CIRCULAR DATED 20 OCTOBER 2017

THIS CIRCULAR IS ISSUED BY GP BATTERIES INTERNATIONAL LIMITED (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF ASIAN CORPORATE ADVISORS PTE. LTD. (AS THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS) TO THE RECOMMENDING DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares (as defined herein) held through the CDP (as defined herein), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.



GP BATTERIES INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199002111N)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore)
(Company Registration No.: 193200032W)

for and on behalf of



GP INDUSTRIES LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199502128C)

to acquire all the Offer Shares (as defined herein)

Independent Financial Adviser to the Recommending Directors

ASIAN CORPORATE ADVISORS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200310232R)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF OFFER AT 5:30 P.M. (SINGAPORE TIME) ON 3 NOVEMBER 2017 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN)

CONTENTS

Page

DEFINITIONS 2

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS 8

INDICATIVE TIMETABLE 9

LETTER TO SHAREHOLDERS

1. INTRODUCTION 10

2. THE OFFER 11

3. IRREVOCABLE UNDERTAKINGS 22

4. DISCLOSURES 24

5. CONFIRMATION OF FINANCIAL RESOURCES 25

6. FINANCIAL AND OTHER ASPECTS OF THE OFFER 25

7. INFORMATION ON THE OFFEROR AND GPH 26

8. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY 27

9. LISTING STATUS AND COMPULSORY ACQUISITION 29

10. DIRECTORS' INTERESTS 31

11. ADVICE AND RECOMMENDATIONS 31

12. OVERSEAS SHAREHOLDERS 36

13. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS 37

14. ACTION TO BE TAKEN BY SHAREHOLDERS 38

15. CONSENTS 38

16. DOCUMENTS AVAILABLE FOR INSPECTION 38

17. DIRECTORS' RESPONSIBILITY STATEMENT 38

18. ADDITIONAL INFORMATION 39

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER A-1

APPENDIX B – ADDITIONAL GENERAL INFORMATION B-1

APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR C-1

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY 2016-2017 ..... D-1

APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1QFY2018 ..... E-1

APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION F-1

APPENDIX G – VALUATION REPORT G-1

Except where the context otherwise requires, the following definitions apply throughout this Circular:

"**1QFY2018**"	:	The three months period ended 30 June 2017
"**Acceptance Forms**"	:	The FAA and the FAT, and "**Acceptance Form**" shall mean either of them
"**Business Day**"	:	A day which is not a Saturday, Sunday or public holiday in Singapore and on which banks are open for business in Singapore
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to Shareholders dated 20 October 2017 in relation to the Offer
"**Closing Date**"	:	5.30 p.m. (Singapore time) on 3 November 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last date for the lodgement of acceptances of the Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore
"**Company**"	:	GP Batteries International Limited (Company Registration Number: 199002111N)
"**Company Securities**"	:	Means collectively: (i) Shares; (ii) securities which carry voting rights in the Company; and (iii) convertible securities, warrants, options and derivatives in respect of Shares or securities which carry voting rights in the Company
"**Concert Parties**"	:	Parties acting or deemed to be acting in concert with the Offeror in respect of the Offer
"**Constitution**"	:	The constitution of the Company
"**CPF**"	:	The Central Provident Fund
"**CPF Agent Banks**"	:	Agent banks included under the CPFIS
"**CPFIS**"	:	Central Provident Fund Investment Scheme
"**CPFIS Investors**"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date, and "**Director**" means any one of them
"**Distributions**"	:	In respect of the Offer Shares, dividends, rights, other distributions and returns of capital and/or other entitlements (if any)

"**Encumbrances**"	:	Claims, charges, pledges, mortgages, liens, options, equity, power of sale, declarations of trust, hypothecation, retention of title, rights of pre-emption, rights of first refusal, moratorium or other third party rights or security interests of any kind or an agreement, arrangement or obligation to create any of the foregoing
"**FAA**"	:	The Form of Acceptance and Authorisation for the Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
"**FAT**"	:	The Form of Acceptance and Transfer for the Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP and are registered in such Shareholder's name in the Register
"**FY**"	:	Financial year ended or ending, as the case may be, 31 March
"**FY 2014-2015**"	:	Financial year ended 31 March 2015
"**FY 2015-2016**"	:	Financial year ended 31 March 2016
"**FY 2016-2017**"	:	Financial year ended 31 March 2017
"**GPH**"	:	Gold Peak Industries (Holdings) Limited (Company Registration Number: 0054055), a company listed on The Stock Exchange of Hong Kong Limited, being the holding company of the Offeror
"**Group**"	:	The Company and its subsidiaries
"**IFA**"	:	Asian Corporate Advisors Pte. Ltd., the independent financial adviser to the Recommending Directors in connection with the Offer
"**IFA Letter**"	:	Has the meaning ascribed to it in section 11.1 of the Letter to Shareholders
"**Interested Person**"	:	As defined in Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: (a) a director, chief executive officer, or Substantial Shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer, or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer, or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% of more;

