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

VOLUNTARY ANNOUNCEMENT – DISPOSAL AND DERECOGNITION OF INTEREST IN AN ASSOCIATE

*This announcement is made by GP Industries Limited (the "**Company**", and together with its subsidiaries, the "**Group**") on a voluntary basis.*

The board of directors of the Company (the "**Board**") wishes to announce GP Battery Technology (HK) Limited, an indirectly held wholly owned subsidiary of the Company, has conducted a series of on-market transactions on 6 April 2022 to dispose of an aggregate of 9,000,000 ordinary shares (each a "**STL Share**" and collectively the 9,000,000 STL Shares, the "**Sale Shares**") in the issued capital of STL Technology Co., Ltd ("**STL**"), at a volume-weighted average price of NTD23.85 (the "**Disposal Price**") per STL Share (the "**Disposal**"). Gross consideration before transaction costs from the Disposal amounts to approximately NTD214.7[1] million (approximately S$10.15 million, the "**Consideration**").

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, and is a non-core business of the Group with limited contribution to the Group. For the six months ended 30 September 2021, the Group's share of results of STL amounted to a loss of approximately S$0.5 million. The STL Shares are traded on the Taipei Exchange.

The Board believes that the Disposal represents 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 volume-weighted average price of STL Share on 1 April 2022, being the last market day of the Taipei Exchange preceding the date of Disposal, was NTD26.41 (the "**Market Price**"). Based on the Market Price, the market value of the Sale Shares was approximately NTD237.7 million (approximately S$11.24 million).

The Group intends to use the net proceeds from the Disposal to strengthen its cashflow and to repay bank loans.

Following the Disposal, the Group's interest in STL will decrease from 29.28% to 15.14% (the "**Retained STL Interest**"). As the Group will lose its significant influence over STL after the Disposal, the Group will cease to apply equity accounting on the Retained STL Interest and derecognise STL as an associated company (the "**Derecognition**"). The Retained STL Interest will be recognised as financial asset at fair value through other comprehensive income. Based on the Disposal Price, the fair value of the Retained STL Interest on initial recognition as a financial asset is approximately NTD230.0 million (approximately S$10.88 million) (the "**Fair Value of the Retained STL Interest**").

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

As the Disposal and Derecognition takes place in April 2022, the Group shall recognise the profit or loss arising from the Disposal and Derecognition (the "**Profit or Loss Effect**") during the financial year ending 31 March 2023 ("**FY2023**"), after considering, *inter alia*:

(i) the difference between (a) the aggregate of the Consideration and the Fair Value of the Retained STL Interest; and (b) the carrying amount of STL as at the date of Disposal and Derecognition; and

(ii) all amounts previously recognised in other comprehensive income in relation to STL.

The Profit or Loss Effect will be determined after, *inter alia*, the carrying amount and other comprehensive income in relation to STL is ascertained immediately prior to the Disposal and Derecognition.

Purely for illustrative purpose only by using the historical financial information as at 30 September 2021, the illustrative Profit or Loss Effect, before transaction costs and taxation, is as follows:

(i) the aggregate amount of the Consideration and the Fair Value of the Retained STL Interest of approximately S$21.03 million exceeded the carrying amount of STL as at 30 September 2021 of approximately S$13.71 million by approximately S$7.32 million; and

(ii) cumulative exchange translation deficit in relation to STL, being amounts previously recognised in other comprehensive income as at 30 September 2021, amounted to approximately S$3.45 million.

Save as disclosed, the Disposal and Derecognition is not expected to have any other material impact on the earnings per share and net tangible asset per share of the Group for FY2023.

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 Disposal and Derecognition.

By Order of the Board

Lee Tiong Hock
Company Secretary
6 April 2022