



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

ANNOUNCEMENT PURSUANT TO RULE 706A OF THE LISTING MANUAL OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The board of directors (the “**Board**”) of GP Industries Limited (the “**Company**”) wishes to announce the following acquisitions and disposals by the Company and its subsidiaries (collectively, the “**Group**”) that occurred during the first half year ended 30 September 2022 (“**1HFY2023**”) pursuant to Rule 706A of the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”):

1. De-registration of an inactive subsidiary

Alkaline Batteries A/S, an indirectly held wholly-owned inactive subsidiary incorporated in Denmark, was de-registered. The de-registration of Alkaline Batteries A/S resulted in a loss of S\$3.3 million, being cumulative translation deficit reclassified to profit or loss.

2. Disposal of a subsidiary

During 1HFY2023, the Group completed the disposal of the entire 100% equity interests in Huizhou Modern Battery Limited (“**Modern Battery**”) and such disposal, the “**Modern Battery Disposal**”) and Modern Battery ceased to be a subsidiary of the Group.

In the Company’s announcement of 31 January 2021 (the “**31 January 2021 Announcement**”), the following were announced:

- (i) the entry by Whitehill Electrochemical Company Limited (“**Whitehill**”), an indirect wholly owned subsidiary of the Company, as transferor, 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 100% equity interests in GP Batteries (China) Limited (“**GPB (China)**”) for a cash consideration of RMB90,000,000 (approximately S\$18,208,000) (“**Consideration I**”) and such disposal “**Disposal I**”; and
- (ii) the entry by Sylva Industries (China) Limited (“**Sylva**”), an indirect wholly owned subsidiary of the Company, as transferor, into an agreement (“**Agreement II**”) with, among others, the Transferee, as transferee, in relation to the proposed disposal of Sylva’s entire 100% equity interests in Modern Battery, for a cash consideration of RMB90,520,000 (approximately S\$18,314,000) (“**Consideration II**”, such disposal “**Disposal II**” and together with Disposal I, the “**Disposals**”).

Disposal I was completed during the financial year ended 31 March 2022 and the Company has announced that GPB (China) ceased to be a subsidiary of the Group in an announcement dated 30 May 2022.

In respect of Disposal II, as stated in the 31 January 2021 Announcement:

- (i) Consideration II is subject to adjustment;
- (ii) the Transferee shall arrange for an audit on Modern Battery's financial position within 18 months from the Consideration II First Payment Date (as defined in the 31 January 2021 Announcement), to determine if any adjustment to Consideration II is required ("**Completion Audit II**"); and
- (iii) if the results of Completion Audit II show that there are cash and bank balances (the "**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 carried out and completed Completion Audit II during 1HFY2023 and the results of such audit show that there were Cash Assets amounting to RMB55,150,000 (approximately S\$11,138,000) (the "**Agreed Cash Assets**"). Accordingly, on 13 June 2022 (the "**Supplemental Agreement Date**"), Sylva and the Transferee had entered into an agreement (the "**Supplemental Agreement**") to supplement Agreement II, in particular to adjust the Consideration II amount to include the Agreed Cash Assets pursuant to the consideration adjustment terms as provided for in Agreement II. In the Supplemental Agreement, the parties also agreed to the payment terms for Consideration II as follows:

- (i) the amount of Consideration II shall be RMB145,670,000 (approximately S\$29,280,000) ("**New Consideration II**"); and
- (ii) New Consideration II shall be payable within 12 months of the Supplemental Agreement Date.

The abovementioned terms supersede the original payment and adjustment terms of Consideration II as disclosed in Paragraphs 2.4 and 2.6 of the 31 January 2021 Announcement.

The Group received the entire amount of New Consideration II before 30 September 2022.

New Consideration II was arrived at after taking into account the factors as set out in Paragraphs 2.4 and 2.6 of the 31 January 2021 Announcement and the Agreed Cash Assets.

Save as supplemented by the Supplemental Agreement, all other terms and conditions of Agreement II remain in full force and effect.

The Company's share of the net asset value of Modern Battery which was disposed of was approximately S\$18.0 million and Disposal II resulted in a gain of approximately S\$10.6 million before taxation. Further information in relation to the net asset value of Modern Battery which was disposed of and the cash flow of Disposal II are disclosed in the Company's announcement of unaudited condensed interim consolidated financial statements for 1HFY2023 issued on 8 November 2022 (the "**1HFY2023 Results Announcement**").

The relative figures for the Disposals computed on the applicable bases set out in the listing manual of SGX-ST (the "**Listing Manual**") and taking into account New Consideration II are set out in the Appendix to this announcement. Collectively, the Disposals constitute a discloseable transaction as defined in Chapter 10 of the Listing Manual.

