be maintained and that the products of the Target Group will remain popular.

12. Opinion of Value


Based on our investigation and analysis outlined in this report, we are of the opinion that, as at the Valuation Date, the fair value of 100% equity interest in the Target Group is in the range of HKD895,000,000 to HKD1,489,000,000 and the best estimated value is **HKD1,224,000,000**.

Yours faithfully,

For and on behalf of
Ascent Partners Valuation Service Limited



William Yuen
Director
CFA, FRM



Paul Wu
Principal
MSc, CMA (Aust.)

Notes:

1. Mr. William Yuen is a Chartered Financial Analyst® charterholder and Financial Risk Manager - Certified by the Global Association of Risk Professionals. He also holds a Master degree of Science in Finance. Mr. Yuen has over 10 years' experience in valuation of business entities, tangible and intangible assets and financial instruments for private and public companies in various industries.
2. Mr. Paul Wu is a Certified Management Accountant (CMA) and Chartered Valuer and Appraiser (CVA). He also holds a Master degree of Science. He has extensive experience in corporate advisory and valuation of business entities, tangible and intangible assets and financial instruments for private and public companies in various industries. Prior to working in the financial service industry, Mr. Wu had worked as a senior management in world class technology companies.
3. This valuation report is co-authored by Wayne Hu, CFA.

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Appendix I Limiting Conditions

1. As part of our analysis, we have reviewed financial and business information from public sources together with such financial information, client representation and other pertinent data concerning this valuation made available to us. We have assumed the accuracy of, and have relied on the information and client representations provided in arriving at our opinion of value.
2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper documentation is maintained, and the financial statements and other information give a true and fair view and have been prepared in accordance with the relevant companies' ordinance.
3. Ascent Partners shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation unless prior arrangements have been made.
4. No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond what is customarily employed by valuers.
5. Our conclusions assume continuation of prudent client policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the valuation subject.
6. We assume that there are no hidden or unexpected conditions associated with valuation subject that might adversely affect the reported value(s). Further, we assume no responsibility for changes in market conditions after the date of this report.
7. This valuation report has been prepared solely for the use of the designated party. The valuation report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any other party without Ascent Partners' prior written consent.
8. This report is confidential to the client for the specific purpose to which it refers and is for the use only of the party to whom it is addressed. No responsibility is accepted with respect to any third party for the whole or any part of its contents.

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Appendix II Guideline Public Companies

Bloomberg is searched exhaustively for all listed companies principally manufacturing and selling lightnings. A short-list of companies resulted from the exhaustive search. The business model and product profiles of the short-listed companies are examined in further screening, with the information obtained from the companies' websites and/or other reliable sources, if needed. Companies satisfying the following criteria, pertinent to the business operations of the Target Group, are adopted as guideline public companies for the valuation:

- a. The companies are principally engaged in manufacturing and selling lighting products;
- b. The major revenue of the companies is generated in Hong Kong, China or Japan;
- c. Shares of the companies are listing in a major stock exchange and have been actively trading for a reasonable period of time; and
- d. Detailed financial and operational information in respect of the companies are available at Bloomberg or other publicly available sources.

By studying the companies' operations in detail, 10 guideline public companies are adopted:

Guideline Public Company 1

Ticker:	002724 CH Equity
Name:	Ocean's King Lighting Science & Technology Company Limited
Exchange:	Shenzhen
Description:	Ocean's King Lighting Science & Technology Company Limited develops, manufactures, sells lighting equipment. The Company's main products include fixed lighting equipment, mobile lighting equipment and portable lighting equipment.

Guideline Public Company 2

Ticker:	603515 CH Equity
Name:	Oppl Lighting Co., Ltd.
Exchange:	Shanghai
Description:	Oppl Lighting Co., Ltd. manufactures lighting products. The Company designs, produces, and sells bulbs, lighting fixtures, LED, and other related items around the world.

Guideline Public Company 3

Ticker:	8118 HK Equity
Name:	Bortex Global Limited
Exchange:	Hong Kong
Description:	Bortex Global Limited manufactures lighting products. The Company produces and markets light-emitting diode decorations and luminaire lighting series. Bortex Global serves customers worldwide.

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Guideline Public Company 4

Ticker: 002983 CH Equity
Name: Anhui Coreach Technology Co., Ltd.
Exchange: Shenzhen
Description: Anhui Coreach Technology Co., Ltd. manufactures and distributes lighting fixtures. The Company produces household lighting, commercial lighting, industrial lighting, and other related products. Anhui Coreach Technology also produces light emitting semiconductor products.

Guideline Public Company 5

Ticker: 300889 CH Equity
Name: Shenzhen EXC-LED Technology Co., Ltd.
Exchange: Shenzhen
Description: Shenzhen EXC-LED Technology Co., Ltd. manufactures lighting equipment. The Company produces wall washer lightings, flood lightings, line lightings, special lamps, and other equipment. Shenzhen EXC-LED Technology markets its products throughout China.

Guideline Public Company 6

Ticker: 603679 CH Equity
Name: Sichuan Huati Lighting Technology Co., Ltd.
Exchange: Shanghai
Description: Sichuan Huati Lighting Technology Co., Ltd. manufactures and distributes lighting products. The Company produces outdoor lights, landscape lights, indoor lights, solar street lights, and other products. Sichuan Huati Lighting Technology also provides lighting program designing, project implementation, and other services.

Guideline Public Company 7

Ticker: 300625 CH Equity
Name: Guangdong PAK Corporation Co., Ltd.
Exchange: Shenzhen
Description: Guangdong PAK Corporation Co., Ltd. manufactures and distributes lighting products. The Company produces commercial, engineering, home, and outdoor lighting products, as well as provides lights designing, technical consulting, equipment installation, and other related services.

Guideline Public Company 8

Ticker: 8136 HK Equity
Name: IMS Group Holdings Limited
Exchange: Hong Kong
Description: IMS Group Holdings Limited operates as a lighting fixture products manufacturing company. The Company produces and sells light emitting diode lighting fixtures, electric lamp bulbs, and other products. IMS Group Holdings markets its products worldwide.

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Guideline Public Company 9

Ticker: 6932 JP Equity
Name: ENDO Lighting Corporation
Exchange: Tokyo
Description: ENDO Lighting Corporation manufactures and sells decorative lighting equipment for hotels, department stores, and restaurants. The Company specializes in stage lighting equipment. Endo Lighting expands into system storage furniture and also provides installation work.

Guideline Public Company 10

Ticker: 6924 JP Equity
Name: IWASAKI Electric Co., Ltd.
Exchange: Tokyo
Description: IWASAKI Electric Co., Ltd. manufactures illumination lamps including high intensity discharge, mercury, halogen, and fluorescent lamps. The Company also produces non-illumination products such as UV sterilization Systems and water purification system.

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Appendix III Sensitivity & Scenario Analysis

The result of sensitivity test is presented below based on the simulation of valuation in change of two key inputs, which are WACC and terminal growth rate, g.

Sensitivity Analysis on WACC & Terminal growth rate, g

WACC \ g	1.77%	2.27%	2.77%	3.27%	3.77%
9.46%	HKD 1,459,000,000	HKD 1,527,000,000	HKD 1,605,000,000	HKD 1,696,000,000	HKD 1,803,000,000
9.96%	HKD 1,339,000,000	HKD 1,396,000,000	HKD 1,461,000,000	HKD 1,535,000,000	HKD 1,621,000,000
10.46%	HKD 1,233,000,000	HKD 1,280,000,000	HKD 1,335,000,000	HKD 1,396,000,000	HKD 1,467,000,000
10.96%	HKD 1,138,000,000	HKD 1,178,000,000	HKD 1,224,000,000	HKD 1,275,000,000	HKD 1,334,000,000
11.46%	HKD 1,053,000,000	HKD 1,087,000,000	HKD 1,126,000,000	HKD 1,169,000,000	HKD 1,218,000,000
11.96%	HKD 976,000,000	HKD 1,006,000,000	HKD 1,038,000,000	HKD 1,075,000,000	HKD 1,116,000,000
12.46%	HKD 907,000,000	HKD 932,000,000	HKD 960,000,000	HKD 991,000,000	HKD 1,025,000,000

A scenario analysis is performed in addition to the base case. The optimistic and pessimistic scenarios differ from the base scenario in the assumptions of future revenue growth rates. The analysis results with assumptions are listed below:

Scenario	Fair Value
Optimistic	HKD 1,489,000,000
Base	HKD 1,224,000,000
Pessimistic	HKD 895,000,000

Revenue Growth Rate	Year One	Year Two	Year Three	Year Four	Year Five
Optimistic	6.37%	19.90%	11.75%	12.19%	7.38%
Base	1.39%	16.92%	10.00%	10.00%	5.05%
Pessimistic	-3.47%	7.66%	10.05%	10.69%	4.70%

If the turnover time of the working capital remains the same as of the Valuation Date, the valuation of the Target Group is HKD1,135,000,000.

APPENDIX G

IFA LETTER

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE INDEPENDENT DIRECTORS OF GP INDUSTRIES LIMITED

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Independent Directors (as defined herein)
GP Industries Limited
3 Fusionopolis Link
#06-11 Nexus @one-north
Singapore 138543

15 December 2022

THE PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN LIGHT ENGINE TECHNOLOGIES LIMITED BY XIC INNOVATION LIMITED (FORMERLY KNOWN AS LINKZ INDUSTRIES LIMITED), AN ASSOCIATED COMPANY, AS AN INTERESTED PERSON TRANSACTION

Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the Circular (as defined below).

1. INTRODUCTION

On 31 March 2022 (the “**Purchase Agreement Date**”), GP Industries Limited (the “**Company**”) announced that XIC Innovation Limited (formerly known as Linkz Industries Limited) (“**XIC**” or the “**Purchaser**”), a 38.13% owned associated company of the Company as at 31 March 2022, had on the same day entered into a sale and purchase agreement (the “**Purchase Agreement**”, and such sale and purchase, the “**Proposed Acquisition**”) on the Purchase Agreement Date 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**” or the “**Target Company**”, and such shares the “**Sale Shares**”). The consideration for the Proposed Acquisition (the “**Consideration**”) is HK\$1,100 million (or approximately S\$191.26 million), which will be satisfied by way of cash.

On 31 August 2022, the Purchaser, the Vendor, and the Warrantor entered into the amendment agreement (the “**Amendment Agreement**”) to extend the date on or before which such conditions precedent to the Proposed Acquisition (the “**Conditions**”) must be satisfied from 30 September 2022 (the “**Long Stop Date**”) to 31 October 2022 (the “**Extended Long Stop Date**”). On 31 October 2022, the Purchaser and the Vendor entered into the second amendment agreement (the “**Second Amendment Agreement**”) to extend the Extended Long Stop Date to 31 December 2022 (the “**Second Extended Long Stop Date**”).

It is noted from the circular dated 15 December 2022 (the “**Circular**”) issued by the Company to the registered holders (the “**Shareholders**”) of the ordinary shares in the capital of the Company (the “**Shares**”) that Mr Paul Lo is the legal and beneficial owner of the entire issued share capital of the Vendor. Mr Paul Lo is also the legal and beneficial owner of 59.82% of the issued share capital of the Purchaser as at the Purchase Agreement Date and 60.87% of the issued share capital of the Purchaser as at 8 December 2022 (the “**Latest Practicable Date**”). Mr Paul Lo is a brother of Mr

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Victor Lo Chung Wing (“**Mr Victor Lo**”), an Executive Director and the Chairman and Chief Executive Officer of the Company. The Purchaser is an associated company of the Company and is not listed on the SGX-ST or an approved exchange. The Company and Mr Paul Lo, an associate of Mr Victor Lo and an interested person, hold more than 50.0% 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 of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”). 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. 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.

We further note from the Circular that based on the audited consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 March 2021 (“**FY2021**”), being the latest available audited consolidated financial statements as at the Purchase Agreement Date, the Group’s audited net tangible assets (the “**NTA**”) is approximately S\$406.7 million. For the purposes of Chapter 9 of the Listing Manual, the value of the Proposed Acquisition is 38.13%, being the Group’s equity interest in XIC as at the Purchase Agreement Date, of the Consideration is approximately HK\$419.4 million (or approximately S\$72.9 million) (the “**IPT Value**”). The IPT Value amounts to approximately 17.9% of the latest audited consolidated NTA of the Group as at 31 March 2021, being the date of the latest available audited consolidated financial statements as at the Purchase Agreement Date. As the IPT Value represents more than 5.0% of the latest audited consolidated NTA of the Group as at the Purchase Agreement Date, the Proposed Acquisition is an interested person transaction (the “**Interested Person Transaction**” or the “**IPT**”) which requires the approval of independent Shareholders pursuant to Rule 906(1)(a) of the Listing Manual.

To comply with the requirements of Chapter 9 of the Listing Manual, Asian Corporate Advisors Pte. Ltd. (“**ACA**”) has been appointed as an independent financial adviser (the “**IFA**”) to provide opinion on whether the financial terms of the Proposed Acquisition as an IPT, are on normal commercial terms and are not prejudicial to the interests of the Company and minority Shareholders of the Company (the “**Minority Shareholders**”).

This letter (the “**Letter**” or the “**IFA Letter**”) has been prepared pursuant to Rule 921(4)(a) of the Listing Manual as well as for the use by the directors of the Company (the “**Directors**”) who are deemed independent (the “**Independent Directors**”), for the purposes of making a recommendation to Shareholders in respect of the Proposed Acquisition. We note from the Circular that the Independent Directors as at the Latest Practicable Date comprises Mr Lam Hin Lap, Mr Brian Li Yiu Cheung, Mr Waltery Law Wang Chak, Mr Lim Ah Doo, Mr Allan Choy Kam Wing, Mr Lim Jiew Keng, Mr Goh Boon Seong, Mr Timothy Tong Wai Cheung and Mr Christopher Lau Kwan.

This Letter sets out, *inter alia*, our views and evaluation of the Proposed Acquisition as an IPT which has been proposed as an ordinary resolution in the notice of the Extraordinary General Meeting (the “**EGM**”) of the Company as set out in the Circular to the Shareholders. Likewise, it contains our recommendations to the Independent Directors in relation to whether the Proposed Acquisition as an IPT is made on normal commercial terms and are not prejudicial to the interests of the Company and the Minority Shareholders.

This Letter is prepared for inclusion in the Circular in connection with, *inter alia*, the Proposed Acquisition as an IPT. For the purposes of this Letter, references to independent Shareholders (the “**Independent Shareholders**”) shall in the context of the Proposed Acquisition, mean Shareholders other than the interested persons and/or their associates as defined by the Listing Manual.

Unless otherwise defined or where the context otherwise requires, the definitions used in the Circular shall apply throughout this Letter. Certain figures and computations as enumerated or set out in this letter are based on approximations and its accuracy is subject to rounding.

2. TERMS OF REFERENCE

ACA has been appointed by the Company pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Independent Directors with respect to the Proposed Acquisition, being an IPT under Chapter 9 of the Listing Manual. We were neither a party to the negotiations entered into by the

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Company in relation to the Proposed Acquisition as an IPT, nor were we involved in the deliberation leading up to the decision on the part of the Directors to enter into the Proposed Acquisition. We do not, by this Letter or otherwise, advise or form any judgment on the merits of the transaction contemplated in the Circular for the Company and its subsidiaries (the “**Group**”) or the possibilities or feasibilities of the completion of the Proposed Acquisition or the timing on when the Proposed Acquisition can be completed or whether there are alternative transactions available other than to form an opinion, strictly and solely on the bases set out herein on whether the financial terms of the Proposed Acquisition as an IPT (pursuant to Rule 921(4)(a) of the Listing Manual) are on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

We have confined our evaluation strictly and solely on the financial terms for the Proposed Acquisition as an IPT and have not taken into account the legal, commercial, financial, operational, compliance, political or foreign exchange risks and/or merits (if any) of, or the timing for the Proposed Acquisition or Proposed Acquisition contemplated in the Circular including the structuring or inter-conditionality (if applicable) of the Proposed Acquisition as an IPT or the validity of any resolution or its feasibility. It is not within our scope to opine on the future financial performance or position of the Company or the Group or the Target Company or the possible change in risk profile and returns subsequent to the Proposed Acquisition or the possibility or probability that the Group or the Target Company can improve their profitability or that the anticipated benefits from the Proposed Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Acquisition or the viability, profitability and risks of the Proposed Acquisition or the profitability and risks related to Light Engine’s business operations.

In addition, our scope does not require us to opine on the ability of the Group or Light Engine and its subsidiaries (the “**Light Engine Group**” or the “**Target Group**”) to service its borrowings (both principal and interest payment) when it falls due or the adequacy of the working capital or the future financial performance or position of the Company, the Group or the Light Engine Group subsequent to the Proposed Acquisition as an IPT or the possibility or probability that the Group can improve their profitability or that the anticipated benefits from the Proposed Acquisition can be realised (as the case may be). Such evaluation or comment remains the responsibility of the Directors and management (the “**Management**”) of the Company or where applicable the directors of the Target Company (the “**Target Directors**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

In the course of our evaluation, we have held discussions with certain Executive Directors of the Company (the “**Executive Directors**”) and Management as well as, where applicable, the Target Directors on, *inter alia*, their assessment of the rationale for the Proposed Acquisition as an IPT, and have examined publicly available information collated by us including the financial statements (audited or unaudited) as well as information including material information or developments pertaining to the Company, the Group or Light Engine or the Light Engine Group where applicable (both written and verbal), provided to us by the Executive Directors and Management or where applicable, the Target Directors, and professional advisers of the Company, including its consultants or advisers or solicitors or auditors. We have not independently verified such information but have made reasonable enquiries and exercised our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations.

We have relied upon the assurance of the Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular as well as their announcements for the financial results have been reasonably made after due and careful enquiry. Likewise, we have relied upon the assurance that all statements of fact, belief, opinion and intention made by the Target Directors, to the best of their knowledge and beliefs have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

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Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after financial period for 6 months ended 30 September 2022 (the “6M2023”) for the Group and the financial period for 6 months ended 30 June 2022 (the “6M2022”) for the Light Engine Group. The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Group or the Light Engine Group or the enlarged group after completion of the Proposed Acquisition (the “Enlarged Group”). Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group or the Light Engine Group or the Enlarged Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or voting for or voting against the Proposed Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Group or the Light Engine Group or the Enlarged Group or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Group or the Light Engine Group or the Proposed Acquisition as IPTs, if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, include general as well as company specific or industry specific conditions or sentiments or factors. Independent Directors (as well as Independent Shareholders who would be receiving the Circular and this Letter enclosed with the Circular) should note that our evaluation is based solely on publicly available and other information provided by the Company and the Directors and, where applicable, the Target Directors, as well as those disclosed in the Circular, the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the relevant financial period or financial year end for the Company or the Group or the Light Engine Group or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the Proposed Acquisition as an IPT and our recommendation or opinion or views. Likewise, this Letter outlines some of the matters or bases or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment.

The Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading, and where the circular contains a profit forecast (where applicable), the Directors are satisfied that the profit forecast has been stated after due and careful enquiry. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

The Executive Directors have, to their best knowledge, confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Company or the Group or the Light Engine Group or the Enlarged Group or the Proposed Acquisition stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Proposed Acquisition has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no

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responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities and the Light Engine Group's assets and liabilities (including without limitation, property, plant and equipment, investment property, and intangible assets) or contracts entered into by the Group or the Light Engine Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or the Light Engine Group save for the following valuation reports:-

- (i) The valuation report dated 21 March 2022 (the "**Relevant Land and Building Valuation Report**") issued by Cushman & Wakefield Limited ("**CWL**") in respect of the market value of relevant land and building located at No. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the People's Republic of China (the "**PRC**") owned by the Light Engine Group (the "**Relevant Land and Building**") as at 31 December 2021 (the "**Valuation Date**");
- (ii) The valuation report dated 21 March 2022 (the "**Relevant Intangible Assets Valuation Report**") issued by CWL in respect of the fair value of certain intangible assets such as patents and trademarks owned by the Light Engine Group (the "**Relevant Intangible Assets**") as at the Valuation Date;
- (iii) The business valuation report dated 21 March 2022 (the "**CWL Business Valuation Report**") issued by CWL in respect of the market value of 100% equity interest in Light Engine as at the Valuation Date; and
- (iv) The business valuation report dated 8 December 2022 issued by Ascent Partners Valuation Service Limited ("**APVSL**") in respect of the fair value of 100% equity interest in Light Engine (the "**APVSL Business Valuation Report**") as at 30 June 2022 (the "**APVSL Valuation Date**")

With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities (including without limitation, property, plant and equipment, investment properties, and intangible assets) including, *inter alia*, the contracts or agreements that the Group or the Light Engine Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and/or the Target Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that, the values of the assets and liabilities as well as the financial performance or condition of the Group as reflected in the audited financial statements for the Group as at 31 March 2022 and the unaudited financial statements for the Group as at 30 September 2022 are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the audited financial statements for the financial year ended 31 March 2022 ("**FY2022**") and the unaudited financial statements for 6M2023 for the Group to be false or misleading in any material aspect having regard to the purpose for which they were drawn up. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact relating to, *inter alia*, the valuation or appraisal of assets and liabilities including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon, the omission of which would render those statements or information or our analysis for which it is based on to be untrue, inaccurate, incomplete or misleading. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Target Directors are of the opinion that to the best of their knowledge and beliefs, save for the Relevant Land and Building and the Relevant Intangible Assets, the values of the assets and liabilities as well as the financial performance or condition or position of the Light Engine Group as reflected in the audited financial statements for the financial year ended 31 December 2021 (the "**TFY2021**") and the unaudited financial statements for T6M2022 are true and fair in any material aspect. In addition, the Target Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact relating to, *inter alia*, the valuation or appraisal of assets and liabilities including, *inter alia*, the

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contracts that the Light Engine Group has embarked upon or are about to embark upon, the omission of which would render those statements or information to be untrue, inaccurate, incomplete or misleading in any material aspect. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the audited financial statements for the Group for FY2022, the unaudited financial statements for the Group for 6M2023 and the Company's announcements on the SGXNET, there have been no material changes to the Group's assets and liabilities, financial position, condition and performance. The Target Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the audited financial statements for the Light Engine Group for TFY2021, and the unaudited financial statements for the Light Engine Group for T6M2022, there have been no material changes to the Light Engine Group's assets and liabilities, financial position, condition and performance.

In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Independent Shareholder. As different Independent Shareholders would have different investment profiles and objectives, we would advise the Independent Directors to recommend that any individual Independent Shareholder who may require advice in the context of his specific investment portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter on the Proposed Acquisition as an IPT or the Company or the Group or the Light Engine Group or the Shares which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Independent Directors, and as such the Independent Directors are advised to highlight to Independent Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views on the Proposed Acquisition as an IPT or its recommendation, following the date of the issue of this Letter.