(e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or

(f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more

"**Irrevocable Undertakings**	:	The irrevocable undertakings from each of the Undertaking Shareholders to, *inter alia,* accept or procure the acceptance of the Offer in respect of all Shares held by each of them (or their nominees) respectively, and not to withdraw such acceptance for any reason thereafter
"**Latest Practicable Date**"	:	6 October 2017, being the latest practicable date prior to the printing of this Circular
"**Letter to Shareholders**"	:	The letter from the Directors to the Shareholders dated 20 October 2017 set out in this Circular
"**Listing Manual**"	:	The listing manual of the SGX-ST in force as at the Latest Practicable Date
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities
"**Non-Recommending Directors**"	:	Mr. Victor Lo Chung Wing, Mr. Richard Ku Yuk Hing, Mr. Leung Pak Chuen and Mr. Allan Choy Kam Wing
"**OCBC Bank**"	:	Oversea-Chinese Banking Corporation Limited, the financial adviser to the Offeror in relation to the Offer
"**Offer**"	:	The voluntary conditional cash offer made by OCBC Bank, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"**Offer Announcement**"	:	The announcement released by OCBC Bank, for and on behalf of the Offeror, on the Offer Announcement Date in relation to the Offeror's firm intention to make the Offer
"**Offer Announcement Date**"	:	22 September 2017, being the date of the Offer Announcement
"**Offer Document**"	:	The document dated 6 October 2017, including the Acceptance Forms, and any other document(s) which may be issued by OCBC Bank, for and on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time
"**Offer Period**"	:	The period from the Pre-Conditional Offer Announcement Date until the date the Offer closes, lapses or is withdrawn (whichever is earliest)
"**Offer Price**"	:	S$1.30 in cash for each Offer Share

"**Offer Shares**"	:	All Shares, other than those already owned or agreed to be acquired by the Offeror as at the Pre-Conditional Offer Announcement Date, and including Shares owned or agreed to be acquired by Concert Parties
"**Offeror**"	:	GP Industries Limited (Company Registration Number: 199502128C)
"**Offeror Securities**"	:	Ordinary shares in the capital of the Offeror, other securities which carry substantially the same rights in the Offeror and convertible securities, warrants, options and derivatives in respect of such shares or securities
"**Overseas Shareholders**"	:	Shareholders whose addresses are outside Singapore, as shown on the Register or in the records of CDP (as the case may be)
"**Pre-Condition**"	:	The obtaining of the approval of the shareholders of GPH at a general meeting (or any adjournment thereof) for the proposed acquisition of the Offer Shares by the Offeror pursuant to the Offer
"**Pre-Conditional Offer Announcement**"	:	The announcement released by OCBC Bank, for and on behalf of the Offeror, on the Pre-Conditional Offer Announcement Date in relation to the pre-conditional voluntary conditional cash offer by the Offeror for all the Offer Shares
"**Pre-Conditional Offer Announcement Date**"	:	10 August 2017, being the date of the Pre-Conditional Offer Announcement
"**Recommending Directors**"	:	The Directors who are considered independent for the purposes of the Offer, namely, Mr. Brian Wong Tze Hang, Mr. Hui Wing Sun, Mr. Henry Leung Kwong Hang, Mr. Lim Jiew Keng and Mr. Goh Boon Seong
"**Register**"	:	The register of members of the Company, as maintained by the Registrar
"**Registrar**"	:	Boardroom Corporate & Advisory Services Pte. Ltd., in its capacity as receiving agent of the Offeror or the share registrar of the Company, as the case may be
"**Relevant Period**"	:	The period commencing three months prior to the Pre-Conditional Offer Announcement Date, and ending on the Latest Practicable Date
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**SGXNET**"	:	A system network used by listed companies to send information and announcements to SGX-ST or any other system networks prescribed by SGX-ST
"**Shareholders**"	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register

"**Shares**"	:	Issued and paid up ordinary shares in the capital of the Company
"**SIC**"	:	The Securities Industry Council of Singapore
"**SRS**"	:	The Supplementary Retirement Scheme
"**SRS Agent Banks**"	:	Agent banks included under SRS
"**SRS Investors**"	:	Investors who purchase Shares using their SRS contributions pursuant to the SRS
"**Substantial Shareholder**"	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares
"**Undertaking Shareholders**"	:	Mr. Victor Lo Chung Wing and Mr. Richard Ku Yuk Hing
"**VWAP**"	:	Volume weighted average price
Units and currencies		
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, the lawful currency of Singapore
"**%**" **or** "**per cent.**"	:	Per centum or percentage

Acting in Concert and Associates. Unless otherwise defined, the expressions "**acting in concert**" and "**associates**" shall have the same meanings as ascribed to them respectively in the Code.

Announcements and notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Capitalised Terms in Extracts. Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and italics, and capitalised terms used within these reproduced statements and not defined herein shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter and the Constitution respectively.

Depository Related Terms. The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in the figures in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, the figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to "**you**", "**your**" and "**yours**" in this Circular are, as the context so determines, to Shareholders.

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision as for the time being amended or re-enacted, unless the context otherwise requires. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning as ascribed to it under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. The terms "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them in Sections 5 and 6 of the Companies Act respectively.

Time and Date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively unless otherwise stated.

Total number of Shares and Percentage as at the Latest Practicable Date. In this Circular, the total number of Shares is a reference to a total of 158,116,552 Shares in issue as at the Latest Practicable Date (excluding treasury Shares) unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 158,116,552 Shares in issue as at the Latest Practicable Date (excluding treasury Shares).

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "believe", "estimate", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or revise any forward looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

Date of despatch of the Offer Document	:	6 October 2017
Date of despatch of the Circular	:	20 October 2017
Closing Date	:	**5.30 p.m. (Singapore time) on 3 November 2017** or such later date(s) as may be announced from time to time by or on behalf of the Offeror
Date of settlement of consideration for valid acceptances of the Offer	:	Subject to the receipt by the Offeror of valid acceptances and all relevant documents, remittances in the form of S$ cheques for the appropriate amounts will be despatched as soon as practicable and in any case within seven (7) business days of the date of such receipt. Please refer to Section 2 of Appendix 1 of the Offer Document for further information.

