

ANNOUNCEMENT

PROPOSED DISPOSAL OF LAND AND BUILDINGS LOCATED IN HUIZHOU, PRC

1. INTRODUCTION

1.1 **Disposal of Land and Buildings in Huizhou, PRC.** The Board of Directors (the “**Board**”) of GP Industries Limited (the “**Company**”) wishes to announce the proposed disposal of land and buildings located in Huizhou, the People’s Republic of China (“**PRC**”), by GP Batteries (China) Limited (金山电化工业（惠州）有限公司) (“**GP Batteries China**”) and Huizhou Modern Battery Limited (惠州时代电池有限公司) (“**Huizhou Modern Battery**”) (each, a “**Seller**”). Each of GP Batteries China and Huizhou Modern Battery is an indirect wholly-owned subsidiary of the Company.

1.2 **GPB China Proposed Disposal.** GP Batteries China, as seller, has today entered into a sale and purchase agreement (the “**GPB China Disposal Agreement**”) with 惠州市晟鸿实业有限公司 (the “**Purchaser**”), as purchaser, and 广东省东莞机械进出口有限公司 (Guangdong Dongguan Machinery Import & Export Co., Ltd.) (the “**Guarantor**”), as guarantor. Under the terms of the GPB China Disposal Agreement, GP Batteries China has agreed to sell, and the Purchaser has agreed to purchase, the following (such sale and purchase, the “**GPB China Proposed Disposal**”):

- (i) the right to use a total area of 17,503.4 square metre plot of land located at Gu Tang Au Industrial District, Huihuan Town, Huizhou City, Guangdong Province, PRC (广东省惠州市古塘坳工业区), comprising:
 - (a) a 13,034.0 square metre plot of land (惠府 97 字第 13020600121 号);
 - (b) a 2,461.4 square metre plot of land (惠府国用 2003 字第 13021400230 号);
and
 - (c) a 2,008.0 square metre plot of land (惠府国用 98 字第 13021400036 号),

(collectively, the “**GPB China Land**”); and
- (ii) the buildings and ancillary facilities located on the GPB China Land with a total built-up area of 17,785.57 square metres, comprising:
 - (a) a factory building (粤房地证字第 0920642 号) with a total built-up area of 6,159.11 square metres;

- (b) a factory building (粤房地证字第 C2452947 号) with a total built-up area of 1,691.70 square metres;
- (c) a factory building (粤房地证字第 1308623 号) with a total built-up area of 4,990.35 square metres;
- (d) a canteen (粤房字第 3730739 号) with a total built-up area of 460.00 square metres; and
- (e) staff quarters (粤房地证字第 1694019 号) with a total built-up area of 4,484.41 square metres,

(collectively with the GPB China Land, the “**GPB China Property**”).

In connection with the GPB China Proposed Disposal, the Guarantor has agreed to provide the Guarantee (as defined and set out in paragraph 3.10 below) to GP Batteries China.

1.3 **Huizhou MB Proposed Disposal.** Huizhou Modern Battery, as seller, has today entered into a sale and purchase agreement (the “**Huizhou MB Disposal Agreement**” and each of the GPB China Disposal Agreement and the Huizhou MB Disposal Agreement, a “**Disposal Agreement**”) with the Purchaser, as purchaser, and the Guarantor, as guarantor. Under the terms of the Huizhou MB Disposal Agreement, Huizhou Modern Battery has agreed to sell, and the Purchaser has agreed to purchase, the following (such sale and purchase, the “**Huizhou MB Proposed Disposal**”):

- (i) the right to use a total area of 29,953.0 square metre plot of land located at Gu Tang Au Industrial District, Huihuan Town, Huizhou City, Guangdong Province, PRC (广东省惠州市古塘坳工业区), comprising:
 - (a) a 6,162.4 square metre plot of land (惠府国用 (2009) 字第 13021400002 号);
 - (b) a 10,200.6 square metre plot of land (惠府国用 (2004) 字第 13021400556 号); and
 - (c) a 13,590.0 square metre plot of land (惠府国用 (99) 字第 13021400010 号),
 (collectively, the “**Huizhou MB Land**”); and
- (ii) the buildings and ancillary facilities located on the Huizhou MB Land with a total built-up area of 11,399.99 square metres, comprising:
 - (a) a factory building (粤房地证字第 1772353 号) with a total built-up area of 4,146.36 square metres;
 - (b) a factory building (粤房地证字第 C2115444 号) with a total built-up area of 2,280.60 square metres;
 - (c) a factory building (粤房地证字第 C3079952 号) with a total built-up area of 3,359.71 square metres;