This Letter is prepared pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Independent Directors in connection with and for the purpose of their evaluation of the financial terms of the Proposed Acquisition as an IPT. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor Shareholders, may reproduce, disseminate or quote from this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed Acquisition as an IPT and/or at the forthcoming EGM. In addition, any references to our Letter or opinion or views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors and bases as well as our terms of reference for this Letter.

3. THE PROPOSED ACQUISITION

3.1. Principal Terms of the Proposed Acquisition

The principal terms of the Proposed Acquisition can be found in Section 6 of the Circular. A summary of the principal terms of the Proposed Acquisition is presented in this Letter. The principal terms of the Proposed Acquisition have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

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“6. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

6.1 The Proposed Acquisition. Pursuant to the terms of the Purchase Agreement, the Vendor shall as legal and beneficial owner transfer 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 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**”).

6.2 Conditions. Pursuant to the terms of the Purchase Agreement, Completion is subject to and conditional upon the following conditions (“**Conditions**”) being satisfied on or before 31 December 2022 (the “**Second Extended 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 CWL 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 the 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.

As at the Latest Practicable Date:

- (a) In respect of the Condition set out in **paragraph 6.2(i)**, the approval of the shareholders and the board of directors of the Purchaser were both obtained on 31 March 2022.
- (b) In respect of the Condition set out in **paragraph 6.2(ii)**, the approval of the shareholders and the board of directors of the Vendor were both obtained on 31 March 2022.
- (c) In respect of the Condition set out in **paragraph 6.2(iii)**, the CWL Valuation Reports were delivered to the Purchaser on 30 March 2022.
- (d) In respect of the Condition set out in **paragraph 6.2(v)**, the legal and financial due diligence has been completed to the satisfaction of the Purchaser on 30 June 2022.

Accordingly, as at the Latest Practicable Date, the Conditions set out in **paragraphs 6.2(i), 6.2(ii), 6.2(iii) and 6.2(v)** have been satisfied.

6.3 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

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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 6.3** 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 30 Business Days after the Second Extended 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.

6.4 Consideration for the Proposed Acquisition. The Consideration for the Proposed Acquisition is HK\$1,100.0 million (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:

- (i) the rationale for the Proposed Acquisition;
- (ii) the Revalued Net Asset Value of the Light Engine Group as at 31 December 2021 based on the Relevant Intangible Assets Valuation Report and the Relevant Land and Building Valuation Report; and
- (iii) the market value of the 100 per cent. equity interest of the Light Engine Group as at 31 December 2021 based on the CWL Business Valuation Report.

Payment of the Consideration will be satisfied by the Purchaser in (i) cash, (ii) by telegraphic transfer or (iii) other methods as agreed by the Vendor as follows:

- (i) HK\$550.0 million (approximately S\$95.63 million), being 50.0 per cent. of the Consideration, to be paid upon execution of the Purchase Agreement (the "**Deposit**"); and
- (ii) HK\$550.0 million (approximately S\$95.63 million), being the remaining 50.0 per cent. of the Consideration, to be paid within 10 Business Days from the date of Completion.

The Sale Shares will be transferred to the Purchaser on Completion. In the event Completion does not take place in accordance with **paragraph 6.3(i)**, or the Purchase Agreement is terminated in accordance with **paragraph 6.3(iii)**, the Vendor shall refund the Deposit to the Purchaser within 10 Business Days after termination of the Purchase Agreement.

The Consideration will be funded by the Purchaser using the proceeds from the disposal of its entire holding of 1,175,070,000 shares in the issued capital of Time Interconnect Technology as mentioned in **paragraph 4.2** above, and the internal working capital of the XIC Group.

6.5 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

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the Completion Date, the Vendor and the Warrantor will not, and will ensure that any of their respective Affiliates 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 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.*

6.6 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 Second Extended 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 6.3(iii)** above, then all rights and obligations of the Purchaser, the Vendor and the Warrantor will cease immediately upon termination.*

6.7 Due Diligence. *As the Purchaser is an associated company of the Company, the Company was not directly involved in any due diligence on the Vendor and the Light Engine Group.”*

3.2. Proposed Acquisition as an IPT

It is noted from the Circular that Mr Paul Lo is the legal and beneficial owner of the entire issued share capital of the Vendor. Mr Pau Lo is also the legal and beneficial owner of 59.82% of the issued share capital of the Purchaser as at the Purchase Agreement Date and 60.87% of the issued share capital of the Purchaser as at the Latest Practicable Date. Mr Paul Lo is also a brother of Mr Victor Lo, the Executive Director and the Chairman and Chief Executive Officer of the Company. The Purchaser is an associated company of the Company and is not listed on the SGX-ST or an approved exchange. The Company and Mr Paul Lo, an associate of Mr Victor Lo and an interested person, hold more than 50.0% 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. 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. 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.

Based on the audited consolidated financial statements of the Group for FY2021 (being the latest available audited consolidated financial statements as at the Purchase Agreement Date), the Group’s audited NTA is approximately S\$406.7 million. The IPT value of the Proposed Acquisition is 38.13%, being the Group’s equity interest in XIC as at the Purchase Agreement Date, of the Consideration is approximately HK\$419.4 million (or approximately S\$72.9 million). The IPT Value amounts to approximately 17.9% of the latest audited consolidated NTA of the Group as at 31 March 2021, being the date of the latest available audited consolidated financial statements as at the

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Purchase Agreement Date. As the IPT Value represents more than 5.0% of the latest audited consolidated NTA of the Group as at the Purchase Agreement Date, the Proposed Acquisition is an IPT which requires the approval of Shareholders pursuant to Rule 906(1)(a) of the Listing Manual. Accordingly, the Company is convening the EGM to seek Independent Shareholders' approval for the Proposed Acquisition.

4. INFORMATION ON THE LIGHT ENGINE GROUP, THE VENDOR AND THE PURCHASER

Information on the Light Engine Group, the Vendor and the Purchaser can be found in Sections 2, 3 and 4 of the Circular respectively.

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5. EVALUATION OF THE PROPOSED ACQUISITION AS AN IPT

In assessing the financial terms of the Proposed Acquisition as an IPT, we have taken into account the following pertinent factors as well as others in this Letter, which we consider will have a significant bearing on our assessment:

- (i) Rationale for the Proposed Acquisition.
- (ii) Financial performance and position of the Group.
- (iii) Financial performance and position of the Light Engine Group.
- (iv) NAV (defined later) and NTA of the Light Engine Group.
- (v) Relative valuation analysis.
- (vi) Analysis of selected comparable transactions.
- (vii) Other considerations which have significant bearing on our assessment.

These factors are discussed in detailed in the ensuing sections.

In our assessment of the Proposed Acquisition as an IPT, we have applied certain valuation ratios and a brief description of such valuation ratios are as follows:-

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- (i) **EV/EBITDA** **“EV”** or **“Enterprise Value”** is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. **“EBITDA”** stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures’ income but excluding exceptional items.
- The **“EV/EBITDA”** multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
- (ii) **Price-to-Earnings (“PER”)** The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company’s shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.
- (iii) **Price-to-NTA (“P/NTA”)** The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value.
- The net tangible assets (the **“NTA”**) of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.
- (iv) **Price-to-NAV (“P/NAV”)** The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value.
- The net assets value (the **“NAV”**) of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

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5.1. Rationale for the Proposed Acquisition

The rationale for the Proposed Acquisition has been extracted from Section 5 of the Circular and is set out in italics below. We recommend that the Independent Directors advise Independent Shareholders to read this paragraph of the Circular carefully. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise stated.

In considering the rationale of the Proposed Acquisition set out above, we have taken into account the following factors:

“5. RATIONALE AND BENEFIT

5.1 Rationale and Benefit of the Proposed Acquisition. *Following the completion of the disposal of its entire holding of 1,175,070,000 shares in the issued capital of Time Interconnect Technology as mentioned in **paragraph 4.2** above, the remaining business of XIC and its subsidiaries (the “XIC Group”) will comprise the LED Display Business, which is relatively insignificant and therefore the XIC Group is expected to contribute less profit to the Group. The management of XIC considered it necessary to develop other business to replace the loss of substantial recurring income generated from Time Interconnect Technology. Such new business should meet, among others, the following criteria: (i) substantial synergies with the remaining LED Display Business of XIC; (ii) stable and consistent profit contribution; and (iii) XIC has the knowhow to run the new business. The management of XIC identified Light Engine as an investment opportunity which meets the afore-mentioned criteria and initiated the discussion for the Proposed Acquisition.*

The Proposed Acquisition will enable XIC to invest in a business which has been established for more than 15 years with solid market recognition, business track records, cutting edge LED lighting technologies, and synergy with the LED Display Business. The common management and proximity of manufacturing facilities of the LED Display Business and the Light Engine Group in PRC is also expected to improve the management efficiency of the XIC Group.

5.2 Opinion of the Directors. *The Directors have duly considered the rationale and benefits of the Proposed Acquisition as presented by the management of XIC and Light Engine. Save for Mr Victor Lo and Ms Grace Lo Kit Yee (“Ms Grace Lo”) who are considered interested persons in relation to the Proposed Acquisition as discussed under **paragraph 10.1** and both of whom have hence refrained from making any recommendation on the Proposed Acquisition, the Directors agree that the Proposed Acquisition is in the best interests of the Company and the Shareholders.”*

Based on the representation of the directors of XIC (the “XIC Directors”) and the Target Directors, to the best of the Executive Directors’ knowledge and belief, the main competitive advantages of the Light Engine Group are:-

- (i) Expertise in light-emitting diode (the “LED”) technology;
- (ii) Power Supply Unit (the “PSU”) design capability; and
- (iii) Having a fully accredited international standard laboratory.

In addition, the Executive Directors concur with the view of the XIC Directors and the Target Directors that the Proposed Acquisition may result in the following synergies between XIC and Light Engine:-

- (i) Share of manufacturing and testing facilities provides better service to the customers;
- (ii) PSU design capability of Light Engine may help XIC to design its customized power products;
- (iii) Colour mixing management and dimming control technology of XIC will be an asset to the Light Engine Group in product design;

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- (iv) The expertise of XIC in module design can help the Light Engine Group to design super power lighting fixture;
- (v) Better supply chain management and operational cost effectiveness will be achieved; and
- (vi) The expertise of XIC in control system protocol can help the Light Engine Group to develop more advance smart products.

It is also worth mentioning that XIC and the Light Engine Group have areas of similarities and differences in their business models that will be complementary to each other. While both companies have expertise in the application of LED technology, XIC focuses on low power, high density and fine pitch bonding for display screens while Light Engine focuses on the application of mid and high power LED technology for grow lighting and general lighting products. The next factor is related to design. While both companies have common aspects in terms of mechanical, thermal, photometry or optical and reliability test design, it is in electronics design that both companies have some differences. XIC will focus more on the digital and signal processing for display board whilst the Light Engine Group will focus more on the analogue technology in power driver. Last of all, the markets that both companies have a presence in are different. While XIC targets the information display and entertainment market, the Light Engine Group targets the horticulture, smart IoT and general lighting markets.

In view of the above, the Directors are of the view that the Proposed Acquisition will be beneficial to XIC.

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5.2. Financial performance and position of the Group

The following are extracts from the audited consolidated financial statements of the Group for FY2021 and FY2022, as well as the unaudited consolidated financial statements of the Group for the 6 months period ended 30 September 2021 ("6M2022") and 6M2023.

Summary of consolidated income statements

Figures in S\$'000 ⁽¹⁾	Unaudited 6M2023	Unaudited 6M2022	Audited FY2022	Audited FY2021
Revenue ⁽²⁾	595,499	618,955	1,222,749	1,148,508
Cost of sales ⁽²⁾	(443,882)	(457,546)	(905,484)	(838,154)
Other income ⁽²⁾	39,399	8,023	48,678	19,089
Distribution costs ⁽²⁾	(72,985)	(71,464)	(154,692)	(144,222)
Administrative expenses ⁽²⁾	(80,410)	(74,273)	(148,699)	(130,068)
Finance costs ⁽²⁾	(12,407)	(9,521)	(19,332)	(19,353)
Other expenses ⁽²⁾⁽³⁾	(9,892)	(4,647)	(41,605)	(23,571)
Share of results of associates ⁽²⁾	8,482	11,921	49,546	42,474
Profit before taxation ⁽²⁾	23,804	21,448	51,161	54,703
Profit after taxation ⁽²⁾	20,419	17,213	44,423	41,035
Profit after tax attributable to equity holders of the Company	17,068	11,713	35,261	31,720

Summary of consolidated statements of financial position

Figures in S\$'000 ⁽¹⁾	Unaudited 6M2023	Audited FY2022	Audited FY2021
Non-current assets	771,930	789,097	774,941
Current assets	742,057	737,769	726,434
Non-current liabilities	189,096	152,310	212,090
Current liabilities	763,098	806,948	778,910
Total borrowings ⁽⁴⁾	617,673	614,379	606,402
Shareholders' equity	466,241	467,560	419,230
Net current liabilities ⁽⁵⁾	(21,041)	(69,179)	(52,476)

Summary of consolidated statements of cash flows

Figures in S\$'000 ⁽¹⁾	Unaudited 6M2023	Unaudited 6M2022	Audited FY2022	Audited FY2021
Net cash generated/(used in) from operating activities	7,636	(39,900)	(19,414)	12,356
Net cash (used in)/generated from investing activities	(37,365)	(241)	(6,989)	(28,346)
Net cash (used in)/generated from financing activities	(15,156)	(25,260)	(21,976)	19,788
Net increase/(decrease) in cash and cash equivalents	29,845	(65,401)	(48,379)	3,798
Cash and cash equivalents at end of financial period/year	206,544	165,185	188,263	226,067

Notes:

- (1) The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.
- (2) The figures relate to continuing operation.
- (3) Other expenses comprised allowance for/(write back) of expected credit losses and other operating expenses.
- (4) The total borrowings include bank and other loans and lease liabilities.
- (5) Net current liabilities are defined as current assets less current liabilities.

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The following should be reviewed in conjunction with the tables and notes above:-

(i) Financial performance for FY2021 and FY2022

The Group's core business is the development, manufacturing and marketing of batteries and battery-related products ("**Batteries Business**"), which contributed approximately 76% of the total Group's revenue for FY2022. The remaining business segments include (a) the development, manufacturing and marketing of electronics and acoustics products ("**E&A Business**"); (b) the manufacture of automotive wire harness products ("**AWH Business**"); and (c) other industrial investments ("**Industrial Investments**"), comprises mainly the Group's associates, Meiloon Industrial Co., Ltd and XIC. The Group completed the disposal of subsidiaries within the AWH Business in August 2021.

In terms of geographical segments, China has been the largest market for the Group, contributing approximately 40% and 39% of total revenue for FY2021 and FY2022 respectively. For the overseas market, United States of America ("**USA**") has been the main revenue contributor, contributing approximately 20% and 22% in FY2021 and FY2022 respectively. The remaining revenue contribution comes from other ASEAN countries like Singapore as well as other foreign countries such as Germany, Netherlands, Russia, United Kingdom and South America.

The Group's revenue increased from approximately S\$1,148.5 million in FY2021 to approximately S\$1,222.7 million in FY2022. The increase in revenue for FY2022 was attributed to higher revenue in the E&A Business, which increased by approximately 38.9% to approximately S\$281.8 million in FY2022 with strong growth in both the professional audio manufacturing business and the branded acoustics business. Meanwhile, the revenue of the Batteries Business for FY2022 was S\$940.9 million, a decrease of 0.5% when compared to FY2021.

The Group recorded gross profit of approximately S\$310.4 million and S\$317.3 million with corresponding gross profit margin of approximately 27.0% and 25.9% in FY2021 and FY2022 respectively. The increase in gross profit for FY2022 was due to higher revenue brought about by the E&A Business, which offset the decline in revenue from the Batteries Business. However, the gross profit margin for FY2022 decreased due to significant increase in material costs across a wide range of raw materials and components during FY2022. This was partially mitigated by increments in selling price to customers, improvements in sales mix and increase in sales of KEF's acoustics systems.

The Group recorded other income of approximately S\$19.1 million and S\$48.7 million for FY2021 and FY2022 respectively. The increase in the Group's other income of approximately S\$29.6 million in FY2022 was largely due to write-back of excess provisions made for restructuring of the E&A Business relating to its factory relocation, as well as the disposal gain and compensation income associated with the Batteries Business.

The Group's total expenses (comprising distribution costs, administrative expenses and other expenses) amounted to approximately S\$297.9 million and S\$345.0 million in FY2021 and FY2022 respectively. The increase in the Group's total expenses for FY2022 was due to the higher expenses recorded in general, especially administrative, other expenses, and distribution costs, which increased by approximately S\$18.6 million, S\$18.0 million, and S\$10.5 million respectively. The increase in administrative expenses was attributed mainly to reduction in COVID-19 grants, which resulted in higher staff costs and depreciation of new facilities which became operational in FY2022 as compared to FY2021. The increase in other expenses was due to the impairment of the Group's operations in Russia as well as the costs associated with relocating the factories of the Batteries business from Huizhou to Dongguan, which were partially offset by a decline in exchange losses and other impairment charges.

The Group recorded net profit attributable to equity holders of the Company of approximately S\$31.7 million and S\$35.3 million in FY2021 and FY2022 respectively.

(ii) Financial performance for 6M2022 and 6M2023

The Group's revenue decreased from approximately S\$619.0 million in 6M2022 to approximately S\$595.5 million in 6M2023. The decrease in revenue for 6M2023 was mainly attributed to lower

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revenue in the Batteries Business, which declined by approximately 4.7% to approximately S\$464.6 million in 6M2023 with decreased sales from both the primary batteries and rechargeable batteries business. Meanwhile, the revenue of the E&A business for 6M2023 was S\$130.9 million, a decrease of 0.4% when compared to 6M2022.

The Group recorded gross profit of approximately S\$161.4 million and S\$151.6 million with corresponding gross profit margin of approximately 26.1% and 25.5% in 6M2022 and 6M2023 respectively. The decrease in gross profit for 6M2023 was due to reduced sales volume coupled with increase in material costs and overheads. This was partially mitigated by increment in selling price of certain products.

The Group recorded other income of approximately S\$8.0 million and S\$39.4 million for 6M2022 and 6M2023 respectively. The increase in the Group's other income of approximately S\$29.4 million in 6M2023 was largely due to aggregated gains on disposal of approximately S\$23.0 million from the Batteries Business, and a foreign currency exchange gain of approximately S\$8.4 million.

The Group's total expenses amounted to approximately S\$150.4 million and S\$163.3 million in 6M2022 and 6M2023 respectively. The increase in the Group's total expenses for 6M2023 was due to the higher expenses recorded in general. The increase in administrative expenses in 6M2023 was mainly attributed to higher depreciation charge from the new factory in Ningbo which started operation, higher staff costs, and higher rental charges. The increase in other expenses was mainly due to the S\$3.3 million cumulative translation deficit expense charged upon the de-registration of a subsidiary of the Batteries Business, and a S\$3.0 million reduction to the estimated compensation receivable from disposing the old factory of GP Electronics(Huizhou) Co., Ltd. during FY2020. The increase in distribution costs was mainly due to an increase in advertising and promotion costs, which was partially offset by a global decline in shipping cost.

The Group recorded finance costs of approximately S\$9.5 million and S\$12.4 million in 6M2022 and 6M2023 respectively. The increase in the Group's finance costs by approximately S\$2.9 million (or approximately 30.3%) for 6M2023 was mainly due to a rapid increase in interest rates.

The Group recorded net profit attributable to equity holders of the Company of approximately S\$11.7 million and S\$17.1 million in 6M2022 and 6M2023 respectively.

(iii) Assets and liabilities

As at 30 September 2022, the Group's total assets amounted to approximately S\$1,514.0 million, comprising current assets of approximately S\$742.1 million (or approximately 49.0% of the total assets) and non-current assets of approximately S\$771.9 million (or approximately 51.0% of the total assets).

The main constituents of the Group's non-current assets as at 30 September 2022 are property, plant and equipment ("PPE") of approximately S\$406.5 million and interest in associates of approximately S\$293.2 million.

Current assets as at 30 September 2022 comprised largely receivables and prepayments of approximately S\$284.3 million, inventories of approximately S\$243.1 million, as well as cash and cash equivalents of approximately S\$206.7 million, and the balance of approximately S\$8.0 million comprised tax recoverable, dividend receivable and short-term investments.

As at 30 September 2022, the Group's total liabilities amounted to approximately S\$952.2 million and consisted of current liabilities of approximately S\$763.1 million (or approximately 80.1% of the total liabilities) and non-current liabilities of approximately S\$189.1 million (or approximately 19.9% of the total liabilities).

Non-current liabilities comprised of non-current portion of loans of approximately S\$144.4 million, non-current portion of lease liabilities of approximately S\$36.9 million, and deferred tax liabilities of approximately S\$7.8 million.

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Current liabilities comprised mainly current portion of loans of approximately S\$425.6 million, trade and other payables of approximately S\$298.4 million, and the balance of approximately S\$39.1 million comprised provision for restructuring, current portion of lease liabilities, derivatives, contract liabilities and current tax liabilities.

(iv) Net current liabilities

The Group was in net current liabilities position of approximately S\$52.5 million and S\$69.2 million as at the end of FY2021 and FY2022 respectively. The net current liabilities position of the Group arose mainly due to the current portion of the long-term bank loans and the lease liabilities which are due to mature in the next 12 months. The Group's net current liabilities position was also due to short-term borrowing and cash used to fund capital expenditure by subsidiaries as the cost of funds for long-term borrowing is higher. It is noted that the current portion of the long-term bank loans, the lease liabilities which are due to mature in the next 12 months, and the short-term borrowings amounted to approximately S\$421.7 million and S\$472.9 million as at the end of FY2021 and FY2022 respectively. We understand from the Directors and the Management that the net current liabilities position at 31 March 2021 and 31 March 2022 was primarily due to the Group's strategy to consolidate some of the older factories into new highly automated mega factories and to rebalance the Group's manufacturing capacity in Asia, which has led to a period of higher investments or capital expenditures in property, plant and equipment in the past few years. From 1 April 2017 to 31 March 2022, the Group's capital expenditures amounted to approximately S\$363.0 million in aggregate. These investments were funded primarily by the Group's internal resources, including cash and short-term banking facilities.

There was an improvement in the net current liability position of the Group from approximately S\$69.2 million as at the end of FY2022 to approximately S\$21.0 million as at 6M2023, mainly due to the drawdown of a term loan amounting to S\$70.0 million during 6M2023, which reduced the adverse effect of funding part of the capital expenditure incurred in recent years with cash and short-term borrowings.

