GP Batteries International Limited

(Incorporated in the Republic of Singapore)
Company Registration No. 199002111N

ANNOUNCEMENT

DISPOSAL OF PROPERTY BY SUBSIDIARY

1. INTRODUCTION

The Board of Directors of GP Batteries International Limited ("**GP Batteries**" or the "**Company**") wishes to announce that its wholly-owned subsidiary, North America Land Holdings Inc. ("**NALH**"), has today entered into a Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (Non-Residential) (the "**Agreement**") with an individual purchaser (the "**Purchaser**") pursuant to which NALH has agreed to sell and the Purchaser has agreed to purchase the premises commonly known by the street address of 11225, 11235, 11245 W. Bernardo Court located in the City of San Diego, County of San Diego and State of California (the "**Property**") for a total purchase consideration of US$6,000,000 (the "**Disposal**").

The Purchaser is not related to the Company, its Directors, its subsidiaries or its controlling shareholder.

2. SUMMARY OF PRINCIPAL TERMS OF THE DISPOSAL

2.1 **Agreement**. Pursuant to the Agreement, NALH has agreed to sell and the Purchaser has agreed to purchase, through an escrow held by First American Title Company ("**Escrow Holder**"), the Property for the Purchase Consideration (as defined below) upon the terms and conditions set out in the Agreement. The Agreement shall constitute not only the agreement of sale and purchase between NALH and Purchaser but also instructions to the Escrow Holder for the consummation of the Agreement through the escrow.

2.2 **Purchase Consideration**. The aggregate consideration payable by the Purchaser to NALH for the Disposal is US$6,000,000 (approximately S$7,490,400 based on an exchange rate of US$1.00 to S$1.2484) ("**Purchase Consideration**"). Within two business days after the execution of the Agreement and the delivery of the executed Agreement to Escrow Holder, the Purchaser shall deliver a cheque in the sum of US$100,000 to Escrow Holder, who shall release US$100[1] to NALH as consideration for NALH's execution of the Agreement and granting of the contingency period to the Purchaser and deposit the balance in an appropriate interest bearing account. The balance cash portion of the Purchase Consideration as required of the Purchaser under the Agreement shall be deposited by the Purchaser with Escrow

[1] Such consideration is non-refundable to the Purchaser but shall be credited to the Purchase Consideration in the event that the purchase of the Property is completed.

Holder no later than 2.00 p.m. on the business day prior to the Expected Closing Date (as defined below), and such sum shall be delivered to NALH through escrow on Closing (as defined below).

The Purchase Consideration was arrived at on a willing seller willing buyer basis, taking into account, *inter alia*, the rationale for the Disposal and the recently transacted prices of properties around the vicinity of the Property.

2.3 **Closing**. Subject to the satisfaction of the Contingencies (as defined below), Escrow Holder shall close the escrow on or before 65 days after the date of the Agreement[2] ("**Expected Closing Date**") by, *inter alia*, disbursing the funds and providing the documents in accordance with the Agreement ("**Closing**").

2.4 **Contingencies**. The Closing of the transaction is contingent upon the satisfaction or waiver of all contingencies ("**Contingencies**") prior to 30 days after the date of the Agreement. If the Purchaser fails to notify Escrow Holder, in writing, of the disapproval of any of Contingencies within the time specified in the Agreement, it shall be conclusively presumed that the Purchaser has approved such item, matter or document. The Contingencies include, *inter alia*, the following:

(i) Purchaser has 30 days after the date of the Agreement, or such other specified period of days upon receipt of applicable documents from Escrow Agent or NALH, to satisfy itself with regard to, *inter alia*:

(a) the applicable disclosures by NALH required by law and the matters disclosed in the property information sheet;

(b) the physical aspects and size, the environmental aspects, the soils condition and the title condition of the Property;

(c) approvals and permits from governmental agencies which have or may have jurisdiction over the Property and which Purchaser deems necessary or desirable in connection with its intended use of the Property; and

(d) all leases, subleases or rental arrangements (collectively, "**Existing Leases**") and other agreements affecting the Property;

(ii) there shall not have occurred prior to the Closing, a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than US$10,000 to repair or cure;

(iii) Purchaser shall have 10 days following receipt of written notice of Material Change within which to satisfy itself with regard to such change. "**Material Change**" means a substantial adverse change in the use, occupancy, tenants, title or condition of the Property that occurs after the date of the offer and prior to the Closing. Unless

[2] The date of the Agreement shall be the date when by execution and delivery of the Agreement or a subsequent counteroffer thereto, parties have reached agreement in writing whereby NALH agrees to sell and Purchaser agrees to purchase the Property upon terms accepted by both parties. The Escrow Agent shall ascertain such date and advise all parties in accordance with the Agreement.

otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to Closing;

(iv) the delivery of all documents and the due performance by NALH of each and every undertaking and agreement to be performed by NALH under the Agreement; and

(v) payment at the Closing of brokerage fee.

The Contingencies specified in paragraph 2.4(i) above are for the benefit of, and may be waived by, Purchaser ("**Purchaser's Contingencies**"). If any of the Purchaser's Contingencies or any other matter subject to Purchaser's approval is disapproved in a timely manner ("**Disapproved Item**"), subject to the exceptions set out in the Agreement, NALH shall have the right within 10 days following the receipt of such disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date. If NALH elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Purchaser shall have the right, within 10 days after such election to either accept title to the Property subject to such Disapproved Item, or to terminate the Agreement.