(d) a canteen (粤房地证字第 2184006 号) with a total built-up area of 1,252.87 square metres; and

(e) staff quarters (粤房地证字第 C3112207 号) with a total built-up area of 360.45 square metres,

(collectively with the Huizhou MB Land, the “**Huizhou MB Property**” and each of the GPB China Property and the Huizhou MB Property, a “**Property**”).

In connection with the Huizhou MB Proposed Disposal, the Guarantor has agreed to provide the Guarantee to Huizhou Modern Battery.

1.4 **Compensation of Costs and Losses to GP Batteries China.** In connection with the GPB China Disposal Agreement, GP Batteries China has today entered into an agreement (the “**GPB China Compensation Agreement**”) with the Purchaser, pursuant to which the Purchaser has agreed to pay GP Batteries China RMB40,000,000 (the “**GPB China Compensation**”) (approximately S\$8.2 million)¹ as compensation for costs and losses to be incurred by GP Batteries China in relocating its operations from the GPB China Property to a new site.

1.5 **Compensation of Costs and Losses to Huizhou Modern Battery.** In connection with the Huizhou MB Disposal Agreement, Huizhou Modern Battery has today entered into an agreement (the “**Huizhou MB Compensation Agreement**” and each of GPB China Compensation Agreement and Huizhou MB Compensation Agreement, a “**Compensation Agreement**”) with the Purchaser, pursuant to which the Purchaser has agreed to pay Huizhou Modern Battery RMB60,000,000 (the “**Huizhou MB Compensation**” and each of the GPB China Compensation and the Huizhou MB Compensation, a “**Compensation**”) (approximately S\$12.2 million) as compensation for costs and losses to be incurred by Huizhou Modern Battery in relocating its operations from the Huizhou MB Property to a new site.

1.6 **Information on the Purchaser.** The Purchaser is a property development company incorporated in the PRC. The Purchaser is not related to the Company, its subsidiaries or its controlling shareholders.

1.7 **Completion.** Completion of each of the GPB China Proposed Disposal and the Huizhou MB Proposed Disposal is subject to and conditional upon the satisfaction of various conditions precedent (“**Conditions**”), as set out in paragraph 3.4 below.

2. INFORMATION ON THE PROPERTIES

2.1 **The Properties.** Each of the GPB China Property and the Huizhou MB Property is an industrial complex. GP Batteries China has been granted the rights to use the GPB China Land for industrial use. Such rights will expire on dates falling between 10 November 2047 and 16 May 2053 for the different plots of land comprising the GPB China Land. Huizhou

¹ Unless otherwise stated, the approximate S\$ equivalent of RMB amounts in this Announcement are based on an exchange rate of S\$1: RMB4.9005.

Modern Battery has been granted the rights to use the Huizhou MB Land for industrial use. Such rights will expire on dates falling between 6 March 2047 and 14 November 2051 for the different plots of land comprising the Huizhou MB Land. Other than certain land and buildings within the Huizhou MB Property which are held as investment properties (the **“Investment Properties”**), the Properties are currently used by the Group (as defined below) as factories for the manufacturing of batteries.

- 2.2 **Net Asset Value.** Based on the unaudited consolidated financial statements of the Company and its subsidiaries (collectively, the **“Group”**) for the second quarter ended 30 September 2017 (the **“2Q2017 Results”**), the aggregate net asset value (**“NAV”**) of the GPB China Property and the Huizhou MB Property was approximately S\$3.6 million.

Based on the GPB China Consideration and the Huizhou MB Consideration (each as defined in paragraph 3.2 below), the aggregate excess of the proceeds from the GPB China Proposed Disposal and the Huizhou MB Proposed Disposal (collectively, the **“Proposed Disposals”** and each the **“Proposed Disposal”**) over the aggregate NAV of the GPB China Property and the Huizhou MB Property as at 30 September 2017, was approximately S\$21.2 million.