GP BATTERIES INTERNATIONAL LIMITED

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

Board of Directors:

Mr. Victor LO Chung Wing
Mr. Richard KU Yuk Hing
Mr. Henry LEUNG Kwong Hang
Mr. LEUNG Pak Chuen
Mr. HUI Wing Sun
Mr. Brian WONG Tze Hang
Mr. LIM Jiew Keng
Mr. Allan CHOY Kam Wing
Mr. GOH Boon Seong

Registered Office:

3 Fusionopolis Link
#06-10 Nexus @one-north
Singapore 138543

20 October 2017

To: The Shareholders of GP Batteries International Limited

Dear Sir / Madam

VOLUNTARY CONDITIONAL CASH OFFER BY OCBC BANK, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1. **Pre-Conditional Offer Announcement.** On 10 August 2017, OCBC Bank, for and on behalf of the Offeror, announced, *inter alia,* that subject to and contingent upon the satisfaction of the Pre-Condition, the Offeror will make the Offer for the Offer Shares, in accordance with Section 139 of the SFA and the Code.

1.2. **Offer Announcement.** On 22 September 2017, OCBC Bank, for and on behalf of the Offeror announced, *inter alia,* that the Pre-Condition had been satisfied and accordingly, the Offeror's firm intention to make the Offer.

1.3. **Offer Document.** Shareholders should by now have received a copy of the Offer Document and the Acceptance Forms, which set out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 9 to 11 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer contained in the Offer Document carefully.**

The Pre-Conditional Offer Annoucement, the Offer Announcement and the Offer Document are available for download from the website of the SGX-ST at www.sgx.com.

1.4. **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and the Offer, the advice of the IFA to the Recommending Directors and the recommendation of the Recommending Directors with regards to the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors on the Offer before deciding on whether to accept or reject the Offer. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE OFFER

2.1. **Offer Terms.** The Offer is made by OCBC Bank for and on behalf of the Offeror on the principal terms set out in section 2 of the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"***2. THE OFFER***

2.1 Offer Terms

2.1.1 Offer Shares. *The Offer is made for all the issued GP Batteries Shares (other than those already owned or agreed to be acquired by the Offeror as at the date of the Offer), and is extended to all issued GP Batteries Shares owned or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (collectively, the "**Offer Shares**").*

2.1.2 Offer Price. *The consideration for each Offer Share is as follows:*

For each Offer Share: S$1.30 in cash (the "Offer Price")

The Offer Price is final and the Offeror does not intend to increase the Offer Price.

2.1.3 Encumbrances and Distributions. *The Offer Shares will be acquired (i) fully paid; (ii) free from any claim, charge, pledge, mortgage, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing (each, an "**Encumbrance**"); and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights, other distributions or returns of capital (if any) declared, paid or made by the Company in respect of the Offer Shares (the "**Distributions**") on or after the Offer Announcement Date.*

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, and the Offeror is not entitled to receive such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offer Price payable in respect of such Offer Share will be reduced by the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by the accepting Shareholder falls, as follows:

*(i) if such settlement date falls **on or before** the books closure date for the determination of entitlements to the Distribution (the "**Books Closure Date**"), the Offer Price for each Offer Share shall remain unadjusted and the Offeror shall pay the accepting Shareholder the unadjusted Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or*

*(ii) if such settlement date falls **after** the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share (the Offer Price after such reduction, the "**Adjusted Offer Price**") and the Offeror shall pay the accepting Shareholder the Adjusted Offer Price for each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.*

2.1.4 ***Condition to the Offer.*** *The Offer is subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of GP Batteries Shares which, when taken together with GP Batteries Shares owned, acquired or agreed to be acquired by the Offeror and any person acting in concert with it before or during the Offer, will result in the Offeror and any person acting in concert with it holding such number of GP Batteries Shares carrying more than 90 per cent. of the voting rights attributable to all the GP Batteries Shares in issue (excluding treasury GP Batteries Shares) as at the close of the Offer (the "****90 per cent. Acceptance Condition****").*

2.1.5 ***Offeror's Right to Waive or Revise the 90 per cent. Acceptance Condition.*** *The Offeror reserves the right to waive the 90 per cent. Acceptance Condition or reduce such condition to a level below 90 per cent. (but above 50 per cent.) of the voting rights attributable to all the GP Batteries Shares in issue (excluding treasury GP Batteries Shares) as at the close of the Offer, subject to the approval of the SIC. In the event that such waiver or revision is made during the course of the Offer with the approval of the SIC, the revised Offer will remain open for at least another 14 days following the date of the posting of the written notification of revision to Shareholders, and Shareholders who have accepted the initial Offer will be allowed to withdraw their acceptances within eight days of the posting of the written notification of the revision. The revised acceptance level will take into account withdrawals and new acceptances as at the close of the Offer.*

2.1.6 ***Warranty.*** *A Shareholder who tenders his GP Batteries Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such GP Batteries Shares as or on behalf of the beneficial owner(s) thereof (i) fully paid; (ii) free from all Encumbrances; and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions on or after the Offer Announcement Date.*

2.2 ***Closing Date.*** *The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.*

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 3 November 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2.3 ***Further Details of the Offer. Appendix 1*** *to this Offer Document sets out further details on:*

2.3.1 *the duration of the Offer;*

2.3.2 *the settlement of the consideration for the Offer;*

2.3.3 *the requirements relating to the announcement of the level of acceptances of the Offer; and*

2.3.4 *the right of withdrawal of acceptances of the Offer.*"

2.2. **Further Details of the Offer and Procedures for Acceptance**. Further details of the Offer and the procedures for acceptance may be found in section 3, and Appendices 1 and 2 of the Offer Document, an extract of which is set out below.

