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Issuer: GP Industries Limited

Stock code: G20

Meeting details:

Date: 25 July 2023

Time: 2.30 p.m.

Venue: Atrium Ballroom, Level 5, PARKROYAL COLLECTION Marina Bay, Singapore, 6 Raffles Boulevard, Singapore 039594

Q1. Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **Production facilities:** As mentioned in the chairman's statement, the group is in the final stages of its strategic initiative to rebalance its manufacturing capacity in Southeast Asia. **Can management provide additional details on the efficiency and productivity gains resulting from this initiative?**

- (ii) **KEF GP Group Limited ("KGG"):** A new subsidiary was formed to consolidate the group's acoustic brands and manufacturing businesses, namely KEF, Celestion, and GP Electronics. Management made this strategic move to optimise brand and market growth. In January 2023, KGG successfully raised an aggregate amount of US\$13.7 million through Series A fundraising. **Is there a plan to conduct an IPO or divest KGG to strategic buyers and/or private equity?**

- (iii) **GP Energy Tech Limited ("GP Energy Tech"):** Similarly, the group established GP Energy Tech with a specific focus on developing innovative, sustainable, and environmentally friendly battery products and energy storage solutions. The group has also incurred costs for the proposed distribution in-specie. **Could the group disclose its R&D budget and how is the amount determined? How would the R&D budget impact the valuation of GP Energy Tech in the proposed distribution in-specie? What strategy is in place to ensure that R&D efforts lead to commercially successful products? Furthermore, is the group's R&D exclusively centered around Nickel-based battery products?**

Q2. During FY2022, the group conducted a strategic review of the Batteries Business. On 28 December 2021, the company announced the proposed in-specie distribution of the rechargeable batteries manufacturing business. However, the completion of the distribution is contingent upon various conditions, including the ongoing restructuring of the rechargeable batteries manufacturing business and obtaining the necessary waivers, consents, and approvals from third parties and regulatory authorities.

As of the time of writing the annual report, these processes were still in progress.

- (i) **Can management provide more detailed information on the strategic benefits to the group of hiving off the rechargeable batteries manufacturing business? Has there been any significant change in the business environment since the distribution was initially proposed in December 2021?**
- (ii) **What level of involvement did the independent directors have in this strategic move? How much due diligence was conducted by them?**
- (iii) **Can management provide an update on the progress made and the reasons for the delay?** The proposed distribution in-specie was announced in December 2021 and is still "in progress."
- (iv) **Has the proposed spin-off of the business led to uncertainties and affected its operations over the past 1.5 years?**
- (v) **Does the board/management have visibility on the expected completion date of the in-specie distribution?**

Q3. As disclosed in the corporate governance report, the group's internal audit function is performed by the in-house Internal Audit (IA) department, which currently consists of six staff members. The IA department is led by an IA director. The internal audit function operates independently from management and has unrestricted access to all company documents, records, properties, and personnel. This includes direct access to the audit and risk committee (ARC), and the IA department holds a position of appropriate standing within the company.

The IA director reports directly to the chairman of the ARC. Further details of the IA's activities can be found on pages 163 and 164 of the annual report.

- (i) **Can the ARC confirm whether all operating subsidiaries in China, Hong Kong, Malaysia, Thailand, Vietnam, etc., were included in the internal audit? Given that the IA team currently consists of six members, how was the internal audit conducted for these subsidiaries?**
- (ii) The group has \$269 million invested in associates. **Are the associates included in the internal audit as well?**
- (iii) **What were the scope, key findings and recommendations by the internal auditor for FY2022?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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