- 2.3 **Market Value.** The Group has appointed RHL Appraisal Limited 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 31 July 2017, the market values of the GPB China Property and the Huizhou MB Property were approximately RMB31.5 million and RMB29.6 million respectively, totalling approximately RMB61.1 million (approximately S\$12.5 million).
- 2.4 **Net Profits and Estimated Gain on Disposal.** Other than the profit attributable to the Investment Properties amounting to approximately S\$69,000 for the six-month period ended 30 September 2017, there are no net profits attributable to the Properties as they are mainly used as factories for the Group’s manufacturing purposes. The estimated aggregate gain on disposal of the Properties is approximately S\$21.2 million before tax and approximately S\$15.9 million after tax.

3. **PRINCIPAL TERMS OF THE PROPOSED DISPOSALS AND COMPENSATIONS**

- 3.1 **Proposed Disposals.** Pursuant to the terms of each of the GPB China Disposal Agreement and the Huizhou MB Disposal Agreement, the relevant Seller shall sell, and the Purchaser shall purchase, the relevant Property free from any encumbrances.

3.2 **Consideration for the Proposed Disposals.**

- (i) The cash consideration to be paid by the Purchaser to GP Batteries China for the GPB China Proposed Disposal (the **“GPB China Consideration”**) is RMB40,515,640 (approximately S\$8.3 million).
- (ii) The cash consideration to be paid by the Purchaser to Huizhou Modern Battery for the Huizhou MB Proposed Disposal (the **“Huizhou MB Consideration”** and each of the GPB China Consideration and the Huizhou MB Consideration, the **“Consideration”**) is RMB80,779,100 (approximately S\$16.5 million).

3.3 **Payment of Consideration by the Purchaser.** The GPB China Consideration and the Huizhou MB Consideration shall be paid by the Purchaser to the relevant Seller in the following manner:

- (i) The Purchaser has paid a deposit for each of the GPB China Proposed Disposal and the Huizhou MB Proposed Disposal in the following manner:
 - (a) The Purchaser has paid RMB24,500,000 to GP Batteries China as a deposit (the “**GPB China Deposit**”) prior to the date of signing of the GPB China Disposal Agreement.
 - (b) The Purchaser has paid RMB42,000,000 to Huizhou Modern Battery as a deposit (the “**Huizhou MB Deposit**”) and each of the GPB China Deposit and the Huizhou MB Deposit, a “**Deposit**”) prior to the date of signing of the Huizhou MB Disposal Agreement.
- (ii) The Purchaser shall deposit the balance of each of the GPB China Consideration and the Huizhou MB Consideration into escrow account(s) and/or joint bank account(s) in the following manner:
 - (a) The Purchaser shall, within five business days from the earlier of the date falling 12 months after the date of signing of the GPB China Disposal Agreement or the date on which the TG Land Acquisition Condition (as defined in paragraph 3.7(i)(b)) is fulfilled, deposit RMB16,015,640 (the “**GPB China Balance Payment**”) into an account designated by GP Batteries China as an escrow account (the “**GPB China Escrow Account**”) and maintained with a bank (“**Escrow Bank**”) and enter into an escrow arrangement with GP Batteries China to manage the GPB China Escrow Account. If the GPB China Escrow Account cannot be established for any reason, GP Batteries China and the Purchaser shall open a bank account, to be jointly managed by GP Batteries China and the Purchaser, and the Purchaser shall transfer the GPB China Balance Payment into such joint bank account (the “**GPB China Joint Bank Account**”).
 - (b) The Purchaser shall, within five business days from the earlier of the date falling 12 months after the date of signing of the Huizhou MB Disposal Agreement or the date on which the TG Land Acquisition Condition is fulfilled, deposit RMB38,779,100 (the “**Huizhou MB Balance Payment**”) and each of the GPB China Balance Payment and the Huizhou MB Balance Payment, a “**Balance Payment**”) into an account designated by Huizhou Modern Battery as an escrow account (the “**Huizhou MB Escrow Account**”) and each of the GPB China Escrow Account and the Huizhou MB Escrow Account, an “**Escrow Account**”) and maintained with an Escrow Bank and enter into an escrow arrangement with Huizhou Modern Battery to manage the Huizhou MB Escrow Account. If the Huizhou MB Escrow Account cannot be established for any reason, Huizhou Modern Battery and the Purchaser shall open a bank account, to be jointly managed by Huizhou Modern Battery and the Purchaser, and the Purchaser shall transfer the Huizhou MB Balance Payment into such joint bank account (the “**Huizhou MB Joint Bank**”).