"***3. PROCEDURES FOR ACCEPTANCE***

Appendix 2 *to this Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.*

…

APPENDIX 1 – FURTHER DETAILS ON THE OFFER

1. DURATION OF THE OFFER

1.1 ***First Closing Date.*** *The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.*

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 3 November 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

1.2 ***Waiver or Revision.*** *Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of posting of the written notification of the revision to Shareholders. All Shareholders who have already accepted the Offer will also receive the benefit of any revised Offer.*

1.3 ***Subsequent Closing Date.*** *If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.*

1.4 ***No Obligation to Extend Offer.*** *The Offeror is not obliged to extend the Offer if the 90 per cent. Acceptance Condition is not fulfilled by the Closing Date.*

1.5 ***Offer to Remain Open for at least 14 Days after becoming or being declared Unconditional as to Acceptances.*** *In order to give Shareholders who have not accepted the Offer the opportunity to do so if the Offer becomes or is declared to be unconditional as to acceptances, the Offer will remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed ("**Rule 22.6 Period**").*

*This requirement does not apply if, before the Offer becomes or is declared to be unconditional as to acceptances, the Offeror has given the Shareholders notice in writing ("**Shut-Off Notice**") of at least 14 days before the specified Closing Date that the Offer will not be open for acceptance beyond that date, provided that:*

1.5.1 *the Offeror may not give a Shut-Off Notice in a competitive situation; and*

1.5.2 *the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.*

*If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with **paragraph 3.1** of this **Appendix 1**, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.*

1.6 ***Final Day Rule.*** *The Offer (whether revised or not) will not be capable of:*

1.6.1 *becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date; or*

1.6.2 *being kept open after such 60-day period unless it has previously become or been declared to be unconditional as to acceptances,*

*provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent ("**Final Day Rule**").*

1.7 ***Time for Fulfilment of Other Conditions.*** *Except with the consent of the SIC, all conditions of the Offer must be fulfilled or the Offer must lapse within 21 days of the first closing date or of the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later.*

2. SETTLEMENT

2.1 ***When Settlement is Due.*** *Subject to the Offer becoming or being declared unconditional in all respects and to the receipt by the Offeror from accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and in the Acceptance Forms, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares tendered by the accepting Depositor in acceptance of the Offer stand to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time(s), remittances in the form of S$ crossed cheques drawn on a bank in Singapore for the appropriate amounts will be despatched (or by such other manner as the accepting Shareholders may have agreed with CDP for the payment of any cash distributions), pursuant to Rule 30 of the Code, to the accepting Shareholders (or in the case of Scripholders, their designated agents, as they may direct) by ordinary post, at the risk of the accepting Shareholders, as soon as practicable, and in any event:*

2.1.1 *in respect of valid acceptances which are complete in all respects and are received **on or before** the Offer Unconditional Date, within seven Business Days of the Offer Unconditional Date; or*

2.1.2 *in respect of valid acceptances which are complete in all respects and are received **after** the Offer Unconditional Date, but before the Offer closes, within seven Business Days of the date of such receipt.*

2.2 ***Method of Settlement.*** *Remittance of the Offer Price will be made in the form of S$ crossed cheques drawn on a bank in Singapore (or by such other manner as the accepting Shareholders may have agreed with CDP for the payment of any cash distributions) for the appropriate amounts and will be sent to the accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post to their addresses as they appear in the Register (in the case of Scripholders) or the records of CDP (in the case of Depositors) at their own risk or in such other manner as the accepting Shareholders who are Depositors may have agreed with CDP for the payment of any cash distributions.*

3. ANNOUNCEMENTS

3.1 ***Timing and Contents.*** *Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day immediately after the day on which the Offer is due to expire, or becomes or is declared to be unconditional as to acceptances, or is revised or extended (if applicable) (the "**Relevant Day**"), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Offer Shares (as nearly as practicable):*

3.1.1 *for which valid acceptances of the Offer have been received;*

3.1.2 *held by the Offeror and any party acting in concert with it prior to the commencement of the Offer Period; and*

3.1.3 *acquired or agreed to be acquired by the Offeror and any party acting in concert with it during the Offer Period,*

and will specify the percentages of the issued share capital of the Company represented by such numbers.

3.2 ***Purchases other than through this Offer.*** *Under Note 5 to Rule 28.1 of the Code, purchases made through the SGX-ST by the Offeror and parties acting in concert with it with no pre-agreement or collusion between the parties to such transactions or their agents, may be counted towards satisfying the 90 per cent. Acceptance Condition. All other purchases by the Offeror and parties acting in concert with it (i.e. off market purchases) may only be counted when fully completed and settled. For the avoidance of doubt, the Offeror and parties acting in concert with it, are not precluded under the Code from making market purchases of Offer Shares (other than through this Offer) through the SGX-ST, subject to the requirements of the Code, including the disclosure of dealings during the Offer pursuant to Rule 12 of the Code. Accordingly, the Offeror or parties acting in concert with it may directly or indirectly purchase or arrange to purchase GP Batteries Securities outside the Offer. Information about any such purchases of, or arrangements to purchase, GP Batteries Securities will be disclosed on the website of the SGX-ST at www.sgx.com. **Paragraph 1.2** of **Appendix 6** to this Offer Document sets out information on the purchases of GP Batteries Securities by the Offeror and parties acting in concert with it during the Relevant Period.*

3.3 ***Suspension.*** *Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with **paragraph 3.1** of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in GP Batteries Shares until the relevant information is given.*

3.4 ***Valid Acceptances of Offer Shares.*** *Subject to **section 15.4** of this Offer Document, in computing the number of Offer Shares represented by acceptances, the Offeror will, at the time of making an announcement take into account acceptances which are valid in all respects.*

