



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

DISPOSAL OF SHARES IN STL TECHNOLOGY CO., LTD

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”) of GP Industries Limited (the “**Company**”) refers to the Company’s voluntary announcement dated 6 April 2022 (the “**Previous Announcement**”) regarding the disposal of an aggregate 9,000,000 ordinary shares (each a “**STL Share**” and the disposal of such 9,000,000 STL Shares, the “**Previous Disposal**”) in the issued capital of STL Technology Co., Ltd (“**STL**”) by GP Battery Technology (HK) Limited (“**GPBTHK**”), an indirectly held wholly-owned subsidiary of the Company, via a series of on-market transactions for a gross consideration of approximately NTD214.7¹ million (approximately S\$10.2 million, the “**Previous Consideration**”).
- 1.2 The Board wishes to advise that during the period from 30 May 2022 to 2 June 2022, GPBTHK has further disposed of an aggregate of 6,600,000 STL Shares (the “**Current Disposal**”) via a series of on-market transactions for a gross consideration of approximately NTD292.1 million (approximately S\$13.8 million, the “**Current Consideration**”).

(collectively the Previous Disposal and the Current Disposal, the “**Disposals**”)

2. INFORMATION ON STL

- 2.1 STL is incorporated in Taiwan and is principally engaged in the design, manufacturing and sales of battery packs for power tools, energy storage systems and light electric vehicles. The STL Shares are traded on the Taipei Exchange.
- 2.2 During the financial year ended 31 March 2022 (“**FY2022**”), the Company and its subsidiaries (the “**Group**”) accounted for its investment in STL as an associate. Based on the Group’s unaudited results for FY2022, the share of results of STL was a loss of S\$0.1 million for FY2022.

3. INVESTMENT IN STL

- 3.1 Before the Previous Disposal, the Group had a 29.28% interest in STL, comprised 18,641,614 STL Shares. As a result of the Previous Disposal, the number of STL Shares held by the Group decreased to 9,641,614 (the “**Retained STL Interest**”), represented 15.14% of the then prevailing total number of issued STL Shares. As the Group lost its significant influence over STL after the Previous Disposal, the Group ceased to apply equity accounting on the Retained STL Interest and derecognised STL as an associated company (the “**Derecognition**”).
- 3.2 It was also disclosed in the Previous Announcement that the Retained STL Interest would be recognised as financial asset at fair value through other comprehensive income. The Board wishes to clarify that, after considering the nature of the Retained STL Interest, as a short-term investment, the Retained STL Interest shall be recognised as financial asset at fair value through profit or loss.
- 3.3 Upon recognition of the Retained STL Interest as financial assets at fair value through profit or loss, the initial carrying value of the Retained STL Interest was NTD230.0 million (approximately S\$10.9 million)(the “**Initial Carrying Value**”).

¹ Unless otherwise stated, the approximate S\$ equivalent of NTD amounts in this announcement are based on an exchange rate NTD1 : S\$0.0473.

4. RATIONALE AND USE OF PROCEEDS

4.1 Rationale. As disclosed in the Previous Announcement, the Board believes that the Previous Disposal represented a good opportunity for the Group to realise a portion of its non-core investment in STL to enhance the capital strength of the Group and devote more resources to its core businesses. The Current Disposal is consistent with such intention of the Group on the investment in STL.

4.2 Use of Proceeds. The Group intends to use the net proceeds from the Disposals to strengthen its cashflow and to repay bank loans.

5. FINANCIAL EFFECTS

5.1 Bases and Assumptions. The pro forma financial effects of the Disposals have been prepared based on the unaudited consolidated financial statements of the Group for the financial year ended FY2022 (the “FY2022 Results”) and are purely for illustrative purposes only and do not reflect the future actual financial position of the Group following completion of the Disposals. The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (i) the Disposals had been effected on 31 March 2022, being the end of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated net tangible assets (“NTA”) of the Group; and
- (ii) the Disposals had been effected on 1 April 2021, being the beginning of the most recently completed financial year of the Group, and dividend received from STL during FY2022 were received on 1 April 2021 for illustrating the financial effects on the consolidated earnings of the Group.