Account” and each of the GPB China Joint Bank Account and the Huizhou MB Joint Bank Account, a “**Joint Bank Account**”).

- (iii) The Purchaser shall release the GPB China Balance Payment and the Huizhou MB Balance Payment from the Escrow Account(s) and/or Joint Bank Account(s), as the case may be, in the following manner:

- (a) In the event the relevant Balance Payment is kept in the relevant Escrow Account, the Purchaser shall, within five days after the date of registration of the transfer of the relevant Property, inform the relevant Escrow Bank in writing to pay the relevant Balance Payment to the relevant Seller. In such event, the relevant Seller is also entitled to request the relevant Escrow Bank to release the relevant Balance Payment by providing notice of the registration of the transfer of the relevant Property issued by the relevant real estate regulatory authority or the relevant query result reflecting the registration of the transfer of the relevant Property.

In the event the relevant Balance Payment is kept in the relevant Joint Bank Account, the Purchaser and the relevant Seller shall, within five days after the date of registration of the transfer of the relevant Property, jointly inform the bank with which the relevant Joint Bank Account is opened to transfer the relevant Balance Payment to a bank account designated by the relevant Seller.

- (b) In the event the registration of the transfer of the relevant Property cannot be completed within 24 months from the date of the relevant Disposal Agreement due to the PRC government’s unified redevelopment planning (政府旧改统一规划), and the relevant Seller and the Purchaser cannot agree on the terms of termination of the relevant Disposal Agreement, the Purchaser shall immediately inform the relevant Escrow Bank in writing to pay the relevant Balance Payment to the relevant Seller, and the relevant Seller shall assist the Purchaser in applying for the PRC government’s approval for redevelopment (申请旧改项目审批). In such event, the relevant Seller may also demand that the relevant Escrow Bank pay the relevant Balance Payment upon presentation of the relevant original signed Disposal Agreement. In the event the relevant Escrow Bank declines to pay the relevant Balance Payment or the Purchaser does not provide its co-operation for the release of the relevant Balance Payment, the Purchaser shall immediately pay the relevant Balance Payment to the relevant Seller, with penalty at a rate of 0.1 per cent. of the relevant Balance Payment per day for each day of delay in payment (the “**Balance Payment Penalty**”).

- (iv) For each Proposed Disposal, any associated taxes and transaction costs shall be borne solely by the Purchaser, save for enterprise income tax payable which shall be borne by the relevant Seller. The Purchaser shall pay the taxes payable (according to the tax assessments issued by the relevant governmental department) to a bank account designated by the relevant Seller.

- (v) The GPB China Consideration was arrived at on a willing buyer willing seller basis after taking into account, *inter alia*, the rationale for the GPB China Proposed

Disposal, the Valuation Report, recently transacted prices of the properties around the vicinity of the GPB China Property and offers received by GP Batteries China for the GPB China Property.

The Huizhou MB Consideration was arrived at on a willing buyer willing seller basis after taking into account, *inter alia*, the rationale for the Huizhou MB Proposed Disposal, the Valuation Report, recently transacted prices of the properties around the vicinity of the Huizhou MB Property and offers received by Huizhou Modern Battery for the Huizhou MB Property.

3.4 **Conditions.** Completion of each of the GPB China Proposed Disposal and the Huizhou MB Proposed Disposal is subject to and conditional upon, *inter alia*, the satisfaction of the following Conditions:

- (i) the approval of the shareholders and the board of directors of the Purchaser for the relevant Proposed Disposal; and
- (ii) the approval of the shareholders and the board of directors (if such approval is required by applicable laws, regulations and listing rules) of each of (a) the Company; (b) GP Batteries International Limited (being a wholly-owned subsidiary of the Company and an intermediate holding company of each of GP Batteries China and Huizhou Modern Battery); and (c) Gold Peak Industries (Holdings) Limited (being the Company's ultimate holding company), for the relevant Proposed Disposal.