The Directors and the Management are of the opinion that, save for the payment of costs to be incurred in seeking approval of the Proposed Acquisition by the Shareholders, the Proposed Acquisition will not have any effect on the working capital of the Group after the Proposed Acquisition.

(v) Shareholders' equity

Shareholders' equity of the Group attributable to the Shareholders increased from approximately S\$419.2 million as at 31 March 2021 to approximately S\$467.6 million as at 31 March 2022. This is largely due to the net profits recorded during the period reviewed. Subsequently, the shareholders' equity of the Group decreased slightly to approximately S\$466.2 million as at 30 September 2022 due to the distribution of dividends and loss in exchange translation reserve amounting to approximately S\$9.7 million and S\$8.4 million respectively, which offset the net profits recorded during the period reviewed.

(vi) Net cash flow from operating activities

The Group generated positive net cash flow from operating activities for FY2021 and 6M2023 of approximately S\$12.4 million and S\$7.6 million respectively. However, the net cash used in operating activities was approximately S\$39.9 million and S\$19.4 million for 6M2022 and FY2022 respectively. The deficit arose as a result of cash being used to fund an increase in working capital.

The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Group's unaudited financial statements for 6M2023 and the audited financial statements for FY2022, and the Company's announcements on the SGXNET, there have been no material changes to the Group's assets and liabilities, financial position, condition and performance.

(vii) Outlook

In the Group's results announcement for 6M2023 (Section A entitled "Business Review and Outlook"), the Company stated the following commentary on the significant trends and competitive conditions of

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the industry in which the Group operates and factors or events that may affect the Group in the next reporting period and the next 12 months:

“Business activities started to increase when more countries re-open from COVID-19 lockdowns as the pandemic started to subside. However, consumers in developed countries also started to refocus their demand on services such as holidays and dining out. Rapidly rising inflation and repeated interest rate hikes during 1HFY2023 may also adversely affect consumer spending on manufactured goods. Nevertheless, demands for the Group’s battery products may gradually increase when the major overseas private label customers start to rebuild their inventories.

Rapidly rising interest rates are expected to significantly increase the Group’s finance costs. Where appropriate, the Group may fund some of its future expansions by equity financing instead of by bank borrowings in order to reduce the Group’s borrowing level.

Recent strengthening of the US dollar against the Chinese Renminbi, if it continues, may reduce some of the Group’s cost pressure and allow more flexibility for the Group to price its products and optimise its capacity utilisation.

The Batteries Business will continue to be affected by volatile raw material prices and shipping challenges. However, when the project to rebalance its manufacturing capabilities is completed in FY2023, the business is expected to improve with reduced redundant operations and better economies of scale in FY2024.

With a strong product program and aggressive sales expansion, demands for the Group’s KEF consumer speakers, Celestion professional speaker drivers and professional audio manufacturing businesses are expected to continue growing.

Disruption to global shipping services is improving but shortages of electronic components are expected to continue posing challenges to the Group in optimising its inventory levels.

*On 28 December 2021, the Company announced the proposed distribution in-specie of the rechargeable batteries manufacturing business (the “**Proposed Distribution**”). The Proposed Distribution is conditional, inter alia, on the completion of the restructuring of the rechargeable batteries manufacturing business, which is still in progress. The Company will make further announcement to update the shareholders on the Proposed Distribution.”*

In addition, we also note the following statement on the outlook was made by the Company in pages 8 and 9 of the Annual Report for FY2022.

“Outlook

The shortage and cost increases for a wide spectrum of materials and components plus record-high global shipping costs are expected to continue to affect the Group’s business well into FY2023. The management is closely managing the Group’s inventory level and working capital requirements to mitigate their impacts. Record high inflation and rising interest rates in key global economies may also affect consumer demand and further increase the Group’s finance costs.

Gold Peak Industries (Holdings) Limited, the Hong Kong-listed company that holds the majority stake of GP Industries Limited, has recently changed its name to Gold Peak Technology Group Limited to reflect its increased focus on the development of new rechargeable battery technology and related B2B battery business. GP Industries will continue to focus on consumer business with its consumer Batteries Business and Electronics and Acoustics Business. We believe this new strategy will enable both listed companies to better focus their resources and expertise.

The new KEF premium active wireless music systems received very strong response from the market. The success was the result of our extensive investments in acoustic technology innovation and product innovation driven by our aspiration to make high-fidelity sound accessible to all music lovers.

We are also investing into the development of new materials to improve the performance of our battery products. During the year, we launched the Recyko Charge 10, the world’s fastest Nickel

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Metal Hydride rechargeable battery system, and the new Recyko Pro, the world's fastest photo-flash battery. We will continue to invest into technology and product innovation to provide better sound and portable power solutions for consumers in the effort to maintain our leadership position in the market.

Sustainability remains one of our top priorities. Apart from moving towards greener operations such as "Zero Waste to Landfill" for our battery manufacturing plants, we are walking extra miles to reduce waste for our consumers. The Group is moving into using plastic-free battery packaging and recyclable materials. Our effort in producing more efficient and convenient rechargeable battery systems is an important initiative to promote reusable batteries. One Recyko rechargeable battery could replace up to a thousand single-use batteries. We will continue to embed sustainability in our corporate DNA and strive to contribute towards a greener tomorrow."

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5.3. Financial performance and position of the Light Engine Group

The following are extracts of the unaudited consolidated financial statements of the Light Engine Group for T6M2022, and T6M2021, as well as the audited consolidated financial statements of the Light Engine Group for TFY2021, TFY2020 and TFY2019.

Summary of consolidated income statements

Figures in HK\$'000 ⁽¹⁾	Unaudited T6M2022	Unaudited T6M2021	Audited TFY2021	Audited TFY2020	Audited TFY2019
Revenue	594,190	555,759	1,277,434	1,060,916	1,143,373
Cost of sales	(452,376)	(432,936)	(1,003,539)	(790,775)	(870,131)
Gross profit	141,814	122,823	273,895	270,142	273,242
Other income	3,778	5,113	5,505	6,727	4,182
Selling and distribution expenses	(10,173)	(10,127)	(21,673)	(16,801)	(14,830)
General and administrative expenses	(50,863)	(46,914)	(96,104)	(77,128)	(84,027)
Finance costs	(13,572)	(16,745)	(33,398)	(44,525)	(52,061)
Research and development expenses	(13,382)	(11,327)	(24,752)	(22,083)	(27,474)
Other gains and losses ⁽²⁾	(2,899)	(1,467)	(2,322)	(5,308)	(9,041)
Share of results of an associate	-	-	1	(19)	-
Profit before tax	54,703	41,356	101,153	111,006	89,991
Profit after tax	41,739	31,845	76,301	85,097	68,978
Profit after tax attributable to owners of the company	41,207	31,515	75,379	84,315	67,816

Summary of consolidated statements of financial position

Figures in HK\$'000 ⁽¹⁾	Unaudited T6M2022	Audited TFY2021	Audited TFY2020	Audited TFY2019
Non-current assets	784,087	847,548	939,519	857,470
Current assets	1,079,357	1,434,536	1,177,396	919,569
Non-current liabilities	36,264	49,628	157,004	212,597
Current liabilities	941,331	1,369,356	1,189,799	896,934
Total borrowings ⁽³⁾	742,051	1,082,365	1,164,480	910,543
Shareholders' equity	872,003	849,785	757,973	655,860
Net current assets/(liabilities)	138,026	65,180	(12,403)	22,634
Gearing ratio	0.9	1.3	1.5	1.4

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Summary of consolidated statements of cash flow

Figures in HK\$'000 ⁽¹⁾	Unaudited T6M2022	Unaudited T6M2021	Audited TFY2021	Audited TFY2020	Audited TFY2019
Net cash generated from/(used in) operating activities	395,460	157,784	70,244	(127,889)	69,922
Net cash (used in)/generated from investing activities	(950)	(2,204)	29,223	(78,186)	(105,230)
Net cash (used in)/generated from financing activities	(349,066)	(156,871)	(106,008)	192,373	12,467
Net increase/(decrease) in cash and cash equivalents	45,444	(1,291)	(6,541)	(13,703)	(22,842)
Cash and cash equivalents as at end of financial year or period	50,597	10,252	5,153	11,544	24,752

Notes:

(1) Figures presented in this section are provided by the Target Directors and subject to rounding.

(2) Other gains and losses include net exchange loss, loss on disposal and write-off of property, plant and equipment.

(3) Total borrowings include bank borrowings, bills payables and lease liabilities.

We note the following:-

(i) Revenue and gross profit margin

The Light Engine Group is principally engaged in development, manufacture and sales of LED lighting products and modules for the following products/applications:

- (i) horticultural lighting solutions for the grow light market;
- (ii) commercial and hospitality;
- (iii) health care;
- (iv) smart cities and internet of things (the “IoT”) lights; and
- (v) printed circuit board assembly (“PCBA”) / module lights.

The Light Engine Group is currently in particular expanding new businesses in sustainable horticultural and smart cities related LED lighting products.

The manufacturing facilities and testing laboratory of the Light Engine Group is located in Huizhou, China. The research and development team of the Light Engine Group is based in Hong Kong and comprises of qualified optical, electronic and mechanical engineers. The revenue of the Light Engine Group for TFY2021 analysed by geographical segment is as follows:

	HK\$' million
Hong Kong and Asia Pacific (other than Japan)	511.0
Japan	343.3
PRC (other than Hong Kong)	206.6
Europe	116.3
United States of America	100.2
Total	1,277.4

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Further information on the Light Engine Group can be found at <https://www.lightengine-tech.com>.

The Light Engine Group's revenue (derived from sales of LED products and components as well as product engineering services) decreased from approximately HK\$1,143.4 million in TFY2019 to approximately HK\$1,060.9 million in TFY2020 before increasing to approximately HK\$1,277.4 million in TFY2021. The decrease in revenue for TFY2020 of approximately HK\$82.5 million was mainly attributable to a lower contribution from the trading and manufacture of LED products and components (declined by approximately HK\$104.1 million to approximately HK\$1,036.8 million in TFY2020), of which a significant portion was a reduction in sales orders from one of the major customers due to reduced demand for smart lighting and delayed product launches brought about by the COVID-19 pandemic. This was partially offset by an increase of approximately HK\$21.7 million in revenue contribution from the non-recurring product engineering services rendered to customers for product design. The increase in revenue for TFY2021 of approximately HK\$216.5 million was mainly attributable to a higher contribution from the sales of LED products and components (increased by approximately HK\$228.8 million to approximately HK\$1,265.6 million in TFY2021), of which a significant portion was due to the launch of approximately HK\$160.0 million worth of new products as well as an increase in sales orders by approximately HK\$77.0 million from one of the major customers. This was partially offset by a decline of approximately HK\$12.2 million in revenue contribution from the non-recurring product engineering services rendered to customers for product design.

The Light Engine Group's revenue increased from approximately HK\$555.8 million in T6M2021 to approximately HK\$594.2 million in T6M2022. The increase in revenue for T6M2022 of approximately HK\$38.4 million was mainly attributable to higher contributions from the trading and manufacturing of LED products and components (increased by approximately HK\$19.1 million to approximately HK\$574.9 million in T6M2022 due to an increase in sales orders for horticultural lighting) as well as an increase of approximately HK\$19.3 million in revenue contribution from the non-recurring product engineering services rendered to customers for product design.

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The Light Engine Group's revenue segmentation by business and geography are set out below.

Business segment	T6M2022		T6M2021		TFY2021		TFY2020		TFY2019	
	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)
General lighting	190,853	32.1%	273,109	49.1%	655,248	51.3%	623,728	58.8%	608,286	53.2%
Industrial lighting	193,783	32.6%	139,637	25.1%	308,273	24.1%	254,605	24.0%	202,275	17.7%
Smart IoT	121,481	20.5%	120,994	21.8%	259,236	20.3%	142,898	13.5%	288,077	25.2%
Grow lighting	70,692	11.9%	4	0.0%	17,764	1.4%	-	-	-	-
Others	17,381	2.9%	22,015	4.0%	36,913	2.9%	39,685	3.7%	44,735	3.9%
	594,190	100.0%	555,759	100.0%	1,277,434	100.0%	1,060,916	100.0%	1,143,373	100.0%
Countries	T6M2022		T6M2021		TFY2021		TFY2020		TFY2019	
	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)
Europe	130,721	22.0%	49,614	8.9%	116,339	9.1%	113,929	10.7%	153,379	13.4%
USA	45,593	7.7%	41,557	7.5%	100,165	7.8%	60,647	5.7%	77,855	6.8%
Hong Kong & Asia Pacific (excl. Japan)	218,104	36.7%	233,219	42.0%	510,995	40.0%	493,181	46.5%	394,549	34.5%
China	74,992	12.6%	80,994	14.6%	206,635	16.2%	99,726	9.4%	265,933	23.3%
Japan	124,780	21.0%	150,355	27.1%	343,300	26.9%	293,433	27.7%	251,657	22.0%
	594,190	100.0%	555,759	100.0%	1,277,434	100.0%	1,060,916	100.0%	1,143,373	100.0%

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In terms of business segments, the main revenue contributor is from general lighting, accounting for more than 50% for all three financial years, increasing slightly from approximately 53.2% in TFY2019 to approximately 58.8% in TFY2020 before decreasing to approximately 51.3% in TFY2021. The trend for industrial lighting is similar to general lighting, increasing from approximately 17.7% in TFY2019 to approximately 24.0% in TFY2020. However, there was a marginal increase to approximately 24.1% in TFY2021. As for smart IoT, the trend is inversely related, decreasing from approximately 25.2% in TFY2019 to approximately 13.5% in TFY2020 before increasing to approximately 20.3% in TFY2021. While there was a new segment, grow lighting, for TFY 2021, the contribution is the least significant, at a modest 1.4%.

For the six-month comparatives, the main revenue contributors in terms of business segments are from industrial lighting and general lighting, accounting for approximately 32.6% and 32.1% respectively in T6M2022. There was a decrease in revenue contribution for general lighting from approximately 49.1% in T6M2021 to approximately 32.1% in T6M2022. As for industrial lighting, the trend is inversely related, increasing from approximately 25.1% in T6M2021 to approximately 32.6% in T6M2022. The trend for smart IoT is similar to general lighting, decreasing from approximately 21.8% in T6M2021 to approximately 20.5% in T6M2022. There was also a significant contribution from a new segment, grow lighting, for T6M2022, of approximately 11.9%.

In terms of geographical segments, Hong Kong and Asia Pacific (excluding Japan) remains the highest in terms of revenue contribution, accounting for approximately 34.5%, 46.5% and 40.0% respectively for TFY2019, TFY2020 and TFY2021 respectively. The other region to show a similar trend is Japan, increasing from approximately 22.0% in TFY2019 to approximately 27.7% in TFY2020 before declining marginally to 26.9% in TFY2021. China, USA and Europe have declining revenue contributions between TFY2019 and TFY2020, but while revenue contributions have rebounded slightly for China and USA, the revenue contribution for Europe has continued to decline for TFY2021.

For the six-month comparatives, based on geographical segments, Hong Kong and Asia Pacific (excluding Japan) remains the highest in terms of revenue contribution, accounting for approximately 42.0% and 36.7% respectively for T6M2021 and T6M2022 respectively. With the exception of Europe, which showed a significant increase in contributions from approximately 8.9% in T6M2021 to approximately 22.0% in T6M2022 due to the significant increase in sales of horticultural top lighting fixtures, the other regions have a similar trend to Hong Kong and Asia Pacific (excluding Japan). China and Japan have shown decreasing revenue contributions, from approximately 14.6% and 27.1% respectively for T6M2021, to approximately 12.6% and 21.0% respectively for T6M2022. As for USA, there was a marginal increase in revenue contribution from approximately 7.5% in T6M2021 to approximately 7.7% in T6M2022.

The Light Engine Group's gross profit dipped from approximately HK\$273.2 million in TFY2019 to approximately HK\$270.1 million in TFY2020 but rose to approximately HK\$273.9 million in TFY2021. The corresponding gross profit margins were 23.9%, 25.5%, and 21.4% for TFY2019, TFY2020 and TFY2021 respectively. The main reason for the increase in gross profit margin in TFY2020 was due to the significant increase in revenues from the non-recurring product engineering services. This has helped to offset the decline in revenues from the sales of LED products and components. However, on a segment basis, the gross margin for the sales of LED products and components for TFY2020 has increased marginally by approximately 0.3% as compared to TFY2019 due to a larger decline in the cost of inventories. The decline in gross profit margin for TFY2021 was mainly due to the drop in gross profit margin from the sales of LED products and components by approximately 3.2%. This is due to the significant increase in cost of inventories, brought about by an increase in material and labour costs as a result of a combination of factors such as COVID-19, logistics issues and labour shortages. However, the revenues from the sales of LED products and components for TFY2021 have improved as a result of increase in spot buying for major electronic parts from the market as a result of supply shortages for TFY2021, which resulted in a less significant decline in the gross profit margin for the sales of LED products and components. The gross profit margin from the product engineering services for TFY2021 has also declined, albeit a modest 0.7%.

The Light Engine Group's gross profit increased from approximately HK\$122.8 million in T6M2021 to approximately HK\$141.8 million in T6M2022. The corresponding gross profit margins were 22.1% and 23.9% for T6M2021 and T6M2022 respectively. The main reason for the increase in gross profit margin in T6M2022 was due to the significant increase in revenues from the non-recurring product engineering services rendered to customers for product design, which commands higher gross profit margin than the sales of LED products and components.

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(ii) Operating expenses and finance costs

The Light Engine Group's total operating expenses (comprising selling and distribution expenses, general and administrative expenses, and research and development expenses) decreased from approximately HK\$126.3 million in TFY2019 to approximately HK\$116.0 million in TFY2020. This was mainly due to lower general and administrative expenses (attributed to, *inter alia*, reduction in staff costs) and lower research and development expenses. The Light Engine Group's total operating expenses increased from approximately HK\$116.0 million in TFY2020 to approximately HK\$142.5 million in TFY2021. For selling and distribution expenses, the increase in TFY2021 as compared to TFY2020 is mainly due to higher salaries and wages of approximately HK\$7.2 million, brought about by resumption of normal operations after staff salaries were frozen or cut and bonuses not paid for TFY2020, as well as freight and transportation costs of approximately HK\$7.8 million because of hikes in ocean freight costs. For general and administrative expenses, the increase in TFY2021 of approximately HK\$19.0 million as compared to TFY2020 is mainly due to higher depreciation of approximately HK\$8.8 million, addition of loss allowance on trade receivables of approximately HK\$2.7 million (as compared to reversal of loss allowance on trade receivables of approximately HK\$1.3 million in TFY2020), higher legal and professional fees of approximately HK\$3.1 million, and higher salaries, wages and benefits of approximately HK\$2.7 million. For research and development expenses, the increase in TFY2021 as compared to TFY2020 is mainly due to higher salaries and wages of approximately HK\$14.9 million as a result of resumption of normal operations after staff salaries were frozen or cut and bonuses not paid for TFY2020, as well as higher consultancy fees and materials cost of approximately HK\$1.2 million and HK\$3.3 million respectively because of additional consultants being hired and additional electronic parts being purchased for product development for TFY2021.

The Light Engine Group's total operating expenses increased from approximately HK\$68.4 million in T6M2021 to approximately HK\$74.4 million in T6M2022. For selling and distribution expenses, the increase in T6M2022 as compared to T6M2021 is mainly due to an increase in salaries, wages and benefits and freight and transportation expenses in T6M2022, less off the absence of the inspection fee of approximately HK\$0.6 million paid to a sub-contractor in USA to carry out full inspection for sales returns from a customer and related products in the Light Engine Group's warehouse in USA during T6M2021. For general and administrative expenses, the increase in T6M2022 as compared to T6M2021 is mainly due to higher salaries, wages and benefits of approximately HK\$8.1 million. This arose as a result of compensation of approximately RMB1.3 million paid for retrenchment of factory staff during T6M2022. Other factors include valuation fees for land and building, patents and the equity value of Light Engine, as well as legal and professional fees for reviewing intellectual property, master manufacturing and product development agreements with Fluence and Hawthorne, which resulted in the total legal and professional fees increasing by approximately HK\$1.1 million to approximately HK\$1.9 million during T6M2022. For research and development expenses, the increase in T6M2022 as compared to T6M2021 is mainly due to the increase in testing fees and universal quality certificate applications for new products of approximately HK\$1.6 million and depreciation of approximately HK\$0.5 million to approximately HK\$2.0 million and HK\$1.9 million in T6M2022 respectively.

The Light Engine Group's finance costs decreased from approximately HK\$52.1 million in TFY2019 to approximately HK\$44.5 million and HK\$33.4 million in TFY2020 and TFY2021 respectively. While total borrowings have escalated from approximately HK\$910.5 million as at 31 December 2019 to approximately HK\$1,164.5 million as at 31 December 2020, however, the decline in the interest rate in TFY2020 has led to the overall finance costs to decline. The decrease in finance costs for TFY2021 was due to a slight decline in total borrowings from approximately HK\$1,164.5 million as at 31 December 2020 to approximately HK\$1,082.4 million as at 31 December 2021, and coupled with a further decline in the interest rate.

The Light Engine Group's finance costs further declined from approximately HK\$16.7 million in T6M2021 to approximately HK\$13.6 million in T6M2022 respectively. This was due to the sharp reduction in the total borrowings from approximately HK\$1,082.4 million as at 31 December 2021 to approximately HK\$742.1 million as at 30 June 2022.

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(iii) Profitable in TFY2019, TFY2020, TFY2021, and T6M2022

The Light Engine Group recorded profits after tax attributable to owners of the company of approximately HK\$67.8 million, HK\$84.3 million, HK\$75.4 million and HK\$41.2 million in TFY2019, TFY2020, TFY2021 and T6M2022 respectively.

The Target Directors confirmed that there were no extraordinary and/or exceptional items recorded during TFY2019 to T6M2022.

(iv) Assets and liabilities

As at 31 December 2021, the Light Engine Group's total assets amounted to approximately HK\$2,282.1 million comprising non-current assets of approximately HK\$847.5 million and current assets of approximately HK\$1,434.5 million. The non-current assets as at 31 December 2021 consisted mainly of property, plant and equipment ("PPE") of approximately HK\$669.4 million, investment properties of approximately HK\$78.2 million, deposits for acquisition of PPE of approximately HK\$70.2 million, right-of-use assets of approximately HK\$26.5 million, deferred tax assets of approximately HK\$3.3 million and interest in associate of approximately HK\$1.1 thousands. Investment properties comprise of a factory and office that were leased to Lighthouse under operating leases with monthly rentals payable. The current assets as at 31 December 2021 comprised trade and other receivables of approximately HK\$1,093.4 million, inventories of approximately HK\$326.1 million, cash and bank balances of approximately HK\$8.0 million, pledged deposits of approximately HK\$4.7 million, amount due from related companies of approximately HK\$2.3 million, and amount due from an associate of approximately HK\$41.0 thousands. The decline in PPE from approximately HK\$744.7 million as at 31 December 2020 to approximately HK\$669.4 million as at 31 December 2021 was mainly due to the disposal of approximately HK\$30.0 million worth of machinery for production of general lighting products in TFY2021, as well as a decline in purchase of tooling for new products in TFY2021 as compared to TFY2020.

