



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

## PROPOSED DISPOSAL OF SUBSIDIARIES

### 1 INTRODUCTION

**1.1 Proposed Disposal of Subsidiaries.** The board of directors (the “**Board**” or the “**Directors**”) of GP Industries Limited (the “**Company**”) wishes to announce:

- (i) Whitehill Electrochemical Company Limited (“**Whitehill**”), as transferor, entered into an Agreement (“**Agreement I**”) with, among others, 惠州呈信包装制品有限公司 (Huizhou Chengxin Packing Products Co., Ltd.) (the “**Transferee**”), as transferee, in relation to the proposed disposal of Whitehill’s entire equity interests in GP Batteries (China) Limited (“**GPB (China)**”) for a cash consideration of RMB90,000,000 (approximately S\$18,208,000)<sup>1</sup> (“**Proposed Disposal I**”); and
- (ii) Sylva Industries (China) Limited (“**Sylva**”), as transferor, entered into an Agreement (“**Agreement II**”) with, among others, the Transferee, as transferee, in relation to the proposed disposal of Sylva’s entire equity interests in Huizhou Modern Battery Limited (“**Modern Battery**”) for a cash consideration of RMB90,520,000 (approximately S\$18,314,000) (“**Proposed Disposal II**”),

(collectively Agreement I and Agreement II, the “**Agreements**”; and collectively Proposed Disposal I and Proposed Disposal II, the “**Proposed Disposals**”).

Each of Whitehill and Sylva is an indirectly wholly-owned subsidiary of the Company. GPB (China) is a wholly-owned subsidiary of Whitehill. Modern Battery is a wholly-owned subsidiary of Sylva. Whitehill and Sylva are principally investment holding companies.

**1.2 Assets Expected to be Transferred upon Completion of the Proposed Disposals.** As discussed in further details under paragraph 4, the Proposed Disposals remain in line with the continued strategy of the Company and its subsidiaries (the “**Group**”) to streamline the operations of its batteries business by rebalancing its battery manufacturing capacities among factories in China and Southeast Asia. The battery manufacturing activities being conducted by GPB (China) and Modern Battery are being transferred to other facilities of the Group. As a result, it is expected that upon completion of the respective Proposed Disposal, the assets to be transferred to the Transferee shall mainly comprise:

- (i) In the case of Proposed Disposal I, land and building currently owned by GPB (China) (“**Property I**”) and cash and bank balances (the “**Cash Assets**”) of GPB (China) amounting to RMB34,000,000 (approximately S\$6,879,000) (the “**Cash Asset Amount**”); and

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<sup>1</sup> Unless otherwise stated, the approximate S\$ equivalent of RMB amounts in this Announcement are based on an exchange rate of S\$1: RMB4.9428.

(ii) In the case of Proposed Disposal II, land and building currently owned by Modern Battery (“**Property II**”),

(collectively Property I and Property II, the “**Properties**”).

## 2 PRINCIPAL TERMS OF THE AGREEMENTS

### 2.1 Parties

	<u>Agreement I</u>	<u>Agreement II</u>
<b>Transferor:</b>	Whitehill is a company incorporated in Hong Kong Special Administrative Region (“ <b>Hong Kong</b> ”) with limited liability	Sylva is a company incorporated in Hong Kong with limited liability
<b>Transferee:</b>	惠州呈信包装制品有限公司 (Huizhou Chengxin Packing Products Co., Ltd.) is an enterprise established in the People’s Republic of China (the “ <b>PRC</b> ”)	
<b>Subsidiaries proposed to be disposed of:</b>	GPB (China) is incorporated in the PRC and is principally engaged in the manufacturing of batteries	Modern Battery is incorporated in the PRC and is principally engaged in the manufacturing of batteries
<b>Transferor’s Guarantors:</b>	(i) 东莞超霸电池有限公司 (Dongguan Chao Ba Batteries Co., Ltd.) (“ <b>Transferor’s Guarantor I</b> ”), an enterprise established in the PRC; and (ii) GP Batteries International Limited, a company incorporated in the Republic of Singapore with limited liability, both of which are wholly-owned subsidiaries of the Company	
<b>Transferee’s Guarantor:</b>	广东佳雅实业有限公司 (Guangdong Jiaya Enterprises Co., Ltd.), an enterprise established in the PRC (the “ <b>Transferee’s Guarantor</b> ”)	