GP Batteries China or Huizhou Modern Battery, as the case may be, and the Purchaser undertake to immediately take all reasonable efforts to ensure the passing of the resolutions for the abovementioned approvals for the relevant Proposed Disposal. Within five business days after the satisfaction of:

- (1) the Condition set out in sub-paragraph (i) for the relevant Proposed Disposal, the Purchaser shall provide written notice to the relevant Seller of the satisfaction of such Condition; or
- (2) the Condition set out in sub-paragraph (ii) for the relevant Proposed Disposal, the relevant Seller shall provide written notice to the Purchaser of the satisfaction of such Condition.

In the event that the Purchaser causes the non-satisfaction of the Condition set out in sub-paragraph (i) above for the relevant Proposed Disposal, the relevant Seller is entitled to forfeit the relevant Deposit. In the event GP Batteries China or Huizhou Modern Battery, as the case may be, causes the non-satisfaction of the Condition set out in sub-paragraph (ii) above for the relevant Proposed Disposal, the relevant Seller shall refund the relevant Deposit (without interest) to the Purchaser.

3.5 **Payment of Compensation by the Purchaser**

- (i) The Purchaser shall deposit the GPB China Compensation and the Huizhou MB Compensation into escrow account(s) and/or joint bank account(s) in the following manner:

- (a) The Purchaser shall, within five business days from the earlier of the date falling 12 months after the date of signing of the GPB China Compensation Agreement or the date on which the TG Land Acquisition Condition is fulfilled, deposit an amount equivalent to the GPB China Compensation into an account designated by GP Batteries China as an escrow account (the **"GPB China Compensation Escrow Account"**) and maintained with a bank (the **"Compensation Escrow Bank"**) and enter into an escrow arrangement with GP Batteries China to manage the GPB China Compensation Escrow Account. If the GPB China Compensation Escrow Account cannot be established for any reason, GP Batteries China and the Purchaser shall open a bank account, to be jointly managed by GP Batteries China and the Purchaser, and the Purchaser shall transfer the GPB China Compensation into such joint bank account (the **"GPB China Compensation Joint Bank Account"**).

 - (b) The Purchaser shall, within five business days from the earlier of the date falling 12 months after the date of signing of the Huizhou MB Compensation Agreement or the date on which the TG Land Acquisition Condition is fulfilled, deposit an amount equivalent to the Huizhou MB Compensation into an account designated by Huizhou Modern Battery as an escrow account (the **"Huizhou MB Compensation Escrow Account"**) and each of the GPB China Compensation Escrow Account and the Huizhou MB Compensation Escrow Account, a **"Compensation Escrow Account"**) and maintained with a Compensation Escrow Bank and enter into an escrow arrangement with Huizhou Modern Battery to manage the Huizhou MB Compensation Escrow Account. If the Huizhou MB Compensation Escrow Account cannot be established for any reason, Huizhou Modern Battery and the Purchaser shall open a bank account, to be jointly managed by Huizhou Modern Battery and the Purchaser, and the Purchaser shall transfer the Huizhou MB Compensation into such joint bank account (the **"Huizhou MB Compensation Joint Bank Account"**) and each of the GPB China Compensation Joint Bank Account and the Huizhou MB Compensation Joint Bank Account, a **"Compensation Joint Bank Account"**).
- (ii) The Purchaser shall release the GPB China Compensation and the Huizhou MB Compensation from the Compensation Escrow Account(s) and/or Compensation Joint Bank Account(s), as the case may be, in the following manner:
- (a) In the event the relevant Compensation is kept in the relevant Compensation Escrow Account, the Purchaser shall, within five days after the date of registration of the transfer of the relevant Property, inform the relevant Compensation Escrow Bank in writing to pay the relevant Compensation to the relevant Seller. In such event, the relevant Seller is also entitled to request the relevant Compensation Escrow Bank to release the relevant Compensation by providing notice of the registration of the transfer of the relevant Property issued by the relevant real estate regulatory authority or the relevant query result reflecting the registration of the transfer of the relevant Property.