As at 30 June 2022, the Light Engine Group's total assets amounted to approximately HK\$1,863.4 million comprising non-current assets of approximately HK\$784.1 million and current assets of approximately HK\$1,079.3 million. The non-current assets as at 30 June 2022 consisted mainly of PPE of approximately HK\$611.6 million, investment properties of approximately HK\$73.9 million, deposits of approximately HK\$70.1 million, right-of-use assets of approximately HK\$25.2 million, and deferred tax assets of approximately HK\$3.3 million. Investment properties comprise of a factory and office that were leased to Lighthouse under operating leases with monthly rentals payable. The decrease in PPE from approximately HK\$669.4 million as at 31 December 2021 to approximately HK\$611.6 million as at 30 June 2022 was mainly due to provision of depreciation expenses for the T6M2022. There were additions in PPE amounting to approximately HK\$1.0 million while there was no significant disposal of PPE in T6M2022. The current assets as at 30 June 2022 comprised trade and other receivables of approximately HK\$725.9 million, inventories of approximately HK\$301.6 million, cash and bank balances of approximately HK\$50.6 million, amount due from a related company of approximately HK\$1.2 million and amount due from an associate of approximately HK\$41.0 thousands.

The increase in current assets from approximately HK\$919.6 million as at 31 December 2019 to approximately HK\$1,177.4 million and HK\$1,434.5 million as at 31 December 2020 and 31 December 2021 respectively is mainly due to the increase in trade receivables. In addition, we observed that the trade receivable turnover days have worsened from approximately 151 days in TFY2019 to approximately 224 days in TFY2020 and 242 days in TFY2021. The decrease in current assets from approximately HK\$1,434.5 million as at 31 December 2021 to approximately HK\$1,079.4 million as at 30 June 2022 was largely due to the decrease in the trade receivables. As such, the trade receivable turnover days improved from approximately 242 days in TFY2021 to approximately 159 days in T6M2022. The ageing of the trade receivables is set out below.

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	30 June 2022		31 December 2021		31 December 2020		31 December 2019	
	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)	Amount (HK\$'000)	Percentage (%)
Current	240,311	43.4%	307,598	36.0%	524,856	80.3%	201,507	42.5%
<u>Past due</u>								
0-90 days	199,410	36.1%	294,347	34.5%	101,261	15.6%	210,575	44.4%
91-180	109,731	19.9%	190,066	22.3%	24,375	3.7%	58,626	12.4%
days								
Over 180	3,227	0.6%	61,974	7.3%	2,820	0.4%	3,464	0.7%
days								
Gross trade receivables	552,679	100.0%	853,985	100.0%	653,312	100.0%	474,172	100.0%
Loss allowance	5,583		5,591		2,817		4,091	
Net trade receivables	547,096		848,394		650,495		470,081	
Trade receivables turnover (days)	159		242		224		151	

It is noted that as at 31 December 2021, approximately 64.0% of the Light Engine Group's gross trade receivables is past due. However, the Target Directors have represented that as at 30 June 2022, approximately 56.6% of the Light Engine Group's gross trade receivables are past due, which was a significant improvement as compared to 64.0% as at 31 December 2021. In addition, the Target Directors have represented that as at the Latest Practicable Date, there were further settlements received of approximately HK\$180.0 million. Out of the further settlements received, approximately HK\$100.0 million were for trade receivables that were past due as at 30 June 2022 (or approximately 32.0% of the total trade receivables that were past due). The Target Directors confirmed that barring any unforeseen circumstances and based on their best knowledge, they do not expect any collection problem and any further loss allowance to be made.

The Target Directors represented and confirmed that the majority of the Light Engine Group's trade receivables that were past due over 90 days as at 30 June 2022 are from their long-term customers of more than 10 years which historically have not defaulted in their payment. These customers work on project basis, hence they require longer term of payment. The Target Directors have also represented that the new grow lighting business (which contributed approximately 11.9% of total revenue in T6M2022 and whose contribution is expected to continue to increase in the upcoming years) has shorter term of payment and therefore, is expected to have favourable impact on the overall Light Engine Group's trade receivables aging profile. We also note that pursuant to the Purchase Agreement, the Vendor and Warrantor warrant, *inter alia*, that all accounts and note receivables and deposits paid of the Light Engine Group disclosed in the unaudited management account of the Light Engine Group as at 31 December 2021 and the unaudited consolidated management accounts of the Light Engine as at the Completion Date ("**Completion Accounts**") are, individually and in aggregate, collectible in full, net of reserves.

On the liabilities side, the Light Engine Group recorded total liabilities of approximately HK\$1,419.0 million as at 31 December 2021 comprising current liabilities of approximately HK\$1,369.4 million and non-current liabilities of approximately HK\$49.6 million. The current liabilities as at 31 December 2021 consisted of current portion of bank borrowings of approximately HK\$1,040.8 million, trade and other payables of approximately HK\$250.0 million, taxation payable of approximately HK\$26.1 million, bills payables of approximately HK\$23.7 million, contract liabilities of approximately HK\$22.8 million, amount due to ultimate holding company of approximately HK\$3.2 million, bank overdraft of approximately HK\$2.8 million and current portion of lease liabilities of approximately HK\$63.9 thousands. The non-current liabilities as at 31 December 2021 consisted of deferred tax liabilities of approximately HK\$34.6 million, and non-current portion of bank borrowings of approximately HK\$15.0 million.

As at 30 June 2022, the Light Engine Group recorded total liabilities of approximately HK\$977.6 million, comprising current liabilities of approximately HK\$941.3 million and non-current liabilities of approximately HK\$36.3 million. The current liabilities as at 30 June 2022 consisted of current portion

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of bank borrowings of approximately HK\$723.4 million, trade and other payables of approximately HK\$177.0 million, taxation payable of approximately HK\$21.1 million, bills payables of approximately HK\$18.6 million, amount due to a related company of approximately HK\$1.2 million, and current portion of lease liabilities of approximately HK\$48.0 thousands. The non-current liabilities as at 30 June 2022 consisted of deferred tax liabilities of approximately HK\$36.3 million.

Borrowings comprise mainly of bank borrowings, in the form of term loans, trade loans, revolving credit loans, bills payables, which are secured using pledged bank deposits and lease liabilities. The borrowings were mainly used to fund the purchase of machinery and tooling for the increase of production capacity and the development of horticulture and smart lighting products, as well as to finance the working capital requirements needed for expansion of the business.

(v) Net current assets/ (liabilities) position

The Light Engine Group was in a net current asset position of approximately HK\$22.6 million, HK\$65.2 million and HK\$138.0 million as at 31 December 2019, 31 December 2021 and 30 June 2022 respectively. However, it was in a net current liability position of approximately HK\$12.4 million as at 31 December 2020 due mainly to breaches in financial covenants regarding the debt-equity ratio of the Light Engine Group for a bank loan of carrying amount HK\$40.0 million. While the Target Directors attempted to renegotiate of the term loans, the lender did not agree to waive its rights to demand immediate repayment, which resulted in the entire amount being reclassified from non-current liabilities to current liabilities. However, the loan was not recalled, and Light Engine was allowed to repay the outstanding balances by instalments according to the original repayment schedule.

The Target Directors confirmed that there was no breach of financial covenants during TFY2021, T6M2022 and as at the Latest Practicable Date.

(vi) Shareholders' equity and total borrowings

The shareholders' equity of the Light Engine Group improved from approximately HK\$655.9 million as at 31 December 2019 to approximately HK\$758.0 million, approximately HK\$849.8 million and approximately HK\$872.0 million as at 31 December 2020, 31 December 2021 and 30 June 2022 respectively, due to, *inter alia*, the net profits generated for TFY2019, TFY2020, TFY2021 and T6M2022.

The Light Engine Group's total borrowings (comprising bank borrowings, bills payables and lease liabilities) had increased from approximately HK\$910.5 million as at 31 December 2019 to approximately HK\$1,164.5 million as at 31 December 2020 mainly due to increases in term loans, trade loans and revolving bank loans. The Light Engine Group's total borrowings subsequently decreased to approximately HK\$1,082.4 million as at 31 December 2021 due to the repayment of HK\$87.5 million in term loans, which offset the increase in trade loans and revolving bank loans. The total borrowings further declined to approximately HK\$742.1 million as at 30 June 2022 mainly due to the settlement of approximately HK\$340.3 million of loans which came from the collections of trade receivables during T6M2022, which resulted in the Light Engine Group having net cash generated from operating activities of approximately HK\$395.5 million in T6M2022. Most of the cash received was used to repay approximately HK\$340.3 million worth of bank borrowings in order to reduce the gearing ratio of the Light Engine Group. There was an additional repayment of approximately HK\$12.1 million subsequent to T6M2022, which resulted in the total bank borrowings declining further to approximately HK\$ 730.0 million as at Latest Practicable Date. Based on the information available as at the Latest Practicable Date, the Target Directors represented that the Light Engine Group is not expected to take up any additional loans for the remaining of TFY2022.

The Light Engine Group's gearing ratio stood at 1.4 times, 1.5 times, 1.3 times and 0.9 times as at end of TFY2019, TFY2020, TFY2021 and T6M2022 respectively. The Target Directors represented that the high gearing ratio for the Light Engine Group during the period reviewed was mainly due to their strategy to upgrade and expand of their manufacturing plant which has led to higher investments and capital expenditures on their property, plant and equipment in the past years. These investments were funded primarily by external bank loans and the Light Engine Group's internal resources.

We understand from the Target Directors that subsequent to 30 June 2022, the Light Engine Group has drawn down a three-year term loan of HK\$70 million for the purpose of repayment of the matured trade loans and maintaining sufficient cash for expansion of operation in the foreseeable future.

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However, as confirmed by the Target Directors, total borrowings of the Light Engine Group as at the Latest Practicable Date is maintained at the same level as 30 June 2022.

The Target Directors confirmed that to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, and the audited financial statements for the Light Engine Group for TFY2021 and the unaudited financial statements for the Light Engine Group for T6M2022, there have been no material changes to the assets and liabilities, financial position, condition and performance of the Light Engine Group.

The Target Directors have represented that as at 30 June 2022, the Light Engine Group has commitment of approximately HK\$97.4 million (of which approximately HK\$70.1 million had been deposited) for, *inter alia*, construction of 2 new factories, decoration work for main building, re-allocation of production lines and building of clean room, and other decoration works.

In addition, the Target Directors have represented and confirmed the following:-

- (i) There are no immediate funding requirements for the Light Engine Group after completion of the Proposed Acquisition.
- (ii) As at the Latest Practicable Date, almost 32.0% of the trade receivables or approximately HK\$100.0 million, which were past-due at 30 June 2022 have been settled. Hence, the Light Engine Group's working capital has improved significantly and the Light Engine Group is not expected to take up any additional loans immediately after the completion of the Proposed Acquisition.
- (iii) As at the Latest Practicable Date, the Light Engine Group is not under pressure from its bankers to repay any of its existing borrowings and the Target Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Light Engine Group is sufficient to meet its requirements for the next 12 months.

In relation to the Light Engine Group's borrowings as at 30 June 2022, which are secured by, *inter alia*, personal guarantee by Mr Paul Lo, the XIC Directors and the Target Directors confirmed that the said personal guarantee by Mr Paul Lo will continue to be in place after the completion of the Proposed Acquisition, and Mr Paul Lo will continue to give his personal guarantee to support all existing and future banking facilities of the enlarged XIC Group (after the completion of the Proposed Acquisition).

5.4. NAV and NTA of the Light Engine Group

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values at which assets may actually be realized or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group, with the balance to be distributed to its shareholders. However, the NTA based

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approach does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values of which assets may actually be realized or disposed of.

In assessing the Consideration in relation to the NAV and NTA of the Light Engine Group as at 30 June 2022, we have reviewed the unaudited statement of financial positions of the Light Engine Group as at 30 June 2022 (to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach). Save as disclosed in the unaudited statement of financial positions of the Light Engine Group as at 30 June 2022, the Target Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in the statement of financial positions of the Light Engine Group as at 30 June 2022 in accordance with the Hong Kong Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Light Engine Group as at the Latest Practicable Date.

The Target Directors have also confirmed that as at the Latest Practicable Date, to the best of their knowledge and beliefs based on disclosures made available to them, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Light Engine Group as at 30 June 2022, save as disclosed in the unaudited financial statement of the Light Engine Group as at 30 June 2022 as well as the Circular. In addition, the Target Directors are of the opinion that save as disclosed in the Circular, the values of the assets (other than those for which valuation has been conducted), and liabilities as well as financial performance or condition of the Light Engine Group as disclosed and reflected in the unaudited financial statements of the Light Engine Group as at 30 June 2022 are true and fair. Lastly, the Target Directors confirmed that to the best of their knowledge or belief that such information is true, complete and accurate in all respects and that there is no other information or facts, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete in any respect or misleading.

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Light Engine Group's unaudited statement of financial position as at 30 June 2022	HK\$'000 ⁽¹⁾
<u>Non-current assets</u>	
Property, plant and equipment ("PPE")	611,583
Investment properties	73,932
Right-of-use assets	25,186
Deferred tax assets	3,308
Deposits for acquisition of PPE	70,077
Interest in an associate	1
	784,087
<u>Current assets</u>	
Inventories	301,592
Trade debtors	547,096
Other debtors, deposits and prepayments	178,813
Amount due from a related company	1,218
Amount due from an associate	41
Bank balances and cash	50,597
	1,079,357
<u>Current liabilities</u>	
Trade payables	132,355
Bills payables	18,571
Accrued charges and other payables	44,635
Lease liabilities	48
Amount due to related company	1,230
Taxation payable	21,060
Bank borrowings - amount due within one year	723,432
	941,331
<u>Non-current liabilities</u>	
Deferred tax liabilities	36,264
	36,264
NAV of the Light Engine Group	885,849
Less: non-controlling interest	(13,846)
NAV attributable to owners of the company	872,003
Less: intangible assets	-
NTA of the Light Engine Group	872,003
Consideration	1,100,000
Premium of the Consideration over the Light Engine Group's NAV and/or NTA (%)	26.1%

Note:

(1) The figures are based on the Light Engine Group's unaudited financial statements for T6M2022. Figures and computation presented in the table above are subject to rounding.

For illustrative purposes only, the Light Engine Group's NAV and/or NTA attributable to owners of the company as at 30 June 2022 is approximately HK\$872.0 million. The Consideration represents a premium of approximately 26.1% over the Light Engine Group's NAV and/or NTA attributable to owners of the Company as at 30 June 2022.

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Revalued NAV (“RNAV”) and Revalued NTA (“RNTA”) of the Light Engine Group

In our evaluation of the Consideration, we have also considered whether there are any assets of the Light Engine Group which should be valued at an amount that is materially different from that recorded in the unaudited statement of financial position of the Light Engine Group as at 30 June 2022. The Purchaser and the Vendor have jointly engaged CWL to determine the market value of the Relevant Land and Building and the fair value of the Relevant Intangible Assets. We recommend that the Independent Directors advise Shareholders to note and review carefully the contents of the Relevant Land and Building Valuation Report and the Relevant Intangible Assets Valuation Report (which are set out as Appendix D and C of the Circular respectively) in its entirety including the assumptions made and the basis for the assumptions.

We wish to highlight that the Relevant Land and Building with a net book value of approximately HK\$311.8 million as at 30 June 2022 comprises building (under PPE), investment property, and leasehold land (under right-of-use assets) relating to an industrial complex at no. 9, Chenjiang Yuanhui Road, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the PRC (part of it is subject to various tenancies with the latest expiry in 2024, and the remaining part is owner occupied). Further details of the Relevant Land and Building, including, *inter alia*, site area, tenure, land use term, etc. can be found in the Relevant Land and Building Valuation Report. The Relevant Land and Building accounted for approximately 43.9% of the aggregate sum of the Light Engine Group’s PPE, investment properties and right-of-use assets and approximately 16.7% of the Light Engine Group’s total assets as at 30 June 2022. The Target Directors represented and confirmed that the remaining PPE (with a net book value of approximately HK\$398.9 million as at 30 June 2022), for which no valuation has been commissioned, consist of:-

- (a) Demonstration equipment with net book value of approximately HK\$3.9 million;
- (b) Fixtures, furniture & office equipment with net book value of approximately HK\$32.2 million;
- (c) Leasehold improvement with net book value of approximately HK\$34.2 million;
- (d) Plant and machinery with net book value of approximately HK\$325.4 million comprises very specialised and customised machineries for the Light Engine Group’s own use as such no valuation was obtained;
- (e) Motor vehicles with net book value of approximately HK\$0.2 million; and
- (f) Construction in progress with net book value of approximately HK\$3.0 million.

The Relevant Intangible Assets comprises various patents and trademarks owned by the Light Engine Group which are not recorded in their financial statements for T6M2022. We understand from the Target Directors that the various patents and trademarks owned by the Light Engine Group were not recorded under their financial statements in view of the accounting policy that they have adopted. The XIC Directors and the Target Directors confirmed that having consulted their auditors, XIC will apply merger accounting for the Proposed Accounting and the fair value of the patents and trademarks will not be reflected in the consolidated financial statements post completion of the Proposed Acquisition. The Target Directors confirmed that CWL did not ascribe any value to those patents and trademarks which have expired or about to expire as at the Latest Practicable Date.

The XIC Directors and the Target Directors confirmed the following:-

- (i) They are aware of and satisfied with the selection of the Relevant Land and Building and the Relevant Intangible Assets for the valuation exercise and the respective valuation date.
- (ii) Having reviewed the Relevant Land and Building Valuation Report and the Relevant Intangible Assets Valuation Report (*inter alia*, the assumptions, methodology used, limiting conditions and information relied upon by CWL) as a whole and the XIC Directors and the Target Directors are of the opinion that the assumptions and methodology used by CWL are reasonable.

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The Target Directors confirmed the following:-

- (i) To their best knowledge and belief, as at the Latest Practicable Date, save as disclosed in the unaudited financial statements of the Light Engine Group as at 30 June 2022, and the Circular, there have been no known material events that have or will have material impact to the unaudited financial statements of financial position of the Light Engine Group since 30 June 2022.
- (ii) As at the Latest Practicable Date, save for the Relevant Land and Building and the Relevant Intangible Assets which are subject to valuation, there are no material differences between the estimated market value of the remaining PPE or assets for which no valuation was performed and their respective book values as at 30 June 2022 which would have a material impact on the NAV and NTA of the Light Engine Group.

We have not made any independent evaluation or appraisal of the Light Engine Group's assets and we have been furnished by the Company with the Relevant Land and Building Valuation Report and the Relevant Intangible Assets Valuation Report. With respect to such valuation, we are not experts in the evaluation or appraisal of the Relevant Land and Building and the Relevant Intangible Assets and have relied on the Relevant Land and Building Valuation Report and the Relevant Intangible Assets Valuation Report for the market value or fair value of the Relevant Land and Building and the Relevant Intangible Assets, and opinion of and confirmation from the XIC Directors and the Target Directors.

It is noted from the Relevant Land and Building Valuation Report that the market value of the Relevant Land and Building amounted to RMB373.9 million (approximately HK\$457.5 million), which is higher than its net book value of approximately HK\$311.8 million. In addition, it is noted from the Relevant Intangible Assets Valuation Report that the fair value of the Relevant Intangible Reports amounted to HK\$189.0 million and as mentioned in the earlier paragraph, the Relevant Intangible Assets were not recorded in the Light Engine Group's financial statements for T6M2022. For illustrative purpose only, the revaluation surplus for the Relevant Land and Building and the Relevant Intangible Assets have been calculated and presented in the table below assuming a hypothetical sale of the Relevant Land and Building and the Relevant Intangible Assets at the market value or fair value ascribed by CWL above. The Target Directors represented and confirmed that, to the best of their knowledge and based on the information made available to them, if the Relevant Land and Building and the Relevant Intangible Assets which are subject to valuation were to be sold at the market value or fair value ascribed by CWL there will be potential tax liability of approximately HK\$44.0 million and HK\$28.4 million, respectively.

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Light Engine Group's RNAV and RNTA	HK\$'000⁽¹⁾
Market value of the Relevant Land and Building ⁽²⁾	457,489
Less: net book value of the Relevant Land and Building as at 30 June 2022	(311,794)
Less: potential tax liability ⁽³⁾	(43,950)
Revaluation surplus for the Relevant Land and Building	101,745
Fair value of the Relevant Intangible Assets	189,000
Less: potential tax liability ⁽³⁾	(28,350)
Revaluation surplus for the Relevant Intangible Assets	160,650
Light Engine Group's NAV attributable to owners of the company as at 30 June 2022	872,003
Add: Revaluation surplus for the Relevant Land and Building	101,745
Add: Revaluation surplus for the Relevant Intangible Assets	160,650
Light Engine Group's RNAV attributable to owners of the company	1,134,398
Light Engine Group's NTA attributable to owners of the company as at 30 June 2022	872,003
Add: Revaluation surplus for the Relevant Land and Building	101,745
Light Engine Group's RNTA attributable to owners of the company	973,748
Consideration	1,100,000
Discount of Consideration from Light Engine Group's RNAV (%)	(3.0)%
Premium of Consideration over Light Engine Group's RNTA (%)	13.0%

Notes:

- (1) The figures computation presented in the table above are subject to rounding.
- (2) Based on the exchange rate of HK\$1:RMB0.81729 as at the Valuation Date.
- (3) The figures for the potential tax liabilities are provided and confirmed by the Target Directors.

Based on the table above, after taking into account the market value of the Relevant Land and Building and the fair value of the Relevant Intangible Assets, the Light Engine Group's RNAV and RNTA is approximately HK\$1,134.4 million and HK\$973.7 million respectively. The Consideration of HK\$1,100.0 million represents a discount of approximately 3.0% from the Light Engine Group's RNAV and a premium of 13.0% over the Light Engine Group's RNTA.

While the RNAV and/or RNTA is a relevant basis for comparison, the Independent Directors should note that it is not necessarily a realisable value as the market value of the Relevant Land and Building or the fair value of the Relevant Intangible Assets and any tax liabilities arising from the sale of the Relevant Land and Building and/or the Relevant Intangible Assets may vary depending on prevailing market and economic conditions. We wish to highlight that the Light Engine Group's RNAV and/or RNTA shown above include the revaluation surplus arising from the hypothetical sale of the Relevant Land and Building and the Relevant Intangible Assets. Shareholders should note that the Light Engine Group has not realized the surplus on such asset as at the Latest Practicable Date, and that there is no assurance that the revaluation surplus or deficit eventually recorded by the Light Engine Group on the Relevant Land and Building and/or the Relevant Intangible Assets (in the event they are disposed) will be the same as indicated above. As at the Latest Practicable Date, the Target Directors confirmed that the Light Engine Group has not entered into any formal sale and purchase agreement in connection with the disposal of its interests in the Relevant Land and Building and/or the Relevant Intangible Assets and as such, the aforesaid tax liabilities in respect of the Relevant Land and Building and/or the Relevant Intangible Assets may not be crystallised.