**2.2 Information on the Transferee and the Transferee’s Guarantor.** As advised by the Transferee, the Transferee is a company established in the PRC and is engaged in printing as well as product packaging. As advised by the Transferee’s Guarantor, the Transferee’s Guarantor is a company established in the PRC with diversified businesses including printing and product packaging, import and export trading, real estate development, property management and financial investment.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Transferee and the Transferee’s Guarantor are not related to the Company, its subsidiaries or its controlling shareholders.

**2.3 The Properties.** The Properties are located in 广东省惠州古塘坳工业区 (Gu Tang Ao Industrial Zone, Huizhou, Guangdong Province, the PRC), particulars of which are as follows:

<u>Property I</u>	<u>Property II</u>
<p>(i) the right to use three plots of land with an aggregate area of 17,503.4 square metres (“sq. m.”), comprising:</p> <ul style="list-style-type: none"><li>• a plot of land with an area of 13,034.0 sq. m. and a term of use of up to 10 November 2047;</li><li>• a plot of land with an area of 2,461.4 sq. m. and a term of use of up to 16 May 2053; and</li><li>• a plot of land with an area of 2,008.0 sq. m. and a term of use of up to 13 March 2048;</li></ul>	<p>(i) the right to use three plots of land with an aggregate useable area of 29,953.0 sq. m., comprising:</p> <ul style="list-style-type: none"><li>• a plot of land with an area of 6,162.4 sq. m. and a term of use of up to 23 November 2048;</li><li>• a plot of land with an area of 10,200.6 sq. m. and a term of use of up to 14 November 2051; and</li><li>• a plot of land with an area of 13,590.0 sq. m. and a term of use of up to 6 March 2047.</li></ul>
<p>(ii) the buildings and ancillary facilities located thereon with a total built-up area of 17,785.57 sq. m., comprising:</p> <ul style="list-style-type: none"><li>• a factory building with a total built-up area of 6,159.11 sq. m.;</li><li>• a factory building with a total built-up area of 1,691.70 sq. m.;</li><li>• a factory building with a total built-up area of 4,990.35 sq. m.;</li><li>• a canteen with a total built-up area of 460.00 sq. m.; and</li><li>• staff quarters with a total built-up area of 4,484.41 sq. m.</li></ul>	<p>(ii) the buildings and ancillary facilities located thereon with a total built-up area of 11,039.54 sq. m., comprising:</p> <ul style="list-style-type: none"><li>• a factory building with a total built-up area of 4,146.36 sq. m.;</li><li>• a factory building with a total built-up area of 2,280.60 sq. m.;</li><li>• a factory building with a total built-up area of 3,359.71 sq. m.; and</li><li>• a canteen with a total built-up area of 1,252.87 sq. m.</li></ul>

Other than certain land and buildings within Property II which are held as investment properties (the “**Investment Properties**”), the Properties are currently used by the Group as factories for the manufacturing of batteries.

**2.4 Consideration.** The aggregate consideration of RMB180,520,000 (approximately S\$36,522,000) is payable by the Transferee as follows:

**Agreement I**

The consideration payable by the Transferee to Whitehill under Agreement I is RMB90,000,000 (approximately S\$18,208,000) (“**Consideration I**”) which shall be paid as follows:

- (i) As to RMB40,000,000 (approximately S\$8,092,000), to be paid to Whitehill within 10 days from signing of Agreement I (the “**Consideration I Payment Date**”).
- (ii) As to RMB50,000,000 (approximately S\$10,116,000), to be paid into an escrow account jointly controlled by Transferor’s Guarantor I and the Transferee (“**Escrow Account I**”) on the Consideration I Payment Date. Within 3 business days after the Transferee is notified that the conditions set out under paragraph 2.5 (i) are fulfilled, Whitehill and the Transferee shall authorise the transfer of the funds held in Escrow Account I to Whitehill.