 - In the event the relevant Compensation is kept in the relevant Compensation Joint Bank Account, the Purchaser and the relevant Seller shall, within five days after the date of registration of the transfer of the relevant Property,

jointly inform the bank with which the relevant Compensation Joint Bank Account is opened to transfer the relevant Compensation to a bank account designated by the relevant Seller.

- (b) In the event the registration of the transfer of the relevant Property cannot be completed within 24 months from the date of the relevant Compensation Agreement due to the PRC government's unified redevelopment planning (政府旧改统一规划), and the relevant Seller and the Purchaser cannot agree on the terms of termination of the relevant Compensation Agreement, the Purchaser shall immediately inform the relevant Compensation Escrow Bank in writing to pay the relevant Compensation to the relevant Seller, and the relevant Seller shall assist the Purchaser in applying for the PRC government's approval for redevelopment (申请旧改项目审批). In such event, the relevant Seller may also demand that the relevant Compensation Escrow Bank pay the relevant Compensation upon presentation of the relevant original signed Compensation Agreement. In the event the relevant Compensation Escrow Bank declines to pay the relevant Compensation or the Purchaser does not provide its co-operation for the release of the relevant Compensation, the Purchaser shall immediately pay the relevant Compensation to the relevant Seller, with penalty at 0.1 per cent. of the relevant Compensation per day for each day of delay in payment (the "**Compensation Penalty**").
- (iii) For each Compensation, any associated taxes (including but not limited to value added tax, business tax, and in the event the relevant Compensation is deemed to be part of the Consideration for the sale and purchase of the relevant Property, such land value added tax/land appreciation tax, business tax, deed tax and any other taxes arising therefrom) shall be borne solely by the Purchaser. The Purchaser shall, within three days, reimburse the relevant Seller for any amount of such tax paid on the Purchaser's behalf.

3.6 **Continued Use of Property by the Relevant Seller.** From the date of registration of the transfer of the relevant Property up to the end of the 36-month period commencing from the date of signing of the relevant Disposal Agreement, the Purchaser shall allow GP Batteries China or Huizhou Modern Battery, as the case may be, to use the relevant Property at no charge ("**Rent Free Period**"). During such Rent Free Period:

- (i) The Purchaser shall not: (a) take back the relevant Property in advance; (b) sub-lease the relevant Property to third parties; or (c) launch demolition activities on the relevant Property. In the event of any breach of the foregoing, the Purchaser shall be liable to compensate the relevant Seller for all resultant economic losses incurred by the relevant Seller, including but not limited to losses caused by the stoppage of production, deduction claims from customers, all costs incurred by any forced vacation of the relevant Property and rental of temporary venues, outsourcing costs and economic compensation for employees whose employment contracts have been terminated in advance.
- (ii) GP Batteries China or Huizhou Modern Battery, as the case may be, is entitled to move out of the relevant Property before the expiry of the relevant Rent Free Period at any time by providing three months' prior written notice to the Purchaser and informing the Purchaser of the exact date of the handover of the relevant Property. If

GP Batteries China or Huizhou Modern Battery, as the case may be, moves out of and hands over the relevant Property before the expiry of the relevant Rent Free Period, the Purchaser shall pay compensation to GP Batteries China at a monthly rate of RMB266,000 or to Huizhou Modern Battery at a monthly rate of RMB171,000, as the case may be, for the remaining Rent Free Period.