The above computations and analysis are meant as an illustration and it does not necessarily mean or imply that the net realisable value of the Light Engine Group is as stated above. It also does not imply that the assets or properties of the Light Engine Group can be disposed of at the estimated value indicated above, and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA are realisable or distributable to the shareholders of the Light Engine Group.

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It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Light Engine Group decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Light Engine Group as a going concern nor can it capture or illustrate any value for the Light Engine Group's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realized or disposed.

We recommend that the Independent Directors advise Independent Shareholders, to note and review the contents of the Relevant Land and Building Valuation Report and the Relevant Intangible Assets Valuation Report (which are set out as Appendix D and C of the Circular respectively) in its entirety including the assumptions made and the basis for the assumptions.

Market or Fair Value of 100% equity interest in the Light Engine Group

CWL Business Valuation Report

The Purchaser and the Vendor have jointly engaged CWL to conduct a business valuation of the 100% equity interest in Light Engine. Shareholders should note and review carefully the contents of the CWL Business Valuation Report (which is set out as Appendix E of the Circular) in its entirety including the assumptions made and the basis for assumptions.

Based on the CWL Business Valuation Report, the market value ("**CWL Market Value**") of the 100% equity interest in Light Engine as at the Valuation Date, being 31 December 2021, subject to the assumptions stated therein, is reasonably estimated as HK\$1,210.0 million (or approximately S\$210.4 million). The said CWL Business Valuation Report is based primarily on the market approach.

We note that the Consideration of HK\$1,100.0 million (or approximately S\$191.26 million) is approximately 9.1% lower than the CWL Market Value.

We note from the CWL Business Valuation Report that CWL has considered 3 valuation approaches namely cost approach, income approach and market approach (please refer to the CWL Business Valuation Report set out as Appendix E of the Circular for details on the 3 valuation approaches).

CWL considered the market approach to be more appropriate for valuing the 100% equity interest in Light Engine as it is the most direct valuation approach which reflects the value obtained as a result of a consensus of what others in the market place have judged it to be.

Under the market approach, CWL has considered multiples such as PER, price to sales ("**P/S**") and price to net book value ("**P/B**"). Based on CWL's analysis, P/S multiple is commonly used to value start-up enterprises, which is not applicable in the case of Light Engine as its operations had been established for many years. Furthermore, it ignores the cost structure of Light Engine. On the other hand, while P/B multiple is commonly used to value asset-intensive companies like Light Engine, it ignores the profitability aspect of Light Engine. Therefore, it is determined by CWL that PER is the most suitable multiple for profit-making businesses like Light Engine, where earnings is one of the most direct drivers of equity value. We note that the PER multiple will not take into account factors such as the capital structure, financial position as well as future prospects of Light Engine.

Accordingly, CWL has adopted the market approach and used the guideline (or comparable) company method in assessing the 100% equity interest in Light Engine.

In preparing their assessment, CWL has made the following key assumptions:-

- (i) The information provided has been prepared on a reasonable basis after due and careful consideration by the management of XIC and the Vendor and/or their representatives.
- (ii) All relevant legal approvals and business certificates or licenses to operate the business in the localities in which Light Engine operates or intends to operate would be officially obtained and renewable upon expiry.

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- (iii) There will be no major change in the current taxation laws in the localities in which Light Engine operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.
- (iv) There will be no major change in the political, legal, economic or financial conditions in the localities in which Light Engine operates or intends to operate, which would adversely affect the revenues attributable to and profitability of Light Engine.
- (v) Interest rates and exchange rates in the localities for the operation of Light Engine will not differ materially from those presently prevailing.
- (vi) The core business operation of Light Engine will not differ materially from those of present or expected.
- (vii) The information regarding Light Engine provided by the management of XIC and the Vendor and/or their representatives is true and accurate.
- (viii) A discount for the lack of marketability (“**DLOM**”) of 15.8% is applied to reflect the fact that there is no ready market for shares in privately held companies which are typically not readily marketable as compared to similar interest in public or listed companies and therefore, a share of a stock in a privately held company is usually worth less than otherwise comparable share in a public company.
- (ix) A control premium of 25.6% is applied to reflect the degree of control associated with a 100% equity interest in Light Engine.

The Directors have confirmed that they have reviewed the CWL Business Valuation Report to, *inter alia*, understand the assumptions, methodology used in arriving at the market value of 100% equity interest in Light Engine.

We have not made any independent evaluation or appraisal of the 100% equity interest in Light Engine but have relied on the CWL Business Valuation Report issued by CWL, as well as confirmation and representation by the XIC Directors and the Target Directors in respect of market value of the 100% equity interest in Light Engine.

For illustrative purpose only, the Consideration represents a discount of approximately 9.1% from the CWL Market Value.

The XIC Directors and the Target Directors have confirmed that to their best knowledge and belief, as at the Latest Practicable Date, there are no material changes that would affect the CWL Market Value of 100% equity interest in Light Engine as ascribed by CWL as at the Valuation Date, being 31 December 2021.

APVSL Business Valuation Report

The Company have engaged APVSL to conduct a business valuation of the 100% equity interest in the Light Engine Group. Shareholders should note and review carefully the contents of the APVSL Business Valuation Report (which is set out as Appendix F of the Circular) in its entirety including the assumptions made and the basis for assumptions.

We note from the APVSL Business Valuation Report that the Fair Value is defined pursuant to Hong Kong Financial Reporting Standard (“**HKFRS**”) 13 *Fair Value Measurement* as “*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*”.

We note from the APVSL Business Valuation Report that APVSL has considered 3 valuation approaches namely cost approach, market approach and income approach.

The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

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Unlike market and income approaches which incorporate either market sentiments or future earnings capacity of an asset as a function to determine its current value, cost approach considers the fundamental cost that takes to form the asset. The method is inapplicable to the current analysis as there is no convincing association of the market value of the subject asset with its cost.

In the first market approach, transaction data for private and public companies is used to compute the value. A database of buy and sale records of enterprises with financial fundamentals on companies similar to the subject company is used as basis for transaction prices. Assets which have an established market may be appraised by this market approach. However, the first market method has not been adopted because insufficient market transaction data are available from listed companies engaged in the same business. Therefore, there are insufficient relevant comparable transactions to form reliable basis for the opinion of value.

In the second market approach, the valuation multiples derived from the market prices and financial data of listed companies in a similar business is used to appraise the subject company. This second market method is not appropriate because it does not capture the Target Group's earnings growth potential. As such, earning multiples derived from comparable companies cannot be applied on the Light Engine Group to arrive its fair value.

In the income approach, the value of an asset is the present worth of the expected future economic benefits of ownership. The value of the asset to be valued is developed through the application of the discounted cash flow method to devolve the values of expected future income generated by the asset into a present value.

APVSL considered the income approach would be appropriate and reasonable in the appraisal for the fair value of the Light Engine Group, because it eliminates the discrepancy in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to its business operation. In addition, it captures the earning growth potential of the Light Engine Group, especially in expansion of new businesses in sustainable horticultural and smart cities related LED lighting products. The fair value of the Light Engine Group has been developed through the application of the weighted average cost of capital ("**WACC**") to discount the free cash flows to the firm ("**FCFF**"). The enterprise value is then adjusted for operating debts, cash and cash equivalents, non-operating assets, and non-operating debts and liabilities to derive the fair value of equity of the Light Engine Group.

Under the income approach, APVSL has based on the financial projections provided primarily by the Light Engine Group and the Company, to estimate the equity interest in the Target Group. The enterprise value of the Light Engine Group is developed through the application of the market value WACC to discount the FCFF. The FCFF and WACC are computed using the formula as set out in the APVSL Business Valuation Report.

Accordingly, APVSL has adopted the income approach in assessing the 100% equity interest in the Light Engine Group.

In preparing their assessment, APVSL has made the following key assumptions:-

General assumptions:

- (i) APVSL has assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of the Light Engine Group.
- (ii) APVSL has not investigated any financial data to determine the earning capacity of the operation in which the assets are used, and APVSL assumed that the prospective earnings would provide a reasonable return on the fair market value of the assets.
- (iii) As part of APVSL' analysis, it has reviewed the information related to the valuation, which is made available to APVSL. APVSL has no reason to doubt the accuracy and fairness of such information on which it has relied to a considerable extent in arriving at its opinion of value.

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Other assumptions and notes:

- (iv) APVSL has conducted an online virtual visit to the premises where the Target Group's business operates. APVSL has relied on the assistance of, and information provided by the Company and the Light Engine Group.
- (v) Since the majority of the Light Engine Group's sales comes from Hong Kong, the average of historical annual inflation rate of Hong Kong from 2012 to 2021 is employed as the terminal growth rate. According to the Bloomberg, the average of Hong Kong's consumer price index from 2012 to 2021 is 2.77%. The average annual nominal GDP growth rate of Hong Kong for the same period, according to International Monetary Fund, World Economic Outlook Database, April 2022, is 3.93%
- (vi) A DLOM of 15.80% is applied due to the Light Engine Group is closely held company that is not freely marketable, according to the "2021 Stout Restricted Stock Study Companion Guide" published by Stout Risius Ross, LLC.
- (vii) In the computation of WACC, the long-term Hong Kong Government Bond Yield of 2.87% as at the APVSL Valuation Date (obtained from Bloomberg database) is applied as the risk-free rate of Hong Kong because government bonds are regarded as risk-free. The market risk premium of 6.10% is applied and derived from the market risk premium of the US of 5.50% and the country risk premium of Hong Kong of 0.60%. In addition, a small company risk premium of 3.02% suggested by Duff & Phelps Valuation Handbook 2021, is applied to compensate for the relatively small size of the Light Engine Group.
- (viii) As at the APVSL Valuation Date, the debt-to-equity ratio is 7.84% which represents the average debt-to-equity ratio of the guideline public companies. APVSL assumed the cost of debt is 5.0% which is Hong Kong Prime lending rate.
- (ix) The fair value of the Investment Property of approximately HK\$78.9 million as at 30 June 2022 is referenced from APVSL property valuation report, converted by the exchange rate of HK\$/RMB as of the APVSL Valuation Date.

Sensitivity and Scenario Analysis

Based on the APVSL Business Valuation Report, the fair value ("**Fair Value**") of the 100% equity interest in the Light Engine Group as at the APVSL Valuation Date, being 30 June 2022, subject to the assumptions stated therein, is in the range of HK\$895.0 million to HK\$1,489.0 million with the best estimated value being HK\$1,224.0 million (the "**Best Estimated Value**").

APVSL performed a sensitivity analysis by varying the WACC and the terminal growth rate and the result of such sensitivity analysis is set out in the APVSL Business Valuation Report.

We note from the APVSL Business Valuation Report that APVSL has performed a scenario analysis based on the base scenario (which is to derive the Best Estimated Value) by varying, *inter alia*, the revenue growth rates for the five year forecasts as well as margins. The results of scenario analysis are tabulated below:

Scenarios	Fair Value
Optimistic Scenario	HK\$1,489.0 million (" Optimistic Value ")
Base Scenario	HK\$1,224.0 million (Best Estimated Value)
Pessimistic Scenario	HK\$895.0 million (" Pessimistic Value ")

Note:

(1) Terminal growth rate of 2.77% is assumed, which is the average of Hong Kong's consumer price index from 2012 to 2021.

For illustrative purpose only, the Consideration represents a premium of approximately 22.9% over the Pessimistic Value, and a discount of 10.1% and 26.1% from the Best Estimated Value and the Optimistic Value, respectively.

The Directors have confirmed that they have reviewed the APVSL Business Valuation Report to, *inter alia*, understand the assumptions, methodology used in arriving at the fair value of 100% equity

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interest in the Light Engine Group. The Directors have reviewed the information made available to them as a whole (including, *inter alia*, the IFA's assessment on such valuation) and are of the opinion that the assumptions and methodology used in the APVSL Business Valuation Report are reasonable and appropriate. The Target Directors confirmed that the profit forecast provided to APVSL have been prepared with due care and consideration.

We further note from the Circular that the Board has:

- (i) considered APVSL's track record and credentials, and believes that the valuation conducted by APVSL was conducted independently by qualified and competent valuation professionals;
- (ii) assessed that the valuation of the 100% equity interest in the Light Engine Group by APVSL is in accordance with the International Valuation Standards, which is a set of internationally-recognised valuation standards, issued by the International Valuation Standards Council;
- (iii) examined key assumptions and estimates used for the APVSL Business Valuation Report, including forward-looking earnings or cash flow projections, and peer or reference companies; and
- (iv) enquired with the management of Light Engine and noted there are no material uncertainties belie the projections evaluated by APVSL in preparing the APVSL Business Valuation Report.

In consideration of the above, the Board is of the view that the valuation conclusion and limitation(s) as disclosed in the APVSL Business Valuation Report are reasonable and acceptable.

We have not made any independent evaluation or appraisal of the 100% equity interest in the Light Engine Group but have relied on the APVSL Business Valuation Report issued by APVSL, as well as confirmation and representation by the Directors and Management in respect of Fair Value of the 100% equity interest in the Light Engine Group.

The Target Directors have confirmed that to their best knowledge and belief, as at the Latest Practicable Date, there are no material changes that would affect the Fair Value of 100% equity interest in the Light Engine Group as ascribed by APVSL as at the APVSL Valuation Date, being 30 June 2022. The Directors, have confirmed that based on, *inter alia*, the Target Directors' confirmation, they are not aware of any information as at the Latest Practicable Date which would suggest that there are material changes to the Fair Value of 100% equity interest in the Light Engine Group as ascribed by APVSL as at the APVSL Valuation Date, being 30 June 2022.

In assessing the Fair Value ascribed by APVSL, Independent Shareholders should note the following limiting conditions, *inter alia*, which has been confirmed by Executive Directors and Management:-

- (i) The forecasts have been provided by the Target Management and the assumptions have been reviewed by the Executive Directors and the Management.
- (ii) There is no assurance and certainty that the Light Engine Group will be able to secure contracts/orders in the future and sustain the forecasted revenue, given, *inter alia*, the industry outlook, competition, and the Light Engine Group's financial position.
- (iii) The Fair Value is subject to, *inter alia*, the ability of the Light Engine Group to achieve the forecast and projection as well as availability of internal resources and/or funding for, *inter alia*, future capital expenditures. This should be considered in the context of the following:-
 - There is no assurance that the Light Engine Group can achieve the forecasted revenues for the forecasted five years period or the growth rate for the terminal year(s). Further the assumptions for, *inter alia*, revenues and profit margins are key factors for the valuation and there is no certainty that such can be achieved.
 - As at 30 June 2022, the Light Engine Group's ratio of debt to equity stood at 0.9 times. This may put some constraints on the Light Engine Group's ability to secure further funding for its expansion plans. The Target Directors represented that the high gearing ratio for the Light Engine Group during the period reviewed was mainly due to their strategy to upgrade and expand of their manufacturing plant which has led to higher investments and capital expenditures on their property, plant and equipment in the past

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years. These investments were funded primarily by external bank loans and the Light Engine Group's internal resources.

- The forecast is based on, *inter alia*, improvement in working capital cycle over the forecasted period. We note from the APVSL Business Valuation Report that in the event the working capital cycle is assumed to remain the same as at 30 June 2022 and all other assumptions remain the same as the base scenario (which is to derive the Best Estimated Value), the Fair Value of the Light Engine Group is HK\$1,135.0 million ("**Fair Value with constant working capital cycle**") and the Consideration is at a discount of approximately 3.1% from the Fair Value with constant working capital cycle.
- (iv) The Fair Value of the Light Engine Group is sensitive to terminal values (which constitute approximately 70.5% of the valuation of the enterprise value for the Light Engine Group which is based on the Best Estimated Value), and its assumptions being, *inter alia*, growth and discount rates. As an illustration, the difference in the equity values of the Light Engine Group based on growth rates of 1.77% and 3.77% (and at an assumed WACC of 10.96%) is approximately HK\$196.0 million (or approximately 17.8% of the Consideration). Similarly, the difference in the equity values of the Light Engine Group based on discount rates of 9.46% and 12.46% (and at a growth rate of 2.77%) is approximately HK\$645.0 million (or approximately 58.6% of the Consideration).

Shareholders should note that the rising interest rate may affect, *inter alia*, the valuation of the 100% equity interest in the Light Engine Group, the Light Engine Group's financial performance and position including its ability to service its borrowings (both principal and interest payment) when it falls due.

Summary

The table below summarises the Market Value ascribed by CWL and the various Fair Value ascribed by APVSL *vis-à-vis* the Consideration:-

	Amount (HK\$' million)	Premium/(discount) of Consideration over/from the Market Value or Fair Value (%)
Market Value by CWL	1,210.0	(9.1)%
Fair Values by APVSL:-		
(i) Optimistic Value (based on optimistic scenario)	1,489.0	(26.1)%
(ii) Best Estimated Value (based on base scenario)	1,224.0	(10.1)%
(iii) Pessimistic Value (based on pessimistic scenario)	895.0	22.9%
(iv) Fair Value with constant working capital cycle (based on base scenario but assuming the working capital cycle to remain the same as at 30 June 2022)	1,135.0	(3.1)%

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5.5. Relative valuation analysis

In evaluating the Consideration, we have considered the financial performance, financial position and valuation statistics of selected comparable companies (the “**Selected Comparable Companies**”) that may, in our view, be broadly comparable to the core businesses of the Light Engine Group which are principally engaged in the development, manufacture and sales of LED lighting products and modules.

The Selected Comparable Companies have been identified after a search was carried out on various exchanges and evaluation of the companies operating in the same industry as the Light Engine Group. We have had discussions with the Executive Directors and the Target Directors about the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the Light Engine Group. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. Shareholders should note that the Selected Comparable Companies may not be directly comparable to the Light Engine Group in terms of composition of business activities, scale of operations, types of contracts, clientele base, risk profile, geographical spread of activities and assets, track record, future prospects, and other relevant criteria. Comparisons may also be affected, *inter alia*, by differences in their accounting policies.

We advise Directors to note that there may not be any company listed on any relevant stock exchange that is directly comparable to the Light Engine Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, end-customers, supply and/or value chain, core competence, resources, revenue drivers and models, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Selected Comparable Companies as the businesses of these companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Light Engine Group may differ. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Light Engine Group as at the Latest Practicable Date.

Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects, real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity and the market capitalisation or the relative sentiments of the market for the shares.

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Selected Comparable Companies	Principal Activities
<p>HG Semiconductor Ltd. ("HG")</p> <p><i>Listed on Hong Kong Stock Exchange ("HKSE")</i></p>	<p>The company is principally engaged in the design, development and manufacturing of LED lamp beads. It also designs, develops and manufactures LED lighting products and provides sub-contracting services.</p>
<p>NVC International Holdings Ltd. ("NVC")</p> <p><i>Listed on HKSE</i></p>	<p>The company is engaged in the manufacture and sales of lamps, luminaries, lighting electronic products and related products. The three business segments are: (i) luminaire products (i.e manufacture and sales of complete lighting units); (ii) lamp products (i.e. manufacture and sales of light bulbs and tubes); and (iii) lighting electronic products (i.e. manufacture and sales of electronic transformers, electronic and inclusive ballasts as well as high intensity discharge ballast boxes).</p>
<p>Neo-neon Holdings Ltd. ("Neo-neon")</p> <p><i>Listed on HKSE</i></p>	<p>The company is engaged in the manufacture and distribution of LED decorative lighting products. The three business segments are: (i) LED decorative lighting (i.e manufacture and distribution of LED and incandescent decorative lighting products); (ii) general illumination lighting (i.e manufacture and distribution of LED general illumination and entertainment lighting products); and (iii) all others (i.e distribution of lighting product accessories).</p>
<p>Tons Lightology Inc. ("Tons Lightology")</p> <p><i>Listed on Taipei Exchange ("TPEX")</i></p>	<p>The company is engaged in the development, manufacture and sales of commercial lighting fixtures.</p>
<p>Zhejiang Yankon Group Co., Ltd. ("Zhejiang Yankon")</p> <p><i>Listed on Shanghai Stock Exchange ("SSE")</i></p>	<p>The company is engaged in the research and development, manufacture and distribution of lighting appliances. Some of its main products are green lighting products, including integrated electronic energy-saving lamps, T5 high-power energy-saving fluorescent lamps and related accessories, LED lighting equipment.</p>
<p>Oppl Lighting Co., Ltd. ("Oppl Lighting")</p> <p><i>Listed on SSE</i></p>	<p>The company is engaged in the research, design, manufacture and distribution of illumination or lighting products. The company designs, produces, and sells bulbs, lighting fixtures, LED, and other related items around the world.</p>
<p>Leedarson IOT Technology Inc. ("Leedarson")</p> <p><i>Listed on SSE</i></p>	<p>The company is engaged in the research and development, manufacture, as well as sale and service of products in the field of Internet of Things, such as LED lighting products, smart homes and smart buildings. The two business segments are: (i) lighting business (i.e provision of LED lighting products such as LED light sources and LED lamps); as well as (ii) Internet of Things business (i.e. research and development and manufacturing of cloud platforms, wireless modules, application-level chips, artificial intelligence algorithms and smart hardware).</p>
<p>Bortex Global Ltd. ("Bortex")</p> <p><i>Listed on HKSE</i></p>	<p>The company is engaged in the manufacture and distribution of LED lighting products. Some of its products include LED decorative lighting series and LED luminaire lighting series.</p>