Acceptances of the Offer will only be treated as valid for the purposes of the acceptance condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

4. RIGHT OF WITHDRAWAL

4.1 ***Acceptances Irrevocable.*** *Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.*

4.2 ***Right of Withdrawal.*** *A Shareholder who has accepted the Offer may:*

4.2.1 *withdraw his acceptance immediately if the Offer has become or been declared unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in* ***paragraph 3.1*** *of this* ***Appendix 1*** *by 3.30 p.m. (Singapore time) on the Relevant Day. Subject to Rule 22.9 of the Code in relation to the Final Day Rule, the Offeror may terminate this right of withdrawal not less than eight days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in* ***paragraph 3.1*** *of this* ***Appendix 1****;*

4.2.2 *withdraw his acceptance after 14 days from the first Closing Date if the Offer has not by then become or been declared unconditional as to acceptances. The right of withdrawal may be exercised until such time as the Offer becomes or is declared unconditional as to acceptances;*

4.2.3 *withdraw his acceptance immediately if a competing offer for the Offer Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Offer becomes or is declared unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance of such offer immediately; and*

4.2.4 *withdraw his acceptance within eight days of notification by the Offeror of any revision of the 90 per cent. Acceptance Condition.*

4.3 ***Procedure for Withdrawal of Acceptances.*** *To withdraw his acceptance under the Offer, an accepting Shareholder:*

4.3.1 *holding GP Batteries Shares which* ***are deposited with CDP*** *must give written notice to the Offeror at* ***GP Industries Limited*** *c/o* ***The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588****; or*

4.3.2 *holding GP Batteries Shares which* ***are not deposited with CDP*** *must give written notice to the Offeror at* ***GP Industries Limited*** *c/o* ***Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623****.*

Such notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing, and when actually received by the Offeror. Where an agent is appointed by a Shareholder, evidence of appointment of the agent must be produced in a form satisfactory to the Offeror.

APPENDIX 2 – PROCEDURES FOR ACCEPTANCE

1. ***PROCEDURES FOR ACCEPTANCE OF THE OFFER BY DEPOSITORS WHOSE SECURITIES ACCOUNTS ARE AND/OR WILL BE CREDITED WITH OFFER SHARES***

1.1 ***Depositors whose Securities Accounts are credited with Offer Shares.*** *If you have Offer Shares standing to the credit of your Securities Account, you are entitled to receive this Offer Document together with the FAA. If you wish to accept the Offer, you should complete and sign the accompanying FAA in accordance with the provisions and instructions in this Offer Document and the provisions and instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer) and submit the duly completed and signed original of the FAA, either* ***by hand*** *to:*

GP Industries Limited
c/o
The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20
The Metropolis
Singapore 138588

*or **by post** using the enclosed pre-addressed envelope **at your own risk**, to:*

GP Industries Limited
c/o
The Central Depository (Pte) Limited
Robinson Road Post Office
P.O. Box 1984
Singapore 903934

so as in either case to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.

Proof of posting is not proof of receipt by the Offeror at the above addresses.

*If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Offer Document and/or the FAA to the purchaser or the transferee (the "**Purchaser**") as arrangements will be made by CDP for a separate Offer Document and FAA to be sent to the Purchaser. Purchasers should note that CDP will, on behalf of the Offeror, send a copy of this Offer Document and the FAA by ordinary post at the Purchasers' own risk to their respective addresses as they appear in the records of CDP.*

If you wish to accept the Offer, you must insert in Part A on page 1 of the FAA the number of Offer Shares already standing to the credit of the "Free Balance" of your Securities Account in respect of which the Offer is accepted.

*If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf, and such Electronic Acceptances must be submitted **not later than 5.30 p.m. (Singapore time)** on the Closing Date. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA has been duly completed, signed in its originality and submitted to CDP.*

*Subject to **paragraph 1.2** below, if the number of Offer Shares inserted in Part A of the FAA or submitted through Electronic Acceptance exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at **5.00 p.m. (Singapore time)** on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at **5.30 p.m. (Singapore time)** on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date) or, if no such number of Offer Shares is inserted in Part A, then you are deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at **5.00 p.m. (Singapore time)** on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at **5.30 p.m. (Singapore time)** on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date).*

None of the Offeror, OCBC Bank or CDP accepts any responsibility or liability in relation to such rejection, including the consequences thereof.

1.2 ***Depositors whose Securities Accounts will be credited with Offer Shares.*** *If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, a FAA in respect of such Offer Shares bearing your name and Securities Account number and this Offer Document will be sent to you by CDP. If you wish to accept the Offer in respect of such Offer Shares, you should,* ***after*** *the "Free Balance" of your Securities Account has been credited with such number of Offer Shares, complete, sign and submit the duly completed and signed original of the accompanying FAA in accordance with the provisions and instructions in this Offer Document and the provisions and instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer) either* ***by hand*** *to:*

GP Industries Limited
c/o
The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20
The Metropolis
Singapore 138588

or ***by post*** *using the enclosed pre-addressed envelope* ***at your own risk****, to:*

GP Industries Limited
c/o
The Central Depository (Pte) Limited
Robinson Road Post Office
P.O. Box 1984
Singapore 903934

so as in either case to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.

Proof of posting is not proof of receipt by the Offeror at the above addresses.

If you have purchased Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by ***5.00 p.m. (Singapore time)*** *on the Date of Receipt (if the Date of Receipt is prior to the Closing Date) or* ***5.30 p.m. (Singapore time)*** *on the Closing Date (if the Date of Receipt is on the Closing Date).*

None of the Offeror, OCBC Bank or CDP accepts any responsibility or liability in relation to such rejection, including the consequences thereof.