3.7 Termination and Deemed Completion of Agreements

- (i) Each of the GPB China Disposal Agreement, the Huizhou MB Disposal Agreement, the GPB China Compensation Agreement and the Huizhou MB Compensation Agreement (collectively, the “**Agreements**”) may be terminated in the following manner:
 - (a) Upon payment of the relevant Deposit by the Purchaser to GP Batteries China or Huizhou Modern Battery, as the case may be, and within 12 months from the date of the relevant Agreement, the relevant Seller shall not unilaterally terminate the relevant Agreement (other than due to default by the Purchaser), or transfer the relevant Property to any other party by reason of changes in market conditions, unless the relevant Seller pays the Purchaser a compensation amount equivalent to two times of the aggregate amount of the relevant Consideration or the relevant Compensation, as the case may be.
 - (b) Upon payment of the relevant Deposit by the Purchaser to GP Batteries China or Huizhou Modern Battery, as the case may be, and before the expiry of 12 months from the date of the relevant Agreement, the Purchaser may terminate the relevant Agreement by providing notice in writing to the relevant Seller (the “**Termination Notice**”), if the TG Land Acquisition Condition set out below is not satisfied or, in the opinion of the Purchaser, cannot be satisfied:
 - (1) GP Batteries China or Huizhou Modern Battery, as the case may be, shall procure that the land jointly owned by T.G. Battery Co (China) Ltd (东山电池工业（中国）有限公司) (“**TGBC**”), being a 42.5 per cent. indirectly held associate of the Company, and 惠州市工业发展总公司 (惠府国用（1998）字第 13021400019 号) (the “**TGBC Desay Land**”) be changed from a government allocated land to a transferrable land and that the TGBC Desay Land be successfully acquired by TGBC; and
 - (2) GP Batteries China or Huizhou Modern Battery, as the case may be, shall procure that the Purchaser is granted a pre-emptive right to acquire the title of the TGBC Desay Land at the same price and conditions to be quoted by TGBC,(the “**TG Land Acquisition Condition**”). In the event of such termination, the relevant Seller shall refund the relevant Deposit (without interest) to the Purchaser upon receipt of the Termination Notice.
 - (c) Unless the Purchaser provides the Termination Notice pursuant to subparagraph (b) above or enters into a revised agreement with the relevant Seller, the Purchaser shall pay the relevant Balance Payment or the relevant

Compensation, as the case may be, according to the terms of the relevant Agreement. Should the Purchaser fail to pay the relevant Balance Payment or the relevant Compensation, or taxes to be borne by the Purchaser within 15 days from such due date, the relevant Seller is entitled to unilaterally terminate the relevant Agreement, and forfeit the relevant Deposit at its absolute discretion.

- (ii) The GPB China Disposal Agreement or the Huizhou MB Disposal Agreement, as the case may be, may be terminated by mutual agreement in writing between the relevant Seller and the Purchaser if the registration of the transfer of the relevant Property cannot be completed within 24 months from the date of signing of the relevant Disposal Agreement due to any applicable PRC governmental or regulatory policies. In the event of such termination of the relevant Disposal Agreement:
 - (a) the relevant Seller shall refund the relevant Consideration in full (without interest) to the Purchaser within 30 days from such date of termination of the relevant Disposal Agreement;
 - (b) the relevant Seller and the Purchaser shall jointly recover any taxes and other costs which have already been paid to the relevant governmental departments, and the Purchaser shall bear all costs and expenses incurred during the transfer of the title of the relevant Property; and
 - (c) neither the relevant Seller nor the Purchaser shall be liable for any compensation in respect of the other party.
- (iii) Regardless of the reason attributable to the failure to register the transfer of the GPB China Property or the Huizhou MB Property, as the case may be, if the relevant Disposal Agreement is not terminated by mutual agreement between the relevant Seller and the Purchaser after the end of the 24-month period commencing on the date of signing of the relevant Disposal Agreement:
 - (a) the relevant Disposal Agreement would be deemed to be duly completed; and
 - (b) the Purchaser shall release the relevant Balance Payment to the relevant Seller.

3.8 **Automatic Voiding of Agreement.** If the GPB China Property or the Huizhou MB Property, as the case may be, is expropriated, seized or demolished by the PRC government prior to the registration of the transfer of the relevant Property, the relevant Disposal Agreement shall be voided automatically and the relevant Seller shall refund that part of the relevant Consideration which has already been paid (without interest) to the Purchaser. Any compensation received from the PRC government shall belong to the relevant Seller. The relevant Seller and the Purchaser shall jointly recover any taxes and other costs which have already been paid to the relevant governmental departments. The relevant Seller shall forward any refunds received from the PRC government, in respect of expenses incurred during the process of registration of the transfer of the relevant Property, to the Purchaser.

3.9 **Liquidated Damages.** If the Purchaser fails to pay the GPB China Consideration or the Huizhou MB Consideration, as the case may be, and other fees payable by it by the stipulated deadline for payment, the Purchaser shall pay liquidated damages to the relevant Seller at a

rate of 0.04 per cent. of the relevant total overdue amount payable per day (the “**Overdue Penalty**”).