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<p>Hengdian Group TOSPO Lighting Co., Ltd. ("Hengdian")</p> <p><i>Listed on SSE</i></p>	<p>The company is engaged in the R&D, production and sales of energy-saving lighting products. The main business segment is responsible for the production and sales of energy-saving lights, LED bulbs, lighting electronic products, LED lighting fixtures and engineering plastics.</p>
<p>Guangdong PAK Corporation Co., Ltd. ("Guangdong PAK")</p> <p><i>Listed on Shenzhen Stock Exchange ("SZSE")</i></p>	<p>The company is engaged in the production of commercial, engineering, home and outdoor lighting products, as well as the designing of lights, technical consulting, equipment installation and other related services.</p>
<p>Tecnon Electronics Co., Ltd. ("Tecnon")</p> <p><i>Listed on SZSE</i></p>	<p>The company specialises in the manufacturing of lightings. It is also a premium original equipment manufacturer, original design manufacturer, providing customisation services in the commercial lighting segment.</p>
<p>IMS Group Holdings Ltd. ("IMS")</p> <p><i>Listed on HKSE</i></p>	<p>The company engaged in the sale of LED lighting fixtures. The four business segments include: (i) sale of LED lighting fixtures, (ii) LED lighting system consultation and maintenance services, (iii) integrated LED lighting solution services and (iv) sale of visual-audio systems.</p>
<p>Ocean's King Lighting Science & Technology Company Limited ("Ocean's King")</p> <p><i>Listed on SZSE</i></p>	<p>The company is primarily engaged in developing, manufacturing and selling of lighting equipment. The main products include fixed lighting equipment, mobile lighting equipment and portable lighting equipment.</p>
<p>Anhui Coreach Technology Co., Ltd. ("Anhui Coreach")</p> <p><i>Listed on SZSE</i></p>	<p>The company is primarily engaged in manufacturing and distribution of lighting fixtures. The products include household lighting, commercial lighting, industrial lighting, light emitting semiconductor products and other related products.</p>
<p>Shenzhen EXC-LED Technology Co., Ltd. ("Shenzhen EXC")</p> <p><i>Listed on SZSE</i></p>	<p>The company is engaged in the manufacture of lighting equipment. The products include wall washer lightings, flood lightings, line lightings, special lamps, as well as other equipment.</p>
<p>Sichuan Huati Lighting Technology Co., Ltd. ("Sichuan Huati")</p> <p><i>Listed on SSE</i></p>	<p>The company is engaged in the manufacture and distribution of lighting products. The products include outdoor lights, landscape lights, indoor lights, solar street lights, and other products. The company also provides lighting program designing, project implementation, and other services.</p>
<p>Endo Lighting Corporation ("Endo")</p> <p><i>Listed on Tokyo Stock Exchange ("TSE")</i></p>	<p>The company is engaged in the lighting equipment-related business. The three business segments include: (i) manufacture and sale of various lighting equipment; (ii) sale of energy-saving products, as well as the rental of lighting equipment and energy-saving products; and (iii) sale of interior furniture and supplies).</p>

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<p>Iwasaki Electric Co., Ltd. ("Iwasaki")</p> <p><i>Listed on TSE</i></p>	<p>The company is engaged in the manufacture and sale of various light sources, as well as electrical machinery and apparatus. The two business segments are: (i) lighting business (i.e manufacture and sale of LED, high-intensity discharge lamps for lighting, ballasts, facility lighting equipment, lighting-control equipment and other special lighting); as well as (ii) light and environment business (i.e manufacture and sale of light sources and instruments for special applications such as water purification, sterilisation, modification hardening and environment testing, electron beam irradiation equipment and information equipment.</p>
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Source: *The respective company's and stock exchanges' website.*

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The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies:

Selected Comparable Companies ⁽¹⁾	LTM ROE (%) ⁽²⁾	LTM net profit margin (%) ⁽³⁾	LTM asset turnover (times) ⁽⁴⁾	Total liabilities ⁽⁵⁾ / shareholder equity ⁽⁶⁾ (times)	Total borrowings ⁽⁷⁾ / shareholder equity ⁽⁶⁾ (times)
HG	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾	0.1	0.1	0.1
NVC	n.m. ⁽⁹⁾	n.m. ⁽⁹⁾	0.5	0.3	0.1
Neo-neon	n.m. ⁽¹⁰⁾	n.m. ⁽¹⁰⁾	0.5	0.2	0.1
Tons Lightology	6.7%	7.4%	0.8	0.2	0.01
Zhejiang Yankon	2.9%	2.6%	0.7	0.6	0.2
Oppl Lighting	13.6%	10.0%	0.9	0.5	0.04
Leedarson	14.8%	6.2%	1.2	0.9	0.4
Bortex	1.6%	1.9%	0.6	0.4	0.2
Hengdian	8.4%	5.1%	1.0	0.6	0.2
Guangdong PAK	n.m. ⁽¹¹⁾	n.m. ⁽¹¹⁾	0.8	0.4	0.2
Tecnon	5.7%	1.9%	1.5	1.0	0.4
IMS	11.8%	11.9%	0.7	0.4	0.06
Ocean's King	9.2%	13.4%	0.5	0.2	0.02
Anhui Coreach	9.4%	11.2%	0.6	0.4	0.1
Shenzhen EXC	1.5%	2.6%	0.3	0.6	0.3
Sichuan Huati	n.m. ⁽¹²⁾	n.m. ⁽¹²⁾	0.4	0.8	0.4
Endo	9.5%	6.8%	0.8	0.8	0.5
Iwasaki	0.8%	0.5%	0.9	1.0	0.1
MAXIMUM	14.8%	13.4%	1.5	1.0	0.5
MINIMUM	0.8%	0.5%	0.1	0.1	0.01
MEDIAN	8.4%	6.2%	0.7	0.4	0.1
SIMPLE AVERAGE	7.4%	6.3%	0.7	0.5	0.2
Light Engine Group	9.8%	6.5%	0.7	1.1	0.9

Source: The latest annual reports and the announced unaudited financial statements of the respective companies, and www.morningstar.com (where applicable).

Notes:

- (1) Figures and computation presented in the above table are subject to rounding.
- (2) The last twelve months ("LTM") return on equity ("ROE") is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the consolidated equity holders excluding minority interest of the respective companies.
- (3) LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to shareholders to the most recent twelve months total consolidated revenue of the respective companies.
- (4) LTM asset turnover is the ratio of the most recent twelve months total consolidated revenue to the total consolidated assets of the respective companies.
- (5) Total liabilities include, inter alia, all the liabilities of the respective companies but exclude any contingent liabilities, if any.
- (6) Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies.
- (7) Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, where applicable.
- (8) HG incurred a loss after tax attributable to owners of approximately RMB457.2 million for the LTM ended 30 June 2022. Hence, HG's LTM ROE and LTM net profit margin ratios are negative and not meaningful.
- (9) NVC incurred a loss after tax attributable to owners of approximately RMB70.9 million for the LTM ended 30 June 2022. Hence, NVC's LTM ROE and LTM net profit margin ratios are negative and not meaningful.
- (10) Neo-neon incurred a loss after tax attributable to owners of approximately RMB84.6 million for the LTM ended 30 June 2022. Hence, Neo-neon's LTM ROE and LTM net profit margin ratios are negative and not meaningful.

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- (11) *Guangdong PAK incurred a loss after tax attributable to owners of approximately RMB28.4 million for the LTM ended 30 September 2022. Hence, Guangdong PAK's LTM ROE and LTM net profit margin ratios are negative and not meaningful*
- (12) *Sichuan Huati incurred a loss after tax attributable to owners of approximately RMB81.1 million for the LTM ended 30 September 2022. Hence, Sichuan Huati's LTM ROE and LTM net profit margin ratios are negative and not meaningful.*

For illustrative purposes only, we note the following:-

- (i) The Light Engine Group's LTM ROE is within the range, higher than both the median and the simple average for the Selected Comparable Companies.
- (ii) The Light Engine Group's LTM net profit margin is within the range, higher than both the median and the simple average for the Selected Comparable Companies.
- (iii) The Light Engine Group's LTM asset turnover is within the range, and in line with both the median and the simple average for the Selected Comparable Companies.
- (iv) The Light Engine Group's total liabilities to shareholders' equity ratio is higher than any of the Selected Comparable Companies.
- (v) The Light Engine Group's total borrowings to shareholders' equity ratio is higher than any of the Selected Comparable Companies.

In summary, the historical financial performance of the Light Engine Group appears to be more favourable than or fairly comparable to the median and the simple average for the Selected Comparable Companies in terms of its LTM ROE, LTM net profit margin, and asset turnover ratio. However, the financial position of the Light Engine Group appears to be worse off than the Selected Comparable Companies in terms of its ratio of total liabilities to shareholders' equity, and the ratio of total borrowings to shareholders' equity. The Target Directors represented that the weaker financial position of the Light Engine Group is mainly attributable to the relatively under capitalisation of the Light Engine Group as in the past they have been relying on, *inter alia*, debt financing and due to their strategy to upgrade and expand of their manufacturing plant which has led to higher investments and capital expenditures on their property, plant and equipment in the past years. These investments were funded primarily by external bank loans and the Light Engine Group's internal resources. The Target Directors also represented that it takes time for these investments to yield return and these investments are expected to bring returns to the Light Engine Group in this financial year ending 31 December 2022.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while those for the Light Engine Group are based on the Consideration. All the valuation statistics are computed on a historical basis using financial data and information obtained from their latest publicly available unaudited financial statements or audited financial statements from their annual reports or result announcements.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies, and the Light Engine Group should be evaluated in the context of their relative financial performance.

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Selected Comparable Companies	Market Capitalisation (\$\$ m)	LTM EV/EBITDA ⁽¹⁾ (times)	LTM PER ⁽²⁾ (times)	P/NAV ⁽³⁾ (times)	P/NTA ⁽⁴⁾ (times)	Premium/ (discount) over/from NTA (%)
HG	324.4	n.m. ⁽⁵⁾	n.m. ⁽⁵⁾	2.9	3.3	225.5%
NVC	78.2	3.0	n.m. ⁽⁶⁾	0.1	0.2	(84.8)%
Neo-neon	160.3	6.3	n.m. ⁽⁷⁾	0.6	0.6	(37.2)%
Tons Lightology	50.9	4.9	15.3	1.0	1.0	2.4%
Zhejiang Yankon	932.4	38.1	46.2	1.4	1.5	46.4%
Oppl Lighting	2,435.1	12.7	15.8	2.2	2.3	129.6%
Leedarson	1,697.0	16.9	18.0	2.7	2.8	176.8%
Bortex	43.6	22.8	94.3	1.5	1.5	54.9%
Hengdian	1,800.6	26.9	35.1	2.9	3.2	216.6%
Guangdong PAK	620.6	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾	1.5	1.6	60.3%
Tecnon	445.0	20.7	35.6	2.0	3.7	272.3%
IMS	7.0	n.m. ⁽⁹⁾	4.2	0.5	0.5	(50.1)%
Ocean's King	1,346.9	18.9	26.5	2.4	2.6	164.6%
Anhui Coreach	661.3	33.3	32.5	3.0	3.1	209.7%
Shenzhen EXC	421.8	81.9	93.1	1.4	1.5	52.1%
Sichuan Huati	407.5	n.m. ⁽¹⁰⁾	n.m. ⁽¹⁰⁾	3.0	3.4	239.4%
Endo	106.4	2.1	3.7	0.3	0.4	(61.3)%
Iwasaki	185.7	4.0	70.6	0.6	0.6	(40.0)%
MAXIMUM	2,435.1	38.1⁽¹¹⁾	35.6⁽¹¹⁾	3.0	3.7	272.3%
MINIMUM	7.0	2.1⁽¹¹⁾	3.7⁽¹¹⁾	0.1	0.2	(84.8)%
MEDIAN	414.6	16.9⁽¹¹⁾	18.0⁽¹¹⁾	1.5	1.6	57.6%
SIMPLE AVERAGE	651.4	16.2⁽¹¹⁾	20.7⁽¹¹⁾	1.7	1.9	87.6%

Light Engine Group	191.3	7.6	12.9	1.0⁽¹²⁾	1.1⁽¹²⁾	13.0%
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Source: The latest annual reports and the announced unaudited financial statements of the respective companies.

Notes:

- (1) The LTM EV/EBITDA for the Selected Comparable Companies are based on the most recent twelve months EBITDA as reported by the respective companies. The EBITDA for Bortex is based on the most recent twelve months period ended 31 July 2022. The EBITDA for HG, NVC, and Neo-neon are based on the most recent twelve months period ended 30 June 2022. The EBITDA for Tons Lightology, Zhejiang Yankon, Oppl Lighting, Leedarson, Hengdian, Guangdong PAK, Tecnon, IMS, Ocean's King, Anhui Coreach, Shenzhen EXC, Sichuan Huati, Endo, and Iwasaki are based on the most recent twelve months period ended 30 September 2022.
- (2) The LTM PERs for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for Bortex is based on the most recent twelve months period ended 31 July 2022. The earnings after tax for HG, NVC, and Neo-neon are based on the most recent twelve months period ended 30 June 2022. The earnings after tax for Tons Lightology, Zhejiang Yankon, Oppl Lighting, Leedarson, Hengdian, Guangdong PAK, Tecnon, IMS, Ocean's King, Anhui Coreach, Shenzhen EXC, Sichuan Huati, Endo, and Iwasaki are based on the most recent twelve months period ended 30 September 2022.
- (3) The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements. The NAV for Bortex is based on the figures as at 30 April 2022. The NAV for HG, NVC, and Neo-neon are based on the most recent twelve months period ended 30 June 2022. The NAV for Tons Lightology, Zhejiang Yankon, Oppl Lighting, Leedarson, Hengdian, Guangdong PAK, Tecnon, IMS, Ocean's King, Anhui Coreach, Shenzhen EXC, Sichuan Huati, Endo, and Iwasaki are based on figures as at 30 September 2022.
- (4) The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements. The NTA for Bortex is based on the figures as at 30 April 2022. The NTA for HG, NVC, and Neo-neon are based on figures as at 30 June 2022. The NTA for Tons Lightology, Zhejiang Yankon, Oppl Lighting, Leedarson, Hengdian, Guangdong PAK, Tecnon, IMS, Ocean's King, Anhui Coreach, Shenzhen EXC, Sichuan Huati, Endo, and Iwasaki are based on figures as at 30 September 2022.
- (5) HG incurred a loss after tax attributable to owners and negative EBITDA of approximately RMB457.2 million and RMB446.8 million respectively for the LTM ended 30 June 2022. Hence, HG's LTM PER and LTM EV/EBITDA ratios are negative and not meaningful.

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- (6) *NVC incurred a loss after tax attributable to owners of approximately RMB70.9 million for the LTM ended 30 June 2022. Hence, NVC's LTM PER ratio is negative and not meaningful*
- (7) *Neo-neon incurred a loss after tax attributable to owners of approximately RMB84.6 million for the LTM ended 30 June 2022. Hence, Neo-neon's LTM PER ratio is negative and not meaningful.*
- (8) *Guangdong PAK incurred a loss after tax attributable to owners and negative EBITDA of approximately RMB28.4 million and RMB49.5 million respectively for the LTM ended 30 September 2022. Hence, Guangdong PAK's LTM PER and LTM EV/EBITDA ratios are negative and not meaningful.*
- (9) *IMS registered negative EV for the LTM ended 30 September 2022. Hence, IMS' EV/EBITDA is negative and not meaningful*
- (10) *Sichuan Huati incurred a loss after tax attributable to owners and negative EBITDA of approximately RMB81.1 million and RMB86.8 million respectively for the LTM ended 30 September 2022. Hence, Sichuan Huati's LTM PER and LTM EV/EBITDA ratios are negative and not meaningful.*
- (11) *The outliers are excluded in the computation. The outliers for LTM EV/EBITDA is Shenzhen EXC and for PER are Zhejiang Yankon, Bortex, Shenzhen EXC, and Iwasaki.*
- (12) *Based on the Light Engine Group's RNAV and RNTA.*

For illustrative purposes only, we note:

- (i) The market capitalisation of the Light Engine Group as implied by the Consideration is within the range but lower than both the median and the simple average of the Selected Comparable Companies. We note that the Light Engine Group is not listed on any stock exchange and it is generally accepted that the value for quoted shares are generally higher than those for unquoted shares in view of the listed status, improved liquidity, disclosure, corporate governance requirements as well as rules of the relevant exchange that has to be complied with for listing.
- (ii) The valuation of the Light Engine Group (as implied by the Consideration) in terms of LTM EV/EBITDA and LTM PER are within the range but lower than both the median and the simple average for the Selected Comparable Companies (excluding outliers).
- (iii) The valuation of the Light Engine Group (as implied by the Consideration, RNAV and RNTA) in terms of both P/NAV and P/NTA ratios are within the range but lower than both the median and the simple average for the Selected Comparable Companies (excluding outliers).

In summary, the valuation of the Light Engine Group (as implied by the Consideration) appears to be lower as compared to the Selected Comparable Companies.

The Directors are advised to review the Consideration and the comparison of the Light Engine Group's valuation ratios with the Selected Comparable Companies in conjunction with the following facts:

- (i) The trading statistics for the shares of the Selected Comparable Companies are based on transactions which do not result in acquisition of control whilst for the Proposed Acquisition, it relates to acquisition of 100% equity interest in Light Engine;
- (ii) The Light Engine Group is not listed on any stock exchange – it is generally accepted that the value for quoted shares are generally higher than those for unquoted shares in view of the listed status; improved liquidity; disclosure, corporate governance requirements; as well as rules of the relevant exchange that has to be complied with for listing; and
- (iii) The Light Engine Group's historical financial performance appears to be more favourable than or fairly comparable to the median and the simple average for the Selected Comparable Companies in terms of its LTM ROE, LTM net profit margin, and asset turnover ratio. However, the financial position of the Light Engine Group appears to be worse off than the Selected Comparable Companies in terms of its ratio of total liabilities to shareholders' equity, and the ratio of total borrowings to shareholders' equity. The Target Directors represented that the weaker financial position of the Light Engine Group is mainly attributable to the relatively under capitalisation of the Light Engine Group given their reliance on debt financing in the past for the Light Engine Group's working capital and capex requirements and due to higher investments and capital expenditures for the upgrading and expansion of their manufacturing plant which were funded primarily by external bank loans and the Light Engine Group's internal resources.

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We also wish to highlight that the NAV and NTA based approach of valuing a company is dependent on factors that may differ for each Selected Comparable Companies including, *inter alia*, factors such as depreciation policies. As such, the comparison of the NAV and NTA of the Light Engine Group with those of the Selected Comparable Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably uses the price of the shares, they may or may not take into account any relative or perceived or actual risk premiums or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of its activities or the relative contributions in terms of assets, financial performance may differ.

Directors should note that the prices at which the shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

5.6. Analysis of selected comparable transactions

In our assessment of the reasonableness of the Consideration, we have considered the salient terms of other acquisitions of equity interests which constitute interested person transactions and require shareholders' approval undertaken by SGX-ST listed companies (excluding business trusts and real estate trusts) completed since 2020 (the "**Selected IPT Acquisitions**") to provide, *inter alia*, a general comparison of the premium over or discount from NTA, without having regard to specific industry characteristics or consideration structure or other relevant considerations. We wish to highlight that the list of the Selected IPT Acquisitions is by no means exhaustive, and that the premium (if any) that a purchaser would pay for a business depends on various factors, including, *inter alia*, the purchaser's rationale for the acquisition, consideration structure, prevailing market conditions and sentiments, attractiveness and profitability of the business and assets acquired as well as relative "bargaining position" of buyer/seller. Accordingly, any comparison made with respect to the Selected IPT Acquisitions is necessarily limited and intended to serve as an illustrative guide only.

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Name of acquirer⁽¹⁾	Target companies	Date of announcement	% of equity interest acquired	Consideration Structure	Total consideration for target companies (\$ million)	Consideration to Target NTA (times)	Target profit/Loss
Bioldics Limited	Biomedics Laboratory Pte. Ltd.	27-Mar-20	100%	100% cash	3.7 ⁽²⁾	9.3	Loss
AEI Corporation Ltd.	MTBL Global Pte. Ltd.	31-Dec-20	100%	100% cash	17.0	4.9	Profit
China Mining International Limited	Fully Rich International Investment Limited	21-Jan-21	100%	100% shares	7.0	0.3	Profit
Asian Healthcare Specialists Limited	Cornerstone Asia Health Pte. Ltd.	9-Apr-21	49%	15.6% cash and 84.4% shares	16.0	22.5	Profit
Aoxin Q&M Dental Group Limited	Acumen Diagnostics Pte. Ltd.	16-Aug-21	49%	100% shares	29.4	4.0	Loss (profit 6-mth interim)
Alpha DX Group Limited	Didi Academy Inc	17-Aug-21	100%	100% cash	2.0 ⁽²⁾	1.7 ⁽³⁾	Loss
Union Gas Holdings Limited	Sembas (Asia) Trading Pte. Ltd., Semgas Supply Pte. Ltd. and Summit Gas Systems Pte. Ltd	25-Aug-21	100%	18.7% cash and 81.3% shares	75.0	2.6	Profit
Incredible Holdings Ltd.	Billion Credit Financial Company Limited.	27-Sep-21	100%	100% promissory notes	1.0 ⁽²⁾	N.M ⁽⁴⁾	Profit
Niegrator International Ltd.	Gadmobe Group	12-Oct-21	85%	100% promissory notes (8% interest p.a.)	17.9 ⁽²⁾	26.3	Profit

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Name of acquirer ⁽¹⁾	Target companies	Date of announcement	% of equity interest acquired	Consideration Structure	Total consideration for target companies (\$ million)	Consideration to Target NTA (times)	Target profit/Loss
Niegrator International Ltd.	Golden Ultra Limited	12-Oct-21	55%	100% promissory notes (8% interest p.a.)	19.2 ⁽²⁾	17.7	Profit
Incredible Holdings Ltd.	Golden Ultra Limited	18-Oct-21	42%	100% promissory notes	14.6	17.7	Profit
P5 Capital Holdings Ltd.	Gashubunited Utility Private Limited	10-Nov-21	51%	100% shares	12.5	5.8 ⁽⁶⁾	Loss
Maxi-Cash Financial Services Corporation Ltd	Aspial-Lee Hwa Singapore, Gold Purple and BU2 Services	7-Jul-22	100%	43.1% cash and 56.9% shares	99.8	2.0 ⁽⁶⁾	Profit
Sitra Holdings (International) Limited	Mapur Rocky Resort Limited	10-Aug-22	46%	100% cash	2.6	0.9 ⁽⁷⁾	Loss
MAXIMUM			100%		99.8	26.3	
MINIMUM			42%		1.0	0.3	
MEDIAN			93%		15.3	4.9	
SIMPLE AVERAGE			77%		22.7	8.9	
XIC	Light Engine Group	31-Mar-22	100%	100% cash	191.26	1.1⁽⁸⁾	Profit

Source: SGX-ST announcements and circulars to shareholders in relation to the respective acquisition transactions

Notes:

- (1) Figures and computation are subject to rounding.
- (2) Based on the maximum consideration as disclosed in the respective circular.
- (3) For the target, Didi Academy Inc, the adjusted NAV as at 30 June 2021 is used, as disclosed in the circular.