1.3 ***Depositors whose Securities Accounts are and will be credited with Offer Shares.*** *If you already have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, and if you have also purchased additional Offer Shares on the SGX-ST that are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Securities Account but in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account, you may accept the Offer in respect of such additional Offer Shares only* ***after*** *the "Free Balance" of your Securities Account has been credited with such number of Offer Shares. The provisions set out above shall apply in the same way to your acceptance(s).*

1.4 ***General.*** *For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares in your Securities Account. You can verify the number of Offer Shares in your Securities Account: (a) through CDP Online if you have registered for CDP Internet Access Service; or (b) through CDP Phone Service if you have a T-Pin.*

CDP will, upon receipt on behalf of the Offeror of the duly completed and signed original of the FAA or Electronic Acceptance, and all other relevant documents (if any), transfer the Offer Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to a "Suspense Account". Such Offer Shares will be held in the "Suspense Account" until the consideration for such Offer Shares has been despatched to you in the event the Offer becomes or is declared to be unconditional in all respects in accordance with its terms.

Except as specifically provided for in this Offer Document and the Code, acceptance of the Offer is irrevocable.

No acknowledgement will be given for submissions made. All communications, notices, certificates, documents, payments and remittances will be sent by ordinary post at the risk of the person(s) entitled thereto to the mailing address appearing in the records of CDP. Settlement of the consideration under the Offer will be subject to the receipt of confirmation satisfactory to the Offeror that the Offer Shares to which the FAA relate are credited to the "Free Balance" of your Securities Account and such settlement cannot be made until all relevant documents have been properly completed and lodged with ***GP Industries Limited*** *c/o* ***The Central Depository (Pte) Limited****,* ***by hand*** *at* ***9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588*** *or* ***by post*** *using the enclosed pre-addressed envelope at your own risk to* ***GP Industries Limited*** *c/o* ***The Central Depository (Pte) Limited*** *at* ***Robinson Road Post Office P.O. Box 1984 Singapore 903934*** *which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.*

In the event the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price by way of a S$ crossed cheque drawn on a bank in Singapore for the appropriate amount, or in such other manner as you may have agreed with CDP for the payment of any cash distributions, at your own risk, as soon as practicable and in any event:

(i) in respect of valid acceptances of the Offer which are complete in all respects and are received ***on or before*** *the Offer Unconditional Date, within seven Business Days of the Offer Unconditional Date; or*

(ii) in respect of valid acceptances of the Offer which are complete in all respects and are received ***after*** *the Offer Unconditional Date, but before the Offer closes, within seven Business Days of the date of such receipt.*

In the event that the Offer does not become or is not being declared to be unconditional in all respects in accordance with its terms, the relevant number of Offer Shares in respect of which you have accepted the Offer will be transferred to the "Free Balance" of your Securities Account as soon as possible but in any event not later than 14 days from the lapse or withdrawal of the Offer.

If you do not have any existing Securities Account in your name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

If you are a Depositor whose Securities Account is or will be credited with Offer Shares but you do not receive the FAA, you may obtain such a FAA upon production of satisfactory evidence that you are a Shareholder or have purchased the Offer Shares on the SGX-ST (as the case may be), from ***GP Industries Limited*** *c/o* ***The Central Depository (Pte) Limited*** *at* ***9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588****.*

2. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY SHAREHOLDERS WHO HOLD OFFER SHARES WHICH ARE NOT DEPOSITED WITH CDP

2.1 Shareholders whose Offer Shares are not deposited with CDP. *If you hold Offer Shares which are not deposited with CDP, you are entitled to receive this Offer Document together with the FAT. If you wish to accept the Offer in respect of all or any of your Offer Shares, you should complete and sign the FAT (which is also available upon request from* ***GP Industries Limited*** *c/o* ***Boardroom Corporate & Advisory Services Pte. Ltd.*** *at* ***50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623****) in accordance with the provisions and instructions in this Offer Document and the provisions and instructions printed on the FAT (which provisions and instructions shall be deemed to form part of the terms of the Offer) and submit the duly completed and signed original of the FAT in its entirety (no part may be detached or otherwise mutilated), the relevant share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Registrar relating to the Offer Shares in respect of which you wish to accept the Offer; and any other relevant document(s) either* ***by hand*** *or* ***by post,*** *using the enclosed pre-addressed envelope* ***at your own risk****, to:*

GP Industries Limited
c/o
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

in each case so that your acceptance arrives ***not later than 5.30 p.m. (Singapore time) on the Closing Date.***

Proof of posting is not proof of receipt by the Offeror at the above address.

The enclosed pre-addressed envelope is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

Settlement of the consideration under the Offer will be subject to, amongst other things, the receipt of all relevant documents, properly completed.

If the number of Offer Shares in respect of acceptances for the Offer as inserted by you in the FAT exceeds the number of Offer Shares represented by the share certificate(s) and/or other document(s) of title accompanying the FAT, or if no such number of Offer Shares is inserted by you, then you shall be deemed to have accepted the Offer in respect of all the Offer Shares represented by the share certificate(s) and/or other document(s) of title accompanying the FAT.

2.2 General. *If your Offer Shares are represented by share certificate(s) which are not registered with the Company in your own name, you must send in, at your own risk, the relevant share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Registrar together with a duly completed and signed original FAT in its entirety (no part may be detached or otherwise mutilated), accompanied by transfer form(s), duly completed and executed by the person(s) registered with the Company as the holder of the Offer Shares and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or the transferee or a person authorised by either).*

Except as specifically provided for in this Offer Document and the Code, acceptance of the Offer is irrevocable.