- 3.10 **Guarantee of the Purchaser’s Payment Obligations.** The Guarantor, as the Purchaser’s guarantor, guarantees any payment by the Purchaser under the relevant Disposal Agreement (including the relevant Consideration, taxes, Balance Payment Penalty and Overdue Penalty) (each, a “**Guarantee**”).

Under the terms of the relevant Disposal Agreement, the relevant Guarantee will remain in force from the effective date of the relevant Disposal Agreement to 180 days after the date on which the Purchaser is required to fully pay the relevant Consideration, Balance Payment Penalty or Overdue Penalty to the relevant Seller. In the event that the Purchaser fails to make such payment to the relevant Seller in accordance with the relevant Disposal Agreement, the Guarantor shall make such payment on behalf of the Purchaser to the relevant Seller.

4. RATIONALE AND USE OF PROCEEDS

- 4.1 **Rationale.** The Proposed Disposals are in line with the Group’s continued strategy for the operations of its battery division to be streamlined by consolidating its battery manufacturing facilities, pursuant to which some of the smaller battery manufacturing facilities will be relocated to a larger facility to improve the efficiency and effectiveness of the Group’s operations.
- 4.2 **Use of Proceeds.** The Group intends to use the net proceeds from the Proposed Disposals for investment in new manufacturing facilities as well as for general working capital purposes, including the repayment of bank loans. The Group intends to use the relevant Compensation to pay the costs and losses to be incurred in relocating the operations of the relevant Seller.

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 2017 (“**FY2017**”) 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 2017, 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;
 - (ii) the Proposed Disposals had been effected on 1 April 2016, 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; and
 - (iii) the relocation costs and losses to be incurred by each Seller approximates the relevant Compensation.

- 5.2 **NTA.** For illustrative purposes only and assuming that the Proposed Disposals had been completed on 31 March 2017, the pro forma financial effects of the Proposed Disposals on the consolidated NTA of the Group as at 31 March 2017 are as follows:

	Before the Proposed Disposals	After the Proposed Disposals
NTA (S\$' million)	323.9	334.1
No. of issued shares in the capital of the Company (" Shares ")	484,469,182	484,469,182
NTA per Share (Singapore cents)	66.86	68.96

- 5.3 **Earnings per Share.** For illustrative purposes only and assuming that the Proposed Disposals had been completed on 1 April 2016, the pro forma financial effects of the Proposed Disposals on the consolidated earnings of the Group for FY2017 are as follows:

	Before the Proposed Disposals	After the Proposed Disposals
Profit after tax and minority interests (S\$' million)	18.7	29.6
No. of issued Shares	484,479,464	484,479,464
Earnings per Share (Singapore cents)	3.85	6.10

- 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)	NAV attributable to the Proposed Disposals ⁽¹⁾ compared with the Group's NAV ⁽¹⁾	3.6	513.9	0.7
(b)	Net profits attributable to the Proposed Disposals ⁽¹⁾ compared with the Group's net profits ⁽¹⁾⁽²⁾	0.07 ⁽³⁾	32.9	0.2
(c)	Aggregate consideration ⁽⁴⁾ compared with the Company's market capitalisation ⁽⁵⁾	45.2	359.9	12.6

Notes:

(1) Based on the 2Q2017 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 the GPB China Property and the Huizhou MB Property as they are currently used by the Group as factories for the manufacturing of batteries.

(4) Comprises the GPB China Consideration, the Huizhou MB Consideration, the GPB China Compensation and the Huizhou MB Compensation.

(5) The Company's market capitalisation is based upon 484,469,182 issued Shares (excluding treasury shares) as at 27 December 2017, 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\$0.7429 for each Share.

6.2 **Discloseable Transaction.** As the relative figure under Rule 1006(c) above exceeds five 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.

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, 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) the GPB China Disposal Agreement;
- (ii) the Huizhou MB Disposal Agreement;
- (iii) the GPB China Compensation Agreement;
- (iv) the Huizhou MB Compensation Agreement; and
- (v) the Valuation Report.

By Order of the Board

Kelly Kiar Lee Noi
Company Secretary
29 December 2017