2.5 **Possession**. Possession of the Property shall be given to the Purchaser at the Closing subject to the rights of tenants under Existing Leases. Gold Peak Industries (North America) Inc, a wholly-owned subsidiary of the Company, is one of the existing tenants of the Property and will continue to lease the space from the Purchaser after Closing.

2.6 **Liquidated Damages**. If, after the satisfaction or waiver of all Contingencies provided for the Purchaser's benefit, the Purchaser breaches the Agreement, NALH shall be entitled to liquidated damages in the amount of US$100,000.

3. INFORMATION ON THE PROPERTY

3.1 **Property**. The Property comprises three (3) office-flex-R&D buildings totalling approximately 42,862 square feet situated on an approximate 5.29 acres lot located in the City of San Diego, County of San Diego, State of California commonly known by the street address of 11225, 11235, 11245 W. Bernardo Court. The Property is not a core asset for the GP Batteries and its subsidiaries ("**GP Batteries Group**").

3.2 **Asset Value**. Based on the unaudited consolidated financial statements for the GP Batteries Group for the three months ended 30 June 2014 ("**1Q2015**"), the net book value of the Property was approximately S$6.15 million. The Purchase Consideration represents an excess of approximately S$1.34 million over the net book value of the Property.

3.3 **Net Profit and Gain on Disposal**. The net profit attributable to the Property for 1Q2015 is approximately S$0.1 million.[3] Based on the unaudited consolidated financial statements for the GP Batteries Group for 1Q2015 where the net book value of the Property was approximately S$6.15 million, the estimated pre-tax gain on disposal of the Property is approximately S$1.34 million before taking into account the transaction cost in relation to the Disposal such as legal and professional fees.

[3] The net profit attributable to the Property is calculated based on the pre-tax gross rental income received from third parties for 1Q2015.

4. FINANCIAL EFFECTS

4.1 **Assumptions**. The pro forma financial effects of the Disposal on the net tangible assets ("**NTA**") per share and the earnings per share ("**EPS**") of the GP Batteries Group are set out below. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the GP Batteries Group for the financial year ended 31 March 2014 ("**FY2014**") and are purely for illustrative purposes only and do not reflect the actual financial position of the GP Batteries Group following completion of the Disposal. The pro forma financial effects of the Disposal on the NTA and the EPS of the GP Batteries Group have been computed before taking into account taxes and transaction costs in relation to the Disposal.

4.2 **NTA**. For illustrative purposes only and assuming that the Disposal had been completed on 31 March 2014, the pro forma financial effects of the Disposal on the consolidated NTA of the GP Batteries Group as at 31 March 2014 are as follows:

	Before the Disposal	**After the Disposal**
NTA (S$'million)	234.8	236.1
NTA per Share (S$)	1.42	1.43

4.3 **EPS**. For illustrative purposes only and assuming that the Disposal had been completed on 1 April 2013, the pro forma financial effects of the Disposal on the consolidated earnings of the GP Batteries Group for FY2014 are as follows:

	Before the Disposal	**After the Disposal**
Profit/ (Loss) after tax and minority interests (S$'million)	(52.0)	(50.6)
Earnings/(Loss) Per Share (cents)	(42.97)	(41.86)

4.4 **Share Capital**. The Disposal will not have any impact on the issued share capital of the Company.

5. RATIONALE AND USE OF PROCEEDS

The Disposal will enable the GP Batteries Group to improve its cash flow by disposing of a non-core asset. The Company intends to use the net proceeds from the Disposal for working capital purposes, including for the repayment of bank loans.

6. DISCLOSEABLE TRANSACTION

6.1 **Rule 1006**. The relative figures for the Disposal computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST Listing Manual**") are as follows:

Rule 1006	Bases	Disposal (S$'000)	GP Batteries Group (S$'000)	Relative Figures (%)
(a)	Net asset value of the Property compared with GP Batteries Group's net asset value[(1)]	6,153	309,402	2.0
(b)	Net profits attributable to the Property[(2)] compared with GP Batteries Group's net profits[(3)]	108	7,905	1.4
(c)	Purchase Consideration to be received for the Disposal compared with GP Batteries Group's market capitalisation[(4)]	7,490	122,979	6.1

Notes:

(1) The net asset value figures are based on the unaudited consolidated financial statements for the GP Batteries Group for 1Q2015.

(2) The net profits attributable to the Property are calculated based on the pre-tax gross rental income received from third parties for 1Q2015.

(3) The GP Batteries Group's net profits before income tax based on its unaudited consolidated financial statements for 1Q2015.

(4) The GP Batteries Group's market capitalisation is based upon 164,806,752 ordinary shares ("**Shares**") in the capital of GP Batteries at a volume weighted average price of S$0.7462 per Share as of 12 August 2014.

6.2 **Discloseable Transaction**. As the relative figure under Rule 1006(c) of the SGX-ST Listing Manual exceeds five per cent. but does not exceed 20 per cent., the Disposal constitutes a discloseable transaction for the Company as defined in Chapter 10 of the SGX-ST 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 Disposal. 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 Disposal.

7.3 **Documents Available for Inspection**. A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 3 Fusionopolis Link, #06-10 Nexus @one-north, Singapore 138543 for the period of three months commencing from the date of this Announcement.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
13 August 2014, Singapore