5.2 NTA. For illustrative purposes only and assuming that the Disposals had been completed on 31 March 2022, the pro forma financial effects of the Disposals on the consolidated NTA of the Group as at 31 March 2022 are as follows:

	Before the Disposals	After the Disposals
NTA (S\$’ million)	456.9	472.2
Number of issued shares in the capital of the Company (“Shares”)	483,843,482	483,843,482
NTA per Share (Singapore cents)	94.4	97.6

5.3 Earnings and Earnings per Share. For illustrative purposes only and assuming that the Disposals had been completed on 1 April 2021, the pro forma financial effects of the Disposals on the consolidated earnings and earnings per Share (“EPS”) of the Group for FY2022 are as follows:

	Before the Disposals	After the Disposals
Profit after tax and minority interests (S\$’ million)	35.3	46.8
Weighted average number of issued Shares	483,853,969	483,853,969
EPS (Singapore cents)	7.29	9.68

5.4 Share Capital. The Disposals will not have any impact on the issued and paid-up share capital of the Company.

6. DISCLOSEABLE TRANSACTIONS

6.1 Rule 1006. The relative figures for the Disposals computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “Listing Manual”) are as follows:

Rule 1006	Bases	The Disposals (S\$' million)	The Group (S\$' million)	Relative Figures (%)
(a)	NAV attributable to the Disposals ⁽¹⁾ compared with the Group's NAV ⁽¹⁾	10.8	567.6	1.90
(b)	Net profits attributable to the Disposals ⁽¹⁾ compared with the Group's net profits ⁽¹⁾⁽²⁾	0.1 ⁽³⁾	51.2	Not meaningful
(c)	Aggregate consideration ⁽⁴⁾ compared with the Company's market capitalisation ⁽⁵⁾	24.0	294.3	8.15

Notes:

- (1) Based on the unaudited FY2022 Results.
- (2) The term “**net profits**” means profit before income tax and non-controlling interests.
- (3) Share of loss of STL for FY2022.
- (4) Comprises Previous Consideration and Current Consideration.
- (5) The Company's market capitalisation is based upon 483,843,482 issued Shares (excluding treasury shares and subsidiary holdings) as at 27 May 2022, being the last market day preceding 30 May 2022 (being the date on which the Current Disposal commenced) on which Shares were traded on the Singapore Exchange Securities Trading Limited, at a volume weighted average price of S\$0.6083 for each Share.

6.2 Discloseable Transaction. As the relative figure under Rule 1006(c) above exceeds 5 per cent. but is not more than 20 per cent., the Disposals constitute a discloseable transaction for the Company as defined in Chapter 10 of the Listing Manual and which does not require the Company to obtain shareholders' approval for the Disposals.

6.3 Rule 704(18)(a). Pursuant to Rule 704(18)(a) of the Listing Manual, the Board wishes to advise that the Current Disposal resulted in a decrease in the number of STL Shares held by the Group from 9,641,614 to 3,041,614, representing 15.10% and 4.76% of the prevailing total number of issued STL Shares respectively.

6.4 Rule 704(18)(b). The Current Disposal did not result in the Group's aggregate cost of investment in quoted securities falling below any multiple of 5% of the Group's latest audited consolidated net tangible assets as at 31 March 2021.

7. FURTHER INFORMATION

7.1 Net Asset Value. Based on the unaudited consolidated financial statements of the Group for FY2022, the carrying value of the Group's entire 29.28% interest in STL as at 31 March 2022 was approximately S\$12.9 million.

7.2 Market Value. For illustrative purposes only:

- (a) The market value of the 9,000,000 STL Shares sold under the Previous Disposal was approximately NTD238.5 million (approximately S\$11.3 million), based on the closing price of STL Share on 1 April 2022, being the last market day of the Taipei Exchange preceding the date of Previous Disposal, of NTD26.5 per STL Share.
- (b) The market value of the 6,600,000 STL Shares sold under the Current Disposal was approximately NTD290.4 million (approximately S\$13.7 million), based on the closing price of STL Share on 27 May 2022, being the last market day of the Taipei Exchange preceding the date of commencement of Current Disposal, of NTD44.0 per STL Share.

7.3 Estimated Gain on Disposals. For illustrative purposes only, the estimated aggregate gain from the Disposals is approximately S\$11.1 million, comprising the following:

	S\$' million
Previous Disposal: Excess of Previous Consideration over the carrying value of the disposed 9,000,000 STL Shares as at 31 March 2022 ⁽¹⁾	4.1
Derecognition: Excess of the Initial Carrying Value over the carrying value of the Retained STL Interest as at 31 March 2022	4.5
Cumulative exchange translation deficit recycled to profit or loss upon Derecognition	(3.9)
Current Disposal: Excess of Current Consideration over the Initial Carrying Value attributable to the disposed 6,600,000 STL Shares ⁽¹⁾	6.4
Estimated aggregate gain from the Disposals	11.1

Note:

- (1) After brokerage expense and stamp duty but exclude other transaction costs and taxation.

7.4 Directors' Service Contracts. No person is proposed to be appointed as a director of the Company in connection with the Disposals. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

7.5 Interests of Directors and Controlling Shareholders. None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposals.

By Order of the Board

Lee Tiong Hock
Company Secretary
2 June 2022