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- (4) *Not meaningful as the target, Billion Credit Financial Company Limited, has net tangible liabilities of approximately HK\$2.2 million as at 30 June 2021 after adjustments as disclosed in the circular.*
- (5) *Based on pro-forma NTA after capitalisation and conversion of loan.*
- (6) *Based on the adjusted NTA as at 30 June 2022, as disclosed in the circular.*
- (7) *Based on the RNTA as at 30 June 2022 as disclosed in the circular.*
- (8) *Based on the Light Engine Group's RNTA as described in Section 5.4 of this Letter.*

For illustrative purposes only, we note the following:-

- (i) The value of the Light Engine Group as implied by the Consideration is higher than any of the Selected IPT Acquisitions.
- (ii) The Light Engine Group's P/NTA ratio of 1.1 times (as implied by the Consideration and the Light Engine Group's RNTA) is within the range, and substantially lower than the median and the simple average for the Selected IPT Acquisitions.

Independent Directors should note that as the circumstances for each of the companies listed is unique and as the companies or the transactions may not be identical to the Light Engine Group or the Proposed Acquisition in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects, payment terms and other relevant criteria, the analysis is necessarily limited. Further, the list of Selected IPT Acquisitions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Proposed Acquisition and the Selected IPT Acquisitions serves as an illustrative guide only.

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6. OTHER CONSIDERATIONS

6.1 Pro forma financial effects of the Proposed Acquisition

The pro forma financial effects of the Proposed Acquisition and its underlying assumptions can be found in Section 8 of the Circular. We recommend that the Directors advise the Shareholders to read those pages of the Circular carefully.

For illustrative purpose only, we note that the Group's NTA as at 31 March 2022 per Share, would increase from approximately 94.42 Singapore cents as at 31 March 2022 to approximately 95.51 Singapore cents (assuming the Proposed Acquisition had been completed on 31 March 2022 and based on the Company's 38.13% interest in XIC and include the estimated costs to be incurred by the Company in seeking approval of the Proposed Acquisition by the Shareholders).

For illustrative purpose only, we note that the Group's earnings per Share ("EPS") for FY2022 would increase from approximately 7.29 Singapore cents to approximately 8.19 Singapore cents for FY2022 (assuming the Proposed Acquisition had been completed on 1 April 2021 and based on the Company's 38.13% interest in XIC and include the estimated costs to be incurred by the Company in seeking approval of the Proposed Acquisition by the Shareholders).

It is noted that the Group was profitable and we understand from the Management that the improvement in the Group's earnings per Share was mainly caused by the additional earnings contribution from the Light Engine Group. The Executive Directors and the XIC Directors confirmed that the Consideration for the Proposed Acquisition will be financed by XIC's internal resources and no additional borrowing will be required to satisfy the Consideration.

6.2 No assurance of profitability or price for Shares

Directors should note that no profit warranty has been provided by any party with respect to the future performance of the Target Company in connection with the Proposed Acquisition.

We would also highlight that there is no assurance that the synergies between XIC and Light Engine will improve the profitability and Shareholders' value or would result in the Shares being traded higher than the current price as at the Latest Practicable Date.

Upon completion of the Proposed Acquisition, the Light Engine Group will become a subsidiary of XIC and be deemed as associate of the Company and their results will be recognised under the share of results of associates. For illustrative purpose only, we note that the Light Engine Group's net profit after tax attributable to owners of the company of approximately HK\$85.1 million for LTM ended 30 June 2022 is significantly lower than the net profit after tax attributable to owners of the company of approximately HK\$168.3 million registered by Time Interconnect Technology (a subsidiary of XIC which was disposed during FY2022) for the financial year ended 31 March 2022.

6.3 No alternative investment/business expansion or acquisition opportunity other than the Proposed Acquisition

As at the Latest Practicable Date, the XIC Directors have confirmed that they are not aware of any firm/formal offer for alternative investment/business expansion or acquisition opportunity available to XIC, which is comparable in nature, size and scope to the Proposed Acquisition.

6.4 Abstention from voting for the Proposed Acquisition

Pursuant to Rule 919 of the Listing Manual, an interested person and any associate of the interested person shall abstain from voting on the resolutions approving the interested person transactions involving themselves and their associates. Such interested persons and their associates shall not vote nor accept appointments as proxies in relation to such resolutions unless specific voting instructions had been given by the Shareholders.

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.

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Mr Victor Lo is also an Executive Director and the Chairman and the Chief Executive of Gold Peak Technology Group Limited (“GPG”).

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.

Accordingly, Mr Victor Lo and Ms Grace Lo will be abstaining from making any recommendation on the Proposed Acquisition to Shareholders, and where applicable, will also abstain, and will ensure that their associates will abstain, from voting on the Ordinary Resolution to approve the Proposed Acquisition at the EGM (or any adjournment thereof), and 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.

We note from Section 10.2 of the Circular that GPG is the controlling Shareholder of the Company, holding 414,098,443 Shares (representing 85.59% of the existing Share capital as at the Latest Practicable Date). In addition, Mr Victor Lo has a direct interest of 300,000 Shares and is deemed interested in 414,098,443 Shares held by GPG pursuant to his direct interest in the issued shares of GPG of approximately 26.54%.

In view of Mr Victor Lo’s interest in GPG, GPG will therefore abstain, and will ensure that its associates will abstain, from voting on the Ordinary Resolution to approve the Proposed Acquisition at the EGM (or any adjournment thereof).

6.5 Financing requirements for the Target’s LED businesses

The Target Directors have represented that as at 30 June 2022, the Light Engine Group has commitment of approximately HK\$97.4 million (of which approximately HK\$70.1 million had been deposited) for, *inter alia*, construction of 2 new factories, decoration work for main building, re-allocation of production lines and building of clean room, and other decoration works.

In addition, the Target Directors have represented and confirmed the following:-

- (i) There are no immediate funding requirements for the Light Engine Group after completion of the Proposed Acquisition.
- (ii) As at 30 June 2022, approximately 56.6% of the Light Engine Group’s trade receivables is past due, which was a significant improvement as compared to 64.0% as at 31 December 2021. In addition, as at the Latest Practicable Date, there were further settlement received of approximately HK\$180.0 million. Out of the further settlements received, approximately HK\$100.0 million were for trade receivables that were past due as at 30 June 2022 (or approximately 32.0% of the total trade receivables that were past due). Barring any unforeseen circumstances and based on their best knowledge, the Target Directors do not expect any collection problem and any further loss allowance to be made. The Light Engine Group’s working capital has improved significantly and the Light Engine Group is not expected to take up any additional loans immediately after the completion of the Proposed Acquisition.
- (iii) As at the Latest Practicable Date, the Light Engine Group is not under pressure from its bankers to repay any of its existing borrowings and the Target Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Light Engine Group is sufficient to meet its requirements for the next 12 months.

In relation to the Light Engine Group’s borrowings as at 30 June 2022, which are secured by, *inter alia*, personal guarantee by Mr Paul Lo, the XIC Directors and the Target Directors confirmed that the said personal guarantee by Mr Paul Lo will continue to be in place after the completion of the Proposed Acquisition and Mr Paul Lo will continue to give his personal guarantee to support all future and existing banking facilities of the enlarged XIC Group (after the completion of the Proposed Acquisition).

As mentioned previously, there were breaches in financial covenants regarding the debt-equity ratio of the Light Engine Group for a bank loan of carrying amount HK\$40 million during TFY2020. While the

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Target Directors attempted to renegotiate of the term loans, the lender did not agree to waive its rights to demand immediate repayment, which resulted in the entire amount being reclassified from non-current liabilities to current liabilities. However, the loan was not recalled, and Light Engine was allowed to repay the outstanding balances by instalments according to the original repayment schedule.

The Target Directors confirmed that there was no breach of financial covenants during TFY2021, T6M2022 and as at the Latest Practicable Date.

Based on the information made available to them and taking into account the existing cash and cash equivalents and banking facilities available to the XIC Group and the Light Engine Group, barring unforeseen circumstances, the Directors, the XIC Directors, and the Target Directors are of the opinion that the working capital available to the enlarged XIC Group as at the Latest Practicable Date is sufficient for present requirements and for at least 12 months after the completion of the Proposed Acquisition and the payment of interest and principal of the borrowings when due.

6.6 Risk factors

While we have, in the course of our evaluation, assessed the financial terms of the Proposed Acquisition and considered the transactions from the perspective of whether such terms are on normal commercial terms and not prejudicial, to the interest of the Company and its Minority Shareholders, we have not examined the underlying business, operation, and regulatory risks associated with the Light Engine Group as well as the business prospects of the Light Engine Group or the Enlarged Group following the completion of the Proposed Acquisition, which shall be responsibility of the Directors. The risk factors in connection with the Light Engine Group are set out in Section 2.5 of the Circular. Should any of the considerations and uncertainties highlighted in the aforementioned risk factors develop in actual event, the business, financial condition or results of the operations of the Light Engine Group or the Enlarged Group could be materially adversely affected.

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7. OPINION

In arriving at our recommendation, we have reviewed and examined the following factors summarised below as well as others elaborated elsewhere in our Letter which we have considered to be pertinent in our assessment of the Proposed Acquisition as an IPT, including the views of and representations by the Directors, the XIC Directors, and the Target Directors.

Our recommendation or opinion is by no means an indication of the merits, prospects, financial performance and position of the Light Engine Group, the ability of the Light Engine Group to recover the receivables that are past due, or the ability of the Light Engine Group to service its borrowings (both principal and interest payment) when it falls due or the adequacy of the working capital or the ability to continue as a going concern of the Light Engine Group following completion of the Proposed Acquisition.

Save for the Relevant Land and Building Valuation Report, the Relevant Intangible Assets Valuation Report, the CWL Business Valuation Report, and the APVSL Business Valuation Report, we have not been furnished with any other valuation reports. We have relied on the Target Directors' confirmation that as at the Latest Practicable Date, there are no material differences between the estimated market value of the remaining PPE or assets for which no valuation was performed and their respective book values as at 30 June 2022 which would have a material impact on the NAV and NTA of the Light Engine Group. Our views, recommendation and opinion are thus necessarily limited and subject to these matters. This is purely a summary of the factors that have been highlighted in this Letter and Shareholders should be advised to read the following in conjunction with, and in the context of, the full text of this Letter.

The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (a) The rationale for the Proposed Acquisition. We note from Section 5 of the Circular that the Proposed Acquisition will enable XIC to invest in an established business (more than 15 years) with solid market recognition, business track records, cutting edge LED lighting technologies, and synergy with the LED Display Business. The Executive Directors concur with the view of the XIC Directors and the Target Directors that the Proposed Acquisition may result in the synergies between XIC and the Light Engine Group as set out in Section 5.1 of this Letter.
- (b) The historical financial performance and position of the Light Engine Group. The Light Engine Group has been profitable during the period reviewed and recorded profit after income tax attributable to owners of the company of approximately HK\$67.8 million, HK\$84.3 million, HK\$75.4 million and HK\$41.2 million with corresponding net profit margin of approximately 5.9%, 7.9%, 5.9% and 6.9% in TFY2019, TFY2020, TFY2021 and T6M2022 respectively. The Light Engine Group recorded positive net cash flow from operating activities in TFY2021 and T6M2022 and positive net working capital of approximately HK\$138.0 million with positive shareholders' equity of approximately HK\$872.0 million as at 30 June 2022.

Independent Shareholders should note that the Light Engine Group's financial performance appears to be more favourable than or fairly comparable to the median and the simple average for the Selected Comparable Companies in terms of its LTM ROE, LTM net profit margin, and asset turnover ratio. However, the financial position of the Light Engine Group appears to be worse off than the Selected Comparable Companies in terms of its ratio of total liabilities to shareholders' equity, and the ratio of total borrowings to shareholders' equity. The Target Directors represented that the weaker financial position of the Light Engine Group is mainly attributable to the relatively under capitalisation of the Light Engine Group as in the past they have been relying on, *inter alia*, debt financing for the Light Engine Group's working capital and capex requirements and due to their strategy to upgrade and expand of their manufacturing plant which has led to higher investments and capital expenditures on their property, plant and equipment in the past years. These investments were funded primarily by external bank loans and the Light Engine Group's internal resources. The Target Directors also represented that it takes time for these investments to yield return and these investments are expected to bring returns to the Light Engine Group in this financial year ending 31 December 2022.

- (c) The evaluation of the Consideration (as set out in Section 5.4 of this Letter) after taking into account, *inter alia*, the following factors:

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- (i) The Consideration represents a premium of approximately 26.1% over the Light Engine Group's NAV and/or NTA as at 30 June 2022.
- (ii) The Consideration represents a discount of approximately 3.0% from the Light Engine Group's RNAV as at 30 June 2022.
- (iii) The Consideration represents a premium of approximately 13.0% over the Light Engine Group's RNTA as at 30 June 2022.
- (iv) The Consideration represents a discount of approximately 9.1% from the Market Value ascribed by CWL.
- (v) The Consideration represents a premium of approximately 22.9% over the Pessimistic Value, a discount of 10.1% and 26.1% from the Best Estimated Value and the Optimistic Value respectively, ascribed by APVSL.
- (vi) Fair comparison with the valuation for the Selected Comparable Companies. The valuation of the Light Engine Group (as implied by the Consideration) in terms of LTM EV/EBITDA, LTM PER, P/NAV, and P/NTA are within the range but lower than both the median and the simple average for the Selected Comparable Companies (excluding outliers).

On balance, the valuation of the Light Engine Group (as implied by the Consideration) appears to be fair after considering, *inter alia*, (a) more favourable or fairly comparable financial performance of the Light Engine Group (in terms of LTM ROE, LTM net profit margin, and LTM asset turnover) but weaker financial position (in terms of the ratios for total liabilities to shareholders' equity and total borrowings to shareholders' equity) of the Light Engine Group *vis-à-vis* the Selected Comparable Companies; (b) the Target Directors represented that the weaker financial position of the Light Engine Group is mainly attributable to the relatively under capitalisation of the Light Engine Group as in the past they have been relying on, *inter alia*, debt financing for the Light Engine Group's working capital and capex requirements and due to their strategy to upgrade and expand of their manufacturing plant which has led to higher investments and capital expenditures on their property, plant and equipment in the past years. These investments were funded primarily by external bank loans and the Light Engine Group's internal resources. The Target Directors also represented that it takes time for these investments to yield return and these investments are expected to bring returns to the Light Engine Group in this financial year ending 31 December 2022; (c) the underlying transaction, being the Proposed Acquisition, involves acquisition of "control" of the Light Engine Group whilst the valuation statistic for the Selected Comparable Companies are based on transactions that do not result in acquisition of control; and (d) the Light Engine Group is not listed on any stock exchange and it is generally accepted that the value for quoted shares are generally higher than those for unquoted shares in view of the listed status, improved liquidity, disclosure, corporate governance requirements as well as rules of the relevant exchange that has to be complied with for listing.

- (vii) Comparison with the Selected IPT Acquisitions which shows that the Light Engine Group's P/NTA ratio of 1.1 times (as implied by the Consideration and the Light Engine Group's RNTA) is within the range, and substantially lower than the median and the simple average for the Selected IPT Acquisitions.
- (d) The pro forma financial effects of the Proposed Acquisition as outlined in Section 8 of the Circular. The Proposed Acquisition will lead to higher NTA per Share (based on figures as at 31 March 2022) and EPS given, *inter alia*, the additional earnings contribution from the Light Engine Group. The Executive Directors and the XIC Directors confirmed that the Consideration for the Proposed Acquisition will be financed by XIC's internal resources and no additional borrowing will be required to satisfy the Consideration.

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- (e) Confirmation by the XIC Directors that as at the Latest Practicable Date, they are not aware of any alternative investment or acquisition opportunity available to XIC, which is comparable in nature, size and scope to the Proposed Acquisition.
- (f) The Target Directors' representation and confirmation, *inter alia*, that:-
- (i) There are no immediate funding requirements for the Light Engine Group after completion of the Proposed Acquisition.
 - (ii) As at 30 June 2022, approximately 56.6% of the Light Engine Group's trade receivables is past due, which was a significant improvement as compared to 64.0% as at 31 December 2021. In addition, as at the Latest Practicable Date, there were further settlement received of approximately HK\$180.0 million. Out of the further settlements received, approximately HK\$100.0 million were for trade receivables that were past due as at 30 June 2022 (or approximately 32.0% of the total trade receivables that were past due). Barring any unforeseen circumstances and based on their best knowledge, the Target Directors do not expect any collection problem and any further loss allowance to be made. As the Light Engine Group's working capital has improved significantly and based on information available as at the Latest Practicable Date, the Target Directors represented that the Light Engine Group is not expected to take up any additional loans immediately after the completion of the Proposed Acquisition.
 - (iii) As at the Latest Practicable Date, the Light Engine Group is not under pressure from its bankers to repay any of its existing borrowings and the Target Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Light Engine Group is sufficient to meet its requirements for the next 12 months.
 - (iv) The majority of the Light Engine Group's trade receivables that were past due over 90 days as at 30 June 2022 are from their long-term customers of more than 10 years which historically have not defaulted in their payment. These customers work on project basis hence require longer term of payment. The Target Directors have also represented the new grow lighting business (which contributed approximately 11.9% of total revenue in T6M2022) has shorter term of payment and therefore, is expected to have favourable impact on the overall Light Engine Group's trade receivables aging profile. We also note that pursuant to the Purchase Agreement, the Vendor and Warrantor warrant that all accounts and note receivables and deposits paid of the Light Engine Group disclosed in the unaudited management account of the Light Engine Group as at 31 December 2021 and the Completion Accounts are, individually and in aggregate, collectible in full, net of reserves.
- (g) In relation to the Light Engine Group's borrowings as at 30 June 2022, which are secured by, *inter alia*, personal guarantee by Mr Paul Lo, the XIC Directors and the Target Directors confirmed that the said personal guarantee by Mr Paul Lo will continue to be in place after the completion of the Proposed Acquisition, and Mr Paul Lo will continue to give his personal guarantee to support all existing and future banking facilities of the enlarged XIC Group (after the completion of the Proposed Acquisition).
- (h) The risk factors in connection with the Light Engine Group as set out in Section 2.5 of the Circular.
- (i) Other relevant considerations as set out in Section 6 of this Letter.

In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to, *inter alia*, our terms of reference and earlier analysis, and confirmations and representations from the Directors and/or the Target Directors, **we are of the opinion that, on balance, the Proposed Acquisition as an IPT is ON NORMAL COMMERCIAL TERMS, AND NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders.

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For the purposes of evaluation of the Proposed Acquisition as an IPT, we have adopted the approach that the term “normal commercial terms” and “not prejudicial” comprises two distinct concepts:

- (i) Whether the Proposed Acquisition as an IPT is “normal commercial terms” relates to an opinion on the value of the Consideration. “Normal commercial terms” are terms which a party could obtain if the transaction were on an arm’s length basis or on terms no less favourable to the listed issuer than terms available to or from independent third parties. This has not considered the particular circumstances facing the Company and/or the Group and/or the Light Engine Group. This is based strictly on a fundamental analysis and evaluation of the Consideration as set out in this Letter and based on information known to us and/or which is publicly available).
- (ii) Whether the Proposed Acquisition as an IPT is “not prejudicial”, after taking into consideration the actual and potential financial impact of other circumstances surrounding the Proposed Acquisition, which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the Proposed Acquisition as an IPT to be, on balance, **ON NORMAL COMMERCIAL TERMS**, after factoring, *inter alia*, the following:

- (i) The Consideration represents a premium of approximately 13.0% over the Light Engine Group’s RNTA as at 30 June 2022 and a discount of approximately 3.0% from the Light Engine Group’s RNAV as at 30 June 2022.
- (ii) Relatively fair valuation of the Light Engine Group as implied by the Consideration *vis-à-vis* the valuation of the Selected Comparable Companies in terms of LTM EV/EBITDA, LTM PER, P/NAV and P/NTA.
- (iii) Favourable comparison against the Selected IPT Acquisitions in terms of the P/NTA multiple (as implied by the Consideration and the Light Engine Group’s RNTA).
- (iv) The Consideration is relatively supported by the market or fair value ascribed by CWL and APVSL.

We also consider the financial terms of the Proposed Acquisition as an IPT to be **NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders, after factoring, *inter alia*, the following:

- (i) The rationale for the Proposed Acquisition as set out in Section 5 of the Circular and the potential synergies which may arise from the Proposed Acquisition as set out in Section 5.1 of this Letter.
- (ii) The financial performance and position of the Light Engine Group. Despite the weaker financial position (in terms of the ratios for total liabilities to shareholders’ equity and total borrowings to shareholders’ equity) of the Light Engine Group *vis-à-vis* the Selected Comparable Companies, the Light Engine Group’s financial performance (in terms of LTM ROE, LTM net profit margin, and LTM asset turnover) is more favourable than or fairly comparable to the median and/or the simple average for the Selected Comparable Companies. The Light Engine Group has been profitable during the period reviewed (from TFY2019 to T6M2022) with positive net cash flow from operating activities in TFY2021 and T6M2022, positive net working capital of approximately HK\$138.0 million and sizeable shareholders’ equity of approximately HK\$872.0 million as at 30 June 2022. In addition, the Target Directors represented that the weaker financial position of the Light Engine Group is mainly attributable to the relatively under capitalisation of the Light Engine Group given their reliance on debt financing in the past for the Light Engine Group’s working capital and capex requirements and due to higher investments and capital expenditures for the upgrading and expansion of their manufacturing plant which were funded primarily by external bank loans and the Light Engine Group’s internal resources.
- (iii) Confirmation by the XIC Directors that as at the Latest Practicable Date, they are not aware of any alternative investment or acquisition opportunity available to XIC, which is comparable in nature, size and scope to the Proposed Acquisition.
- (iv) Target Directors’ confirmation that, *inter alia*, (a) there is no immediate funding requirements for

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the Light Engine Group after completion of the Proposed Acquisition; and (b) after taking into consideration the present bank facilities, the working capital available to the Light Engine Group is sufficient to meet its requirements for the next 12 months.

Recommendation

Based on our assessment of the financial terms of the Proposed Acquisition as an IPT as set out above, from a financial point of view, we advise the Independent Directors to recommend that Independent Shareholders vote **in favour of** the Proposed Acquisition to be proposed at the EGM. We advise the Independent Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Independent Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Proposed Acquisition.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or the Light Engine Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors, Light Engine Group's Directors, and Management and therefore does not reflect any projections or future financial performance of the Company or the Group or the Light Engine Group after the completion of the Proposed Acquisition and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Proposed Acquisition as an IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of the Independent Shareholders:

1. The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Light Engine Group after the completion of the Proposed Acquisition. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Light Engine Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Acquisition or voting for or voting against the Proposed Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Light Engine Group or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Light Engine Group or the Proposed Acquisition, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.
2. Our scope does not require us and we have not made any independent evaluation or business valuation of the Company or the Light Engine Group (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities of the Company or the Light Engine Group (including without limitation, property, plant and equipment) or contracts entered into by the Company or the Light Engine Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or the Light Engine Group save for the Relevant Land and Building Valuation Report, the Relevant Intangible Assets Valuation Report, the CWL Business Valuation Report, and the APVSL Business Valuation Report. With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation, property, plant and equipment) including, *inter alia*, the contracts or agreements that the Company or the Light Engine Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the Light Engine Group's Directors and the financial statements (audited and unaudited), where applicable for the assessment.
3. The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the audited financial statements of the Group for FY2022, the unaudited financial statements for the Group for 6M2023, and public announcements of the

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IFA LETTER

Company, there has been no material changes to the Group's business, assets and liabilities, financial position, condition and performance.

