

Issuer: Sunlight Group Hldg Ltd Security: Sunlight Group Hldg Ltd

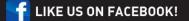
Meeting details:

Date: 31 July 2017 Time: 11.00 a.m. Venue: 1 Third Chin Bee Road, Singapore 618679

## **Company Description**

Sunlight Group Hldg Ltd, an investment holding company, fabricates, manufactures, and sells electrical switchboards and generator control panels in Singapore and Vietnam. The company operates through Low Voltage Switchgear, and Automation and Lighting Products segments. It offers MCB panel boards, MCCB panel boards, switchgear and control gear systems, and DPS enclosures; and automation and lighting products. The company primarily serves customers in the construction industry. Sunlight Group Hldg Ltd was incorporated in 1998 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company\_disclosure/stockfacts?code=5AI)





**Q1.** At the Extraordinary General Meeting (the "EGM") of the company held on 17 July 2017, all resolutions relating to the disposal of the group's low voltage switchgear business were approved by shareholders.

- a) Following the disposal, what are the expected personnel changes to key management and the board?
- b) What is the basis of selection of the beneficiaries of the ex-gratia payment of \$1.0 million?
- c) In the view of management/board, how onerous are the Adjustment Mechanisms to the Purchase Consideration?

**Q2.** Following the completion of the disposal, the group has the following remaining businesses:

- Lighting business: lighting design consultancy, project management, project tenders and the provision of lighting automation, architectural and lighting products
- P5 business: sale and distribution of designer furniture, kitchen and wardrobe systems and decorative lighting

On 22 July 2016, the company acquired an additional 81.6% interests in P5 for a consideration of \$550,050. As disclosed in Note 28 (page 85 - Acquisition of controlling interests in subsidiary), had the acquisition occurred on 1 April 2016, management estimates that revenue and loss for the year contributed by P5 would have been \$922,709 and \$(591,645) respectively.

The sale and distribution of designer furniture, kitchen and wardrobe systems and decorative lighting is highly competitive and fragmented, with low barriers of entry.

- a) How does management intend to grow the P5 business? What are the opportunities in Singapore/regional markets?
- b) What is the value proposition of P5 to its customers?
- c) What due diligence has been carried out to ensure that the group will be able to grow P5 into a sustainable and profitable business?

**Q3.** In the company's announcement dated 19 May 2017, the uses of proceeds from the proposal disposal are:

"The Company intends to utilise the Net Proceeds received for the purposes of the operations of the Lighting Business and the P5 Business, as well as to explore future investment opportunities".

- a) Following the disposal, can management update shareholders on the group's strategic direction?
- b) What are possible areas that the group would be looking to invest in? Are there specific industries or geographical areas that are being shortlisted in the group's search for new investment opportunities?

The group's earlier investment into Alexander Resources Pte. Ltd. (ARPL), a gold exploration company, was written of in FY2016. The advances to ARPL for exploration and evaluation activities amounted to \$6.4 million.

c) Can the board elaborate further on its roles to provide entrepreneurial leadership, to maintain oversight and to assess and manage risks of any new investments that the company wants to go into?