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other relevant document(s) required by the Offeror, OCBC Bank or the Registrar will be given.

All communications, notices, certificates, documents, payments and remittances will be sent by ordinary post at the risk of the person(s) entitled thereto.

In the event the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, payment will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first-named in the Register) by ordinary post at your address as it appears in the Register at your own risk (or to such different name and address as may be specified by you in the FAT and at your own risk), by way of a S$ crossed cheque drawn on a bank in Singapore for the appropriate amount at your own risk, as soon as practicable and in any event:

*(i) in respect of valid acceptances of the Offer which are complete in all respects and are received **on or before** the Offer Unconditional Date, within seven Business Days of the Offer Unconditional Date; or*

*(ii) in respect of valid acceptances of the Offer which are complete in all respects and are received **after** the Offer Unconditional Date, but before the Offer closes, within seven Business Days of the date of such receipt.*

*If you are a Scripholder but you do not receive the FAT, you may obtain such a FAT upon production of satisfactory evidence that you are a Scripholder, from **GP Industries Limited** c/o **Boardroom Corporate & Advisory Services Pte. Ltd.** at its office located at **50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**.*

In the event that the Offer does not become or is not being declared to be unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and any other accompanying document(s) will be returned to you at the address stated in the FAT, or if none is stated, to you (or in the case of joint accepting Shareholders, to the joint accepting Shareholder first-named in the Register) at the relevant address set out in the Register by ordinary post at your own risk as soon as possible but in any event not later than 14 days from the lapse or withdrawal of the Offer.

3. OTHER RELEVANT INFORMATION IN RESPECT OF THE PROCEDURES FOR ACCEPTANCE

3.1 ***General.*** *If you hold share certificate(s) of some of the Offer Shares beneficially owned by you and if you have deposited the rest of the Offer Shares beneficially owned by you with CDP, you are required to complete the FAT in respect of the Offer Shares represented by share certificate(s) and the FAA in respect of the Offer Shares which are deposited with CDP, if you wish to accept the Offer in respect of all such Offer Shares. Both the FAT and the FAA must be completed, signed and accompanied by the relevant documents and sent to the Offeror in accordance with the respective procedures for acceptance set out in **paragraphs 1 and 2** of this **Appendix 2** and the relevant Acceptance Forms.*

If you hold share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Offer in respect of such Offer Shares, you should not deposit your share certificate(s) with CDP during the period commencing on the date of this Offer Document and ending on the Closing Date (both dates inclusive). Shareholders who deposit their share certificate(s) in respect of the Offer Shares beneficially owned by them with CDP during this period may not have their respective Securities Accounts credited with the relevant number of Offer Shares in time for them to accept the Offer.

Each of the Offeror, OCBC Bank, CDP and the Registrar will be authorised and entitled, at their sole and absolute discretion, to reject or treat as valid any acceptances of the Offer which does not comply with the provisions and instructions contained herein and in the FAA and/or FAT, as the case may be, or which is not accompanied by the relevant share certificate(s), other document(s) of title and/or any other relevant document(s) required by the Offeror, OCBC Bank, CDP and/or the Registrar, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect.

If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or FAT, as the case may be, is properly completed and executed in all respects, submitted with original signature(s) and that all required documents are provided. Any decision to reject or treat as valid the FAA and/or the FAT, as the case may be, will be final and binding, and none of the Offeror, OCBC Bank, CDP or the Registrar accepts any responsibility or liability for such a decision, including the consequences thereof.

Each of the Offeror, OCBC Bank, CDP and the Registrar reserves the right to treat acceptances of the Offer as valid if received by or on behalf of any of them at any place or places determined by them otherwise than as stated in this Offer Document or in the FAA and/or FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and the instructions contained in the Acceptance Forms. Any decision to treat such acceptances as valid will be final and binding and none of the Offeror, OCBC Bank, CDP or the Registrar accepts any responsibility or liability for such a decision, including the consequences thereof.

Acceptances in the form of the FAA and/or FAT, as the case may be, received by the Offeror, OCBC Bank, CDP and/or the Registrar, on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.

Submission of the duly completed and signed FAA and/or FAT, as the case may be, through CDP and/or the Registrar and/or, as the case may be, to the Offeror or OCBC Bank, shall be conclusive evidence in favour of the Offeror, OCBC Bank, CDP and the Registrar of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.

3.2 ***Loss in Transmission.*** *The Offeror, OCBC Bank, CDP and/or the Registrar, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.*

3.3 ***Personal Data Privacy.*** *By completing and submitting a FAA and/or a FAT, each person (i) consents to the collection, use and disclosure of his personal data by the Registrar, Securities Clearing and Computer Services (Pte) Ltd, CDP, CPF Board, the SGX-ST, the Offeror, OCBC Bank and the Company (collectively, the "**Authorised Persons**") for the purpose of facilitating his acceptance of the Offer, and in order for the Authorised Persons to comply with any applicable laws, listing rules, regulations and/or guidelines; (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, listing rules, regulations and/or guidelines; and (iii) agrees that he will indemnify the Authorised Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.*"

2.3. **Closing Date.** Shareholders should note that as set out in Appendix 1 of the Offer Document, the Offer will close at **5.30 p.m. on 3 November 2017** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3. IRREVOCABLE UNDERTAKINGS

Section 4 of the Offer Document sets out certain information relating to the irrevocable undertakings of the Offeror and its Concert Parties, an extract of which is set out below.