Consideration I is subject to adjustment as discussed in paragraph 2.6.

**Agreement II**

The consideration payable by the Transferee to Sylva under Agreement II is RMB90,520,000 (approximately S\$18,314,000) (“**Consideration II**”) which shall be paid as follows:

- (i) As to RMB10,000,000 (approximately S\$2,023,000), to be paid to Sylva within 10 days from signing of Agreement II (the “**Consideration II First Payment Date**”);
- (ii) As to RMB80,520,000 (approximately S\$16,291,000) (the “**Consideration II Balance Payment**”), to be paid on the Completion II Settlement Date (as defined in paragraph 2.6).

Consideration II is subject to adjustment as discussed in paragraph 2.6.

Any transaction costs and associated taxes shall be borne by the Transferee solely, save for any taxes incurred by GPB (China) or Modern Battery (as the case may be) prior to the completion of the relevant Proposed Disposal and the enterprise income tax relating to the relevant Proposed Disposal, which shall be borne by Whitehill or Sylva (as the case may be).

Each of Consideration I and Consideration II was arrived at on a willing buyer willing seller basis after taking into account, among other things, the rationale for the Proposed Disposals, the Cash Asset Amount, the market value of the Properties, the recently transacted prices of properties around the vicinity of Properties and the offers received by the Group in respect of the Properties.

**2.5 Conditions Precedent.** Completion of each of Disposal I and Disposal II is subject to and conditional upon, *inter alia*, the satisfaction of the following conditions precedent (the “**Condition(s)**”):

- (i) the approval of the shareholders (if such shareholders’ approval is required by applicable listing regulations) and/or the board of directors of each of (a) the Company; and (b) Gold Peak Industries (Holdings) Limited (“**Gold Peak**”) for the Proposed Disposals in accordance with the applicable listing rules and other applicable laws and regulations; and
- (ii) the approval of the shareholders and the board of directors of the Transferee for the Proposed Disposals.

Gold Peak is the holding company of the Company (collectively Gold Peak, the Group and other subsidiaries of Gold Peak, the “**Gold Peak Group**”).

Whitehill or Sylva (as the case may be) and the Transferee undertake to immediately take all reasonable efforts to ensure the satisfaction of the Conditions. Within 5 business days after the satisfaction of the Conditions, the responsible party (being Whitehill or Sylva in respect of the Condition set out in sub-paragraphs (i) and (ii) and the Transferee in respect of the Condition set out in sub-paragraph (iii)) shall provide written notice to the other party of the satisfaction of the relevant Condition.

**2.6 Completion.** Completion of each of Agreement I and Agreement II shall take place after, *inter alia*, handover of the relevant Property and making necessary adjustment to Consideration I or Consideration II (as the case may be), as described below:

	<u><b>Agreement I</b></u>	<u><b>Agreement II</b></u>
<b>Handover of Property:</b>	Whitehill shall vacate and handover Property I to the Transferee within 13 months from the Consideration I Payment Date (the “ <b>Property I Scheduled Handover Date</b> ”).	Sylva shall vacate and handover Property II to the Transferee within 18 months from the Consideration II First Payment Date (the “ <b>Property II Scheduled Handover Date</b> ”).
<b>Financial position:</b>	The Transferee shall arrange an audit on GPB (China)’s financial position to determine if any adjustment to Consideration I is required (“ <b>Completion Audit I</b> ”).	The Transferee shall arrange an audit on Modern Battery’s financial position, which shall be available within 18 months from Consideration II First Payment Date, to determine if any adjustment to Consideration II is required (“ <b>Completion Audit II</b> ”).