3. Disposal of an associate

During 1HFY2023, the Group disposed of its entire holding of 18,641,614 issued shares of STL Technology Co., Ltd (the "**Disposed STL Shares**") via a series of on-market disposals

(the “**STL Disposal**”). STL was a 29.28% owned associate as at 1 April 2022 and is listed on the Taipei Exchange.

Details of the STL Disposal, including the amount of aggregate consideration received, the market value of the Disposed STL Shares and further information about STL and the STL Disposal are disclosed in the Company’s announcements dated 6 April 2022, 2 June 2022, 6 June 2022, 18 September 2022 and 20 September 2022. As disclosed in the 1HFY2023 Results Announcement, the STL Disposal resulted in an aggregate gain of approximately S\$12.4 million before taxation.

4. Increase in equity interest in an associate

The Company acquired 58,065 ordinary shares (“**XIC Shares**”) in the issued capital of XIC Innovation Limited (“**XIC**”) (formerly known as Linkz industries Limited), representing an additional 1% equity interest in XIC (the “**Additional XIC Interest**”), for an aggregate cash consideration of approximately HK\$16,679,000 (approximately S\$2,912,000) (the “**XIC Consideration**”) from several management members of XIC (the “**XIC Management Shareholders**”), who had subscribed for certain XIC Shares pursuant to an employee share subscription program of XIC established in 2000. As a result, the Company’s equity interest in XIC increased from 38.13% to 39.13%. XIC is incorporated in Hong Kong and is an investment holding company. The subsidiaries of XIC are principally engaged in the development, manufacture and sales of LED displays solutions.

The purchase price of HK\$287.25 per XIC Share was arrived at on a willing seller willing buyer basis and was equivalent to the audited consolidated net asset value per XIC Share attributable to its shareholders as at 31 March 2021, adjusted for the dividend paid by XIC subsequent to 31 March 2021. The XIC Consideration was paid upon completion of acquisition of the Additional XIC Interest.

The Company’s share of the net asset value of XIC attributable to the Additional XIC Interest was approximately HK\$20,652,000 (approximately S\$3,770,000). No person was commissioned to value the Additional XIC Interest. Payment of the XIC Consideration was funded by the Group’s internal resources.

As disclosed in the 1HFY2023 Results Announcement, the acquisition of the Additional XIC Interest resulted in a bargain purchase gain of approximately S\$701,000.

Save as disclosed above and in the 1HFY2023 Results Announcement, the above-mentioned transactions did not have any material impact on the earnings per share and net tangible asset per share of the Group for the financial year ending 31 March 2023.

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 above-mentioned transactions.

By order of the Board

Lee Tiong Hock
Company Secretary
8 November 2022

Appendix
Relative figures computed pursuant to Chapter 10 of the Listing Manual

1. **Rule 1006.** The relative figures for the Disposals referred to in Paragraph 2 of this announcement computed on the applicable bases set out in Rule 1006 of the Listing Manual and taking into account New Consideration II are as follows:

Rule 1006	Bases	Disposals (S\$' million)	The Group (S\$' million)	Relative Figures (%)
(a)	Net asset value (" NAV ") attributable to the Disposals ⁽¹⁾ compared with the Group's NAV ⁽²⁾	25.0	480.7	5.2
(b)	Net profits attributable to the Disposals ⁽²⁾ compared with the Group's net profits ⁽²⁾⁽³⁾	0.06 ⁽⁴⁾	29.2	0.2
(c)	Aggregate consideration ⁽⁵⁾ compared with the Company's market capitalisation ⁽⁶⁾	47.7	256.5	18.6
(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) Comprised the NAV of GPB (China) based on the 1H FY2021 Results and the NAV of Modern Battery disposed of S\$18.0 million.
- (2) Based on the 1H FY2021 Results.
- (3) The term "**net profits**" means profit before income tax and non-controlling interests.
- (4) Other than the Investment Properties (as defined in the 31 January 2021 Announcement), there are no net profits attributable to the Property I and Property II (as defined the 31 January 2021 Announcement) as they were used by the Group as factories for the manufacturing of batteries.
- (5) Comprises Consideration I and New Consideration II.
- (6) 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 Agreement I and Agreement II on which Shares were traded on the SGX-ST, at a volume weighted average price of S\$0.5300 for each issued ordinary share of the Company.

2. **Discloseable Transaction.** As the relative figure under Rule 1006(a) and 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 the Company is not required to obtain shareholders' approval for the Disposals.