4. The Target Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the unaudited financial statements for the Light Engine Group for T6M2022, there has been no material changes to the Light Engine Group's business, assets and liabilities, financial position, condition and performance.

Specific objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Independent Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments in unlisted shares or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Pursuant to, *inter alia*, the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment) Order 2020 (the "Order") which was gazetted on 13 April 2020, the announcement by the Ministry of Law (the "MinLaw") on 6 April 2021 that the MinLaw, in consultation with relevant Ministries and agencies, had further extended the duration of legislation that enables entities to hold meetings via electronic means, beyond 30 June 2021, and the SGX-ST Regulator's Column dated 23 May 2022, the Company is allowed to adopt certain alternative arrangements in holding its EGM (the "Alternative Meeting Arrangements"), including the following:-

- (i) the EGM will be held via electronic means;
- (ii) participation in the EGM electronically by shareholders via live audio-visual webcast or live audio-only stream;
- (iii) live voting during the EGM with their mobile phones, tablets or computers by the Shareholders or his/her/its duly appointed proxy(ies) (other than the Chairman of the EGM) or by appointing the Chairman of the EGM as their proxy to vote on their behalf at the EGM; and
- (iv) submission of questions on matters relating to the agenda of the EGM to the Company in advance of, or live at, the EGM.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the time appointed for the EGM.

In addition, Independent Shareholders are advised to read Section 15 of the Circular and Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

This Letter is prepared pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Independent Directors in connection with and for the purpose of their evaluation of the Proposed Acquisition as an IPT, and is not meant or intended to be an evaluation of the other resolutions to be proposed (where applicable) or alternatives. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed Acquisition as an IPT and/or at the forthcoming EGM.

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This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed herein, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply. Nothing herein shall prevent or exclude Shareholders from relying on this Letter in connection with the Proposed Acquisition as an IPT, whether pursuant to the Contracts (Rights of Third Parties) Act Chapter 53B of Singapore or otherwise.

The recommendations made by the Independent Directors to the Independent Shareholders in relation to the Proposed Acquisition, as well as other resolutions referred to in the Circular (where applicable) and the issue of the Circular shall remain the sole responsibility of the Independent Directors, and the Directors respectively.

Yours faithfully,

For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR



GP Industries Limited

(Incorporated in the Republic of Singapore)

Co. Reg. No. 199502128C

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**” or the “**Meeting**”) of GP Industries Limited (the “**Company**”) will be convened and held by way of electronic means on 30 December 2022 at 10:30 a.m. (Singapore time), for the purpose of considering and if thought fit, passing, with or without amendments, the resolution below as an Ordinary Resolution:

ORDINARY RESOLUTION

Approval for the Proposed Acquisition of Light Engine Technologies Limited by XIC Innovation Limited (formerly known as Linkz Industries Limited), an Associated Company

Resolved that:

- (a) approval be and is hereby given for the acquisition (the “**Proposed Acquisition**”) by XIC Innovation Limited (formerly known as Linkz Industries Limited) (the “**Purchaser**”) of the entire issued ordinary share capital of Light Engine Technologies Limited from United Luminous International (Holdings) Limited (the “**Vendor**”) at the consideration of HK\$1,100,000,000, to be satisfied in cash or by telegraphic transfer or other methods as agreed by the Vendor, on the terms and conditions set out in the conditional share sale and purchase agreement dated 31 March 2022, and as amended from time to time, including by way of the amendment agreements dated 31 August 2022 and 31 October 2022, entered into between the Vendor, the Purchaser and Mr Paul Lo Chung Wai (the “**Warrantor**”); and
- (b) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required in connection with this Ordinary Resolution and the Proposed Acquisition) as they or he may consider desirable, necessary or expedient in the interests of the Company to give full effect to this Ordinary Resolution and the Proposed Acquisition.

By Order of the Board

Lee Tiong Hock
Company Secretary

Singapore
15 December 2022

Notes:

1. The EGM is being convened, and will be held by, electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. An electronic copy of the circular dated 15 December 2022 in relation to the Proposed Acquisition (the “Circular”) and the Notice of EGM will be made available on the Company’s website at the URL <https://www.gp-industries.com/IR.htm> and on the SGX-ST’s website at the URL <https://www.sgx.com/securities/company-announcements>.
2. The EGM will be held by way of electronic means and a shareholder of the Company (each a “Shareholder” and together the “Shareholders”) will be able to watch the proceedings of the EGM through a “live” webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, a Shareholder who wishes to watch the “live” webcast or listen to the “live” audio feed must pre-register by **10:30 a.m. (Singapore time) on 28 December 2022** at the URL <https://agmegm.motionmediaworks.com/gpindustries2022egm>. Following authentication of his/her/its status as Shareholders, authenticated Shareholders will receive email instructions on how to access the webcast and audio feed of the proceedings of the EGM by **12:30 p.m. (Singapore time) on 29 December 2022**. Shareholders who have received the email instructions must not forward the email instructions to other persons who are not Shareholders or who are not entitled to attend the EGM. This is to avoid any technical disruption or overload to the “live” webcast or “live” audio feed.
3. Further details relating to: (a) arrangements by which the EGM can be electronically accessed via live audio-visual webcast or live audio-only stream; (b) submission of questions in relation to the Ordinary Resolution set out in this Notice of EGM in advance of, or live, at the EGM, addressing of substantial and relevant questions in advance of, or live at, the EGM; and/or (c) voting at the EGM by (i) live voting during the EGM with their mobile phones, tablets or computers by the Shareholder or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) or (ii) by appointing the Chairman of the Meeting as proxy to vote on the Shareholder’s behalf at the EGM, are set out in the accompanying Circular, a copy of which may also be accessed at the Company’s website at the URL <https://www.gp-industries.com/IR.htm>, and will also be made available on the SGX-ST’s website at the URL <https://www.sgx.com/securities/company-announcements>.
4. All Shareholders may submit substantial and relevant questions related to the business of the EGM **no later than 8:00 a.m. (Singapore time), 23 December 2022** through one of the following means:
 - (i) via the pre-registration website at the URL <https://agmegm.motionmediaworks.com/gpindustries2022egm>;
 - (ii) via email to the Company at EGM2022@gp-industries.com; or
 - (iii) by post to the Company at 3 Fusionopolis Link, #06-11 Nexus @one-north, Singapore 138543.Shareholders will need to identify themselves when posing questions by email or by mail by providing the following details:
 - (a) the Shareholder’s full name as it appears on his/her/its CDP/SRS share records;
 - (b) the Shareholder’s NRIC/Passport/UEN number;
 - (c) the Shareholder’s contact number and email address; and
 - (d) the manner in which the Shareholder holds his/her/its shares in the Company (e.g. via CDP or SRS).
5. Shareholders (including SRS investors) and, where applicable, appointed proxy(ies), who wish to attend the EGM and asking questions “live” at the EGM must first pre-register at the pre-registration website at the URL <https://agmegm.motionmediaworks.com/gpindustries2022egm>. Details of the steps for pre-registration, submission of questions and voting at the EGM by Shareholders (including SRS investors) are set out on pages 156 to 159 of the Circular.
6. Shareholders and proxyholders who pre-registered and are verified to attend the EGM will be able to ask substantial and relevant questions relating to the business of the EGM via the audio-visual webcast platform.
7. **Shareholders will not be able to attend the EGM in person.** If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may:
 - (i) (where the Shareholder is an individual) vote “live” via electronic means at the EGM (or where the Shareholder is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote “live” via electronic means at the EGM on his/her/its behalf; or
 - (ii) (where the Shareholder is an individual or corporate) appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy; failing which, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
8. The accompanying proxy form for the EGM may also be accessed at the Company’s website at the URL <https://www.gp-industries.com/IR.htm>, and will also be made available on the SGX-ST’s website at the URL <https://www.sgx.com/securities/company-announcements>.
9. A proxy need not be a member of the Company.
10. The instrument appointing a proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be submitted to the Company in the following manner:
 - (i) if submitted by post, be deposited at the Registered Office of the Company at 3 Fusionopolis Link, #06-11 Nexus @ one-north, Singapore 138543; or
 - (ii) if submitted electronically, be sent via email to the Company at EGM2022@gp-industries.com.

in either case, not less than 48 hours before the time appointed for holding the EGM.

A Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

11. The instrument appointing a proxy(ies) must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
12. In the case of a Shareholder whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy lodged if such Shareholder, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
13. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including SRS investors, and who wish to participate in the EGM (“**Relevant Intermediary Participants**”) by (a) observing and/or listening to the EGM proceedings via the “live” webcast or the “live” audio feed in the manner provided in Note 2 above; (b) submitting questions in advance of, or “live” at the EGM; and/or (c) voting at the EGM (i) “live” by the Shareholders themselves if they are appointed as proxies by their respective SRS Operators; or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM, should contact the relevant intermediary (which would include, in the case of SRS investors, their respective SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the EGM. SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective SRS Operators to submit their votes by **5:00 p.m. (Singapore time) on 19 December 2022**.
14. The Circular may also be accessed at the Company’s website at the URL <https://www.gp-industries.com/IR.htm> and will also be made available on the SGX-ST’s website at the URL <https://www.sgx.com/securities/company-announcements>.

Personal data privacy:

By submitting (a) the Proxy Form appointing a proxy(ies) to attend, speak and vote at the EGM and/or any adjournment thereof; or (b) any details of Relevant Intermediary Participants in connection with the EGM; or (c) details for the registration to observe the proceedings of the EGM via live audio-visual webcast or live audio-only stream or to ask questions “live” at the EGM; or (d) questions in advance in relation to any resolution set out in the Notice of EGM, a Shareholder consents to the collection, use and disclosure of the Shareholder’s personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of proxy(ies) for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes (including questions and answers) and other documents relating to the EGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to observe and/or listen the proceedings of the EGM via live audio-visual webcast or live audio-only stream and providing them with any technical assistance where necessary;
- (iii) addressing all substantial and relevant questions received from Shareholders relating to the resolutions set out in the Notice of EGM to be tabled for approval at the EGM prior to the EGM and if necessary, following up with the relevant Shareholders in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a Shareholder may be recorded by the Company (or its agents or service providers) for such purposes.

Instructions for pre-registration, submission of questions and voting at the EGM

Shareholders will be able to (a) observe and/or listen to the EGM proceedings via live audio-visual webcast or live audio-only stream; (b) submit questions in relation to the Ordinary Resolution set out in this Notice of EGM, and substantial and relevant questions will be addressed in advance of, or live at the EGM; and/or (c) vote at the EGM by (i) live voting during the EGM, with their mobile phones, tablets or computers or (ii) by appointing the Chairman of the Meeting as proxy at the EGM.

To do so, they will need to complete the following steps:

Step 1: Pre-registration

No.	Actions	Details
1	Register at the pre-registration website	<p>Shareholders (including SRS investors) can pre-register themselves or, where applicable, their appointed proxy(ies) for the EGM at the pre-registration website which is accessible from the URL https://agmegm.motionmediaworks.com/gpindustries2022egm from 9:00 a.m. (Singapore time) on 15 December 2022 up to 10:30 a.m. (Singapore time) on 28 December 2022 to enable the Company to verify their status.</p> <p>Individuals or corporates whose status as shareholders cannot be verified will receive an email by 12:30 p.m. (Singapore time) on 29 December 2022 informing them of this. Such individuals or corporates may contact the Company, at +65 6395 0850 between 12:31 p.m. (Singapore time) and 5:30 p.m. (Singapore time) on 29 December 2022, or via email at EGM2022@gp-industries.com, if they have any questions.</p> <p>Following the verification, authenticated shareholders (including SRS investors) or, where applicable, their appointed proxy(ies) who have (or have been) pre-registered will receive a confirmation email ("Confirmation Email") by 12:30 p.m. (Singapore time) on 29 December 2022, which will contain unique user credentials and instructions on how to access the "live" audio-visual webcast or "live" audio-only stream of the EGM proceedings.</p> <p>Shareholders (including SRS investors) or, where applicable, their appointed proxy(ies) who do not receive the Confirmation Email by 12:30 p.m. (Singapore time) on 29 December 2022, but have (or have been) pre-registered by the 28 December 2022 deadline and have not been informed of an unsuccessful registration, should contact the Company, at +65 6395 0850 between 12:31 p.m. (Singapore time) and 5:30 p.m. (Singapore time) on 29 December 2022, or via email at EGM2022@gp-industries.com.</p>

Step 2: Submission of questions

No.	Actions	Details
2(a)	<p>Submission of questions in advance of and live at the EGM</p>	<p>How to submit questions in advance of the EGM. Shareholders (including SRS investors) can submit substantial and relevant questions related to the resolutions to be tabled for approval at the EGM to the Chairman of the Meeting, in advance of the EGM, in the following manner:</p> <p>(a) Via pre-registration website. Shareholders who pre-register for the EGM may submit their questions via the pre-registration website which is accessible from the URL https://agmegm.motionmediaworks.com/gpindustries2022egm.</p> <p>(b) Via email. Shareholders may submit their questions via email to the Company at EGM2022@gp-industries.com.</p> <p>(c) By post. Shareholders may submit their questions by post to the Company at 3 Fusionopolis Link, #06-11 Nexus @ one-north, Singapore 138543.</p> <p>When submitting questions via email or by post, the Shareholder would also need to provide the following details:</p> <p>(a) the Shareholder’s full name as it appears on his/her/its CDP/SRS share records;</p> <p>(b) the Shareholder’s NRIC/Passport/UEN number;</p> <p>(c) the Shareholder’s contact number and email address; and</p> <p>(d) the manner in which the Shareholder holds his/her/its shares in the Company (e.g. via CDP or SRS).</p> <p>Deadline to submit questions in advance of the EGM. All questions submitted in advance of the EGM via any of the above channels must be received by 8:00 a.m. (Singapore time) on 23 December 2022.</p> <p>How to ask questions “live” at the EGM. Shareholders (including SRS investors) or, where applicable, their appointed proxy(ies) will be able to ask substantial and relevant questions relating to the business of the EGM “live” at the EGM, via the audio-visual webcast platform.</p>

2(b)	Addressing of questions	<p>Addressing questions in advance of the EGM. We will endeavour to address all substantial and relevant questions (which are related to the Ordinary Resolution for approval at the EGM) received from shareholders in advance of the EGM by publishing our responses to such questions on the Company's website at the URL https://www.gp-industries.com/IR.htm and on the SGX website at the URL https://www.sgx.com/securities/company-announcements prior to the EGM.</p> <p>Addressing questions during the EGM. We will address substantial and relevant questions (which are related to the Ordinary Resolution for approval at the EGM) which have not already been addressed prior to the EGM, as well as those received via the audio-visual webcast platform at the EGM itself. Where substantially similar questions are received, we will consolidate such questions and consequently not all questions may be individually addressed.</p> <p>Minutes of EGM. We will publish the minutes of the EGM on the Company's website and on the SGX website, and the minutes will include the responses to substantial and relevant questions from Shareholders which are addressed during the EGM.</p>
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Step 3: Voting at the EGM

No.	Actions	Details
3(a)	Exercise of voting rights at the EGM	<p>Shareholders who wish to exercise their voting rights at the EGM may:</p> <p>(a) (where such Shareholders are individuals) vote "live" via electronic means at the EGM or (whether Shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the EGM on their behalf; or</p> <p>(b) (where such Shareholders are individuals or corporates) appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the EGM. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy; failing which, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.</p> <p>Shareholders who wish to appoint a proxy(ies) must submit an instrument appointing a proxy(ies) in accordance with the instructions on the proxy form.</p>

3(b)	<p>Pre-register to vote “live” at the EGM by Shareholders and Proxy(ies)</p>	<p>Pre-registration required for Shareholders and proxies. Shareholders (including SRS investors) who wish to vote “live” via electronic means at the EGM must first pre-register themselves at the pre-registration website which is accessible from the URL https://agmegm.motionmediaworks.com/gpindustries2022egm. Shareholders who wish to appoint a proxy(ies) (other than the Chairman of the Meeting) to vote “live” via electronic means at the EGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), pre-register their appointed proxy(ies) at the pre-registration website which is accessible from the URL https://agmegm.motionmediaworks.com/gpindustries2022egm.</p> <p>Access EGM proceedings via “live” audio-visual webcast to vote. Shareholders (including SRS investors) or, where applicable, their appointed proxy(ies) must access the EGM proceedings via the “live” audio-visual webcast in order to vote “live” at the EGM, and will not be able to do so via the “live” audio-only stream of the EGM proceedings.</p>
3(c)	<p>Submission of instruments appointing a proxy(ies)</p>	<p>How to submit instruments appointing a proxy(ies). Shareholders who wish to submit instruments appointing a proxy(ies) must do so in the following manner:</p> <p>(a) if submitted by post, be deposited at the Registered Office of the Company at 3 Fusionopolis Link, #06-11 Nexus @ one-north, Singapore 138543; or</p> <p>(b) if submitted electronically, be <u>submitted</u> via email, to EGM2022@gp-industries.com</p> <p>in each case, by 10:30 a.m. (Singapore time) on 28 December 2022.</p> <p>Where to obtain proxy form. A shareholder who wishes to submit an instrument appointing a proxy(ies) can download a copy of the proxy form from Company’s pre-registration website at the URL provided above, the Company’s website at the URL https://www.gp-industries.com/IR.htm or the SGX website at the URL https://www.sgx.com/securities/company-announcements, and complete and sign the proxy form, before submitting it by post to the address provided above or before scanning and submitting it via email to the email address provided above.</p> <p>Shareholders are strongly encouraged to submit completed proxy forms electronically via email.</p>
3(d)	<p>Voting by SRS investors</p>	<p>How SRS investors may vote. SRS investors:</p> <p>(a) may vote “live” via electronic means at the EGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or</p> <p>(b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the EGM, in which case they should approach their respective SRS Operators to submit their votes by 5:00 p.m. (Singapore time) on 19 December 2022.</p>

GP Industries Limited

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

IMPORTANT:

- The extraordinary general meeting ("EGM" or the "Meeting") of GP Industries Limited (the "Company") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of EGM will not be sent to members of the Company ("Members"). Instead, the Notice of EGM will be sent to Members by electronic means via publication on the Company's website at the URL <https://www.gp-industries.com/IR.htm> and on the website of Singapore Exchange Securities Trading Limited ("SGX-ST") at the URL <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements relating to: including: (a) arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream; (b) submission of questions in relation to the Ordinary Resolution set out in this Notice of EGM in advance of, or live, at the EGM, addressing of substantial and relevant questions in advance of, or live at, the EGM; and/or (c) voting at the EGM by (i) live voting during the EGM with their mobile phones, tablets or computers or (ii) by appointing the Chairman of the Meeting as proxy at the EGM, are set out in the accompanying Company's circular dated 15 December 2022, a copy of which may be accessed at the Company's website at the URL <https://www.gp-industries.com/IR.htm>, and will also be made available on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>.
- A Shareholder will not be able to attend the EGM in person.** If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may: (a) (where the Shareholder is an individual) vote "live" via electronic means at the EGM (or where the Shareholder is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the EGM on his/her/its behalf; or (b) (where the Shareholder is an individual or corporate) appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy; failing which, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- A Shareholder who wishes to appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the EGM on his/her/its behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), pre-register his/her/its proxy(ies) at the pre-registration website which is accessible from the URL <https://agmeggm.motionmediaworks.com/gpindustries2022egm> by **10:30 a.m. (Singapore time) on 28 December 2022**.
- This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by SRS investors. SRS investors may (a) vote "live" at the EGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the EGM, in which case they should approach their respective SRS Operators to submit their votes by **5:00 p.m. (Singapore time) on 19 December 2022**.
- By submitting this proxy form, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 15 December 2022.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).**

I/We*, _____ (Name), _____

(NRIC/Passport/Company Registration Number) of _____

_____ (Address), being a Shareholder/Shareholders of the Company, hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, if no persons are named above, the Chairman of the EGM as my/our* proxy to vote for me/us* on my/our* behalf at the EGM of the Company to be convened and held by electronic means on **30 December 2022 at 10:30 a.m. (Singapore time)** and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against, or to abstain from voting on, the Resolution to be proposed at the EGM as indicated hereunder.

	Number of Shares ⁽¹⁾		
	For ⁽¹⁾	Against ⁽¹⁾	Abstain ⁽¹⁾
Ordinary Resolution			
Approval for the Proposed Acquisition of Light Engine Technologies Limited by XIC Innovation Limited (formerly known as Linkz Industries Limited), an Associated Company			

- (1) Voting will be conducted by poll for the Ordinary Resolution. If you wish your proxy/proxies to cast all your votes "For" or "Against" the Ordinary Resolution, please indicate with a tick "✓" in the "For" or "Against" box provided. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided. If you wish your proxy to abstain from voting on the Ordinary Resolution, please indicate with a tick "✓" in the "Abstain" box provided. Alternatively, please indicate the number of shares that your proxy is directed to abstain from voting in the "Abstain" box provided.

Dated this _____ day of December 2022

Total Number of Shares held

Signature of Member(s)
or Common Seal of Corporate Member

*Delete where inapplicable

Notes:

1. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy shall be deemed to relate to all the shares held by you in the Company.
2. **A Shareholder will not be able to attend the EGM in person.** If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may:
 - (a) (where the Shareholder is an individual) vote "live" via electronic means at the EGM (or where the Shareholder is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the EGM on his/her/its behalf; or
 - (b) (where the Shareholder is an individual or corporate) appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy; failing which, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. This proxy form may also be accessed at the Company's website at the URL <https://www.gp-industries.com/IR.htm> and will also be made available on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy; failing which, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

4. A proxy need not be a member of the Company.
5. SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5:00 p.m. (Singapore time) on 19 December 2022**. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited at the Registered Office of the Company at 3 Fusionopolis Link, #06-11 Nexus @one-north, Singapore 138543; or
 - (b) if submitted electronically, be sent via email, to the Company at EGM2022@gp-industries.com

in either case, not less than 48 hours before the time appointed for the EGM.

A Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

6. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing a proxy(ies) is submitted by post, be lodged with the instrument of proxy(ies) or, if the instrument appointing a proxy(ies) is submitted electronically via email, be emailed with the instrument of proxy(ies); failing which, the instrument may be treated as invalid.

General:

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the EGM as proxy). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 15 December 2022.