**Agreement I**

**Agreement II**

<b>Adjustment to Consideration and Settlement:</b>	If the results of Completion Audit I shows the amount of Cash Assets exceeds the Cash Asset Amount, the excess shall belong to Whitehill. On the other hand, Whitehill shall pay the Transferee the deficit if the amount of Cash Assets is less than the Cash Asset Amount.	If the results of Completion Audit II, shows there is Cash Assets, Consideration II will be increased by the amount of the Cash Assets. On the other hand, if the results of Completion Audit II shows there is a liability, Consideration II will be decreased by the amount of liability. The Transferee shall pay Consideration II Balance Payment, with applicable adjustment, to Sylva within 15 days from the availability of the Completion Audit II report (“ <b>Completion II Settlement Date</b> ”).
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**2.7 Failure to Handover Properties.** If Whitehill fails to vacate and handover Property I on or before the Property I Scheduled Handover Date, Whitehill shall pay to the Transferee a monthly rent of RMB300,000 (approximately S\$61,000) for continued occupation of Property I. If Sylva fails to vacate and handover Property II on or before the Property II Scheduled Handover Date due to any force majeure event or unforeseen objective cause, Sylva shall be entitled to a grace period of 3 months and shall pay to the Transferee a monthly rent of RMB500,000 (approximately S\$101,000) for continued occupation of Property II during such grace period. Upon expiry of such grace period, if Sylva fails to vacate and handover Property II, Sylva shall undertake the liabilities for breach of Agreement II in accordance with the relevant provisions of Agreement II.

**2.8 Warranties by the Transferee.** The Transferee has warranted to Whitehill and Sylva (as the case may be) that after completion of the transfer thereunder, GPB (China) or Modern Battery (as the case may be) shall not (i) engage in the manufacturing and the sales of products produced by Whitehill or Sylva (as the case may be); (ii) use or permit the use of the “GP”, “超霸 (Chao Ba)” and other related brand names and other patents, trademarks, proprietary technology and other intellectual properties owned by Whitehill or Sylva (as the case may be); and (iii) claim or imply that GPB (China) or Modern Battery (as the case may be) is a member or associated company of the Gold Peak Group.

In addition, the Transferee shall, (i) within 6 months after taking over Property I, complete the change of name of GPB (China) without “金山电池 (GP Batteries)” or other similar names; and (ii) within 6 months after taking over Property II, complete the change of name of Modern Battery without “时代电池 (Modern Battery)” or other similar names.

**2.9 Breach and Termination of the Agreements.** In the event that there is a delay of more than 30 days for the payment of any sums owing to Whitehill or Sylva (as the case may be) under the relevant Agreement, such an event will be considered as a material default and the Transferee shall pay a liquidated damage of RMB9,000,000 (approximately S\$1,821,000) for such delay, plus an additional RMB36,000 (approximately S\$7,000) for each day of delay. If such delay exceeds 60 days, Whitehill or Sylva (as the case may be), will be entitled to terminate the relevant Agreement; or demand the Transferee to continue to perform its obligations under the relevant Agreement subject to payment of a penalty amounting to RMB13,500,000 (approximately S\$2,731,000).

Any delay by more than 30 days by a party in performing its obligations to cooperate under the relevant Agreement will be considered a default. The defaulting party shall pay to the non-defaulting party a liquidated damages of RMB9,000,000 (approximately S\$1,821,000), plus an additional RMB36,000 (approximately S\$7,000) for each day of delay. If such delay exceeds 60 days, the non-defaulting party shall be entitled to terminate the relevant Agreement or demand the defaulting party to continue to perform its obligations under the relevant Agreement subject to payment of a penalty amounting to RMB13,500,000 (approximately S\$2,731,000).

If Agreement II is terminated due to a material default, the defaulting party shall pay to the non-defaulting party a penalty RMB100,000,000 (approximately S\$20,231,000). If the defaulting party is Sylva, Sylva shall also refund to the Transferee for all sums received pursuant to Agreement II. If the defaulting party is the Transferee, Sylva shall be entitled to keep all sums received pursuant to Agreement II.

The Agreements will automatically be terminated in the event of the occurrence of any force majeure event resulting in the Proposed Disposals or the transfer of the Properties becoming unenforceable, whereby the parties shall as between themselves return all payment(s) received from the other parties.

**2.10 Guarantees.**

- (i) the Transferee's Guarantor guarantees to Whitehill or Sylva (as the case may be) the due performance of the obligations of the Transferee thereunder; and
- (ii) the Transferor's Guarantor 1 and GP Batteries International Limited guarantee to the Transferee the due performance of the obligations of Whitehill or Sylva (as the case may be) thereunder.

### 3 FURTHER INFORMATION ON THE PROPERTIES

- 3.1 Book Value.** Based on the unaudited consolidated financial statements of the Group for the six-month period ended 30 September 2020 (the “**1HFY2021 Results**”), the book value attributable to the Proposed Disposals was approximately S\$10.3 million.

Based on Consideration I and Consideration II, the aggregate excess of the proceeds from Proposed Disposals over the aggregate book value of Property I, the Cash Asset Amount and Property II as at 30 September 2020, was approximately S\$26.2 million.

- 3.2 Net Tangible Asset Value.** Based on the 1HFY2021 Results, the net tangible asset (“**NTA**”) value attributable to the Proposed Disposals as at 30 September 2020 was approximately S\$10.3 million.

- 3.3 Market Value.** The Group has appointed RHL Appraisal Limited, an independent valuer, to conduct a valuation on the Properties and to prepare the results of the study on the Properties (the “**Valuation Report**”). Based on the Valuation Report, as at 22 January 2021, the market value of Property I and Property II were approximately RMB54.4 million and RMB67.4 million respectively, totalling approximately RMB121.8 million (approximately S\$24.6 million). Accordingly, the total market value of the Proposed Disposals after including the Cash Asset Amount is approximately RMB155.8 million (approximately S\$31.5 million).

- 3.4 Net Profits and Estimated Gain on Proposed Disposals.** Other than the profit attributable to the Investment Properties amounting to approximately S\$59,000 for 1HFY2021, there are no net profits attributable to the Properties as they are mainly used as factories for the Group’s manufacturing purposes. After considering impairment charge on tangible and intangible assets, cost expected to be incurred in relocating the affected operations, taxation and charging the cumulative exchange translation differences attributable to GPB (China) and Modern Battery to profit and loss, the estimated aggregate gain from the Proposed Disposals is approximately S\$9.8 million before tax and approximately S\$7.2 million after tax.

### 4 RATIONALE AND USE OF PROCEEDS

The Group has been looking for opportunities to dispose of the Properties and has entered into disposal agreements in respect thereof in December 2017, which were subsequently terminated in October 2018 by mutual agreements. Details of the previous disposals and termination are disclosed in the announcements of the Company dated 29 December 2017 and 29 October 2018, respectively. The Proposed Disposals remain in line with the Group’s continued strategy to streamline the operations of its batteries business by rebalancing its battery manufacturing capacities among factories in China and Southeast Asia. The manufacturing facilities in the Properties will be relocated to the newly leased factory premises in Dongguan, PRC, and the factories in Southeast Asia to improve the efficiency and effectiveness of the Group’s operations.

The Group intends to use the net proceeds from the Proposed Disposals to strengthen the Group’s cash flows and repay bank loans.



## 5 FINANCIAL EFFECTS

**5.1 Bases and Assumptions.** The pro forma financial effects of the Proposed Disposals have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2020 (“FY2020”) and are purely **for illustrative purposes only and do not reflect the future actual financial position of the Group following completion of the Proposed Disposals**. The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (i) the Proposed Disposals had been effected on 31 March 2020, being the end of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated NTA of the Group;
- (ii) the Proposed Disposals had been effected on 1 April 2019, being the beginning of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated earnings of the Group;
- (iii) no adjustment to Consideration I and Consideration II, and
- (iv) after including impairment charge on tangible and intangible assets, cost expected to be incurred in relocating the affected operations, taxation and charging the cumulative exchange translation differences attributable to GPB (China) and Modern Battery to profit and loss.

**5.2 NTA.** For illustrative purposes only and assuming that the Proposed Disposals had been completed on 31 March 2020, the pro forma financial effects of the Proposed Disposals on the consolidated NTA of the Group as at 31 March 2020 are as follows:

	<b>Before the Proposed Disposals</b>	<b>After the Proposed Disposals</b>
NTA (S\$ million)	360.8	374.2
No. of issued shares in the capital of the Company (“ <b>Shares</b> ”)	484,046,682	484,046,682
NTA per Share (Singapore cents)	74.54	77.31

**5.3 Earnings per Share.** For illustrative purposes only and assuming that the Proposed Disposals had been completed on 1 April 2019, the pro forma financial effects of the Proposed Disposals on the consolidated earnings of the Group for FY2020 are as follows:

	<b>Before the Proposed Disposals</b>	<b>After the Proposed Disposals</b>
Profit after tax and minority interests (S\$ million)	19.5	26.6
No. of issued Shares	484,046,682	484,046,682
Earnings per Share (Singapore cents)	4.02	5.50

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

## 6 DISCLOSEABLE TRANSACTION

**6.1 Rule 1006.** The relative figures for the Proposed 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	Proposed Disposals (S\$' million)	The Group (S\$' million)	Relative Figures (%)
(a)	Net asset value (“NAV”) attributable to the Proposed Disposals <sup>(1)</sup> compared with the Group’s NAV <sup>(1)</sup>	10.3	480.7	2.1
(b)	Net profits attributable to the Proposed Disposals <sup>(1)</sup> compared with the Group’s net profits <sup>(1)(2)</sup>	0.06 <sup>(3)</sup>	29.2	0.2
(c)	Aggregate consideration <sup>(4)</sup> compared with the Company’s market capitalisation <sup>(5)</sup>	36.5	256.5	14.2
(d)	The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	N.A.	N.A.	N.A.

### Notes:

(1) Based on the 1HFY2021 Results.

(2) The term “**net profits**” means profit before income tax and non-controlling interests.

(3) Other than the Investment Properties, there are no net profits attributable to Property I and Property II as they are currently used by the Group as factories for the manufacturing of batteries.

(4) Comprises Consideration I and Consideration II.

- (5) The Company's market capitalisation is based upon 484,046,682 issued Shares (excluding treasury shares and subsidiary holdings) as at 29 January 2021, being the last market day preceding the date of the Agreements on which Shares were traded on the Singapore Exchange Securities Trading Limited, at a volume weighted average price of S\$0.5300 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 Proposed Disposals constitute a discloseable transaction for the Company as defined in Chapter 10 of the Listing Manual, and the Company is not required to obtain shareholder' approval for the Proposed Disposals.

## **7 FURTHER INFORMATION**

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

**7.2 Interests of Directors and Controlling Shareholders.** None of the directors or controlling shareholders of the Company has any interest, direct or indirect, (other than through their shareholdings in the Company), in the Proposed Disposals.

**7.3 Documents Available for Inspection.** The following documents are available for inspection during normal business hours at the registered office of the Company at 3 Fusionopolis Link, #06-11 Nexus @one-north, Singapore 138543, for a period of three months commencing from the date of this Announcement:

- (i) Agreement I;
- (ii) Agreement II; and
- (iii) the Valuation Report.

By Order of the Board

Kelly Kiar Lee Noi  
Company Secretary  
31 January 2021