*"4. **IRREVOCABLE UNDERTAKINGS***

*4.1 **Irrevocable Undertakings.** As at the Offer Announcement Date, Victor Lo Chung Wing and Richard Ku Yuk Hing (collectively, the "**Undertaking Shareholders**") have each provided irrevocable undertakings to the Offeror (the "**Irrevocable Undertakings**"), pursuant to which each Undertaking Shareholder has undertaken, inter alia:*

***4.1.1** to accept, or procure the acceptance of, the Offer in respect of all the GP Batteries Shares held by each of them (or their nominees) respectively (the "**Relevant Shares**"), not later than 12.00 p.m. (Singapore time) on the 10th Business Day after the Despatch Date, and not to withdraw such acceptance for any reason thereafter;*

***4.1.2** except pursuant to the Offer, not to dispose of, charge, pledge or otherwise encumber or grant any option or other right over or accept any other offer for the Relevant Shares or otherwise deal with any of the Relevant Shares or any interest in them (whether conditionally or unconditionally);*

***4.1.3** to exercise all voting rights attaching to the Relevant Shares in such manner as to enable the Offer to be made and become unconditional and oppose the taking of any action which might result in any pre-condition or condition of the Offer not being satisfied;*

***4.1.4** not to enter into any agreement or arrangement with any person, whether conditionally or unconditionally, to do any of the acts prohibited by the above terms of **sections 4.1.2 and 4.1.3**;*

***4.1.5** to take no action which may preclude or materially restrict, delay, frustrate or otherwise prejudice the Offer; and*

***4.1.6** without prejudice to the generality of **section 4.1.5** above:*

(i) not to withdraw his acceptance of the Offer in respect of all the Relevant Shares and where applicable, will procure his nominee(s) not to withdraw their acceptance of the Offer in respect of all the Relevant Shares for any reason;

*(ii) not to solicit or enter into discussions regarding any general offer for the GP Batteries Shares or any other class of shares in the Company from any third party or any proposal for a scheme of arrangement or amalgamation of the Company or any proposal for the acquisition of the assets of the Company which would preclude or materially restrict, delay, frustrate or otherwise prejudice the Offer (a "**Competing Proposal**"), and to use best efforts to procure that the Company does not solicit or enter into discussions regarding any Competing Proposal;*

(iii) not to recommend, vote or agree to vote for any Competing Proposal; and

(iv) to notify the Offeror upon becoming aware of any approach by any third party made with a view to making a Competing Proposal or any such solicitation or discussions,

provided always that, where such Undertaking Shareholder is a director of the Company, nothing in ***sections 4.1.5 and 4.1.6*** *above shall prevent such Undertaking Shareholder (in his capacity as a director of the Company) from complying with his fiduciary duties and any requirements of the Code, the SIC, the SGX-ST or any other relevant regulatory authority.*

The Undertaking Shareholders have undertaken to accept the Offer in respect of an aggregate of 451,500 Relevant Shares, constituting approximately 0.29 per cent. of the issued share capital of the Company. Details of the Undertaking Shareholders and the Relevant Shares held by the Undertaking Shareholders are set out in ***paragraph 1.1*** *of* ***Appendix 6*** *to this Offer Document.*

4.2 Cessation of Irrevocable Undertakings. *The Irrevocable Undertakings will cease and terminate on the date on which the Offer lapses or is withdrawn, or fails to become or be declared unconditional (or such later date as may be agreed in writing by the respective parties) for any reason other than a breach of the obligations of the Undertaking Shareholders under their respective Irrevocable Undertakings.*

For the avoidance of doubt, an Undertaking Shareholder will NOT have a right to terminate his Irrevocable Undertaking on the basis that another offer for the GP Batteries Shares has been made (even if the price offered for the GP Batteries Shares is higher than the Offer Price).

4.3 Available for Inspection. *Copies of the Irrevocable Undertakings are available for inspection for the duration of the Offer at 3 Fusionopolis Link, #06-11 Nexus @ one-north, Singapore 138543, during normal business hours.*"

4. DISCLOSURES

Section 12 of the Offer Document sets out certain information relating to disclosure, an extract of which is set out below.

"***12. DISCLOSURE OF HOLDINGS, DEALINGS AND OTHER ARRANGEMENTS***

12.1 Holdings and Dealings in GP Batteries Securities. *As at the Latest Practicable Date, save as set out in this Offer Document and* ***Appendix 6*** *to this Offer Document, based on the latest information available to the Offeror, none of the Offeror and parties acting in concert with it:*

12.1.1 *owns, controls or has agreed to acquire any GP Batteries Securities; or*

12.1.2 *has dealt for value in any GP Batteries Securities during the Relevant Period.*

12.2 Other Arrangements. *As at the Latest Practicable Date, save as set out in this Offer Document and* ***Appendix 6*** *to this Offer Document, based on the latest information available to the Offeror, none of the Offeror and parties acting in concert with it has:*

12.2.1 *received any irrevocable commitment to accept the Offer (other than the Irrevocable Undertakings);*

12.2.2 *entered into any arrangements (whether by way of option, indemnity or otherwise) in relation to GP Batteries Securities which might be material to the Offer;*

12.2.3 *granted a security interest to another person, whether through a charge, pledge or otherwise;*

12.2.4 *borrowed from another person (excluding borrowed securities which have been on-lent or sold); or*

12.2.5 *lent any GP Batteries Securities to another person.*"

5. CONFIRMATION OF FINANCIAL RESOURCES

Section 10 of the Offer Document sets out certain information on the confirmation of financial resources, an extract of which is set out below.

"***10. CONFIRMATION OF FINANCIAL RESOURCES***

OCBC Bank, as the financial adviser to the Offeror in relation to the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Offer by the Shareholders on the basis of the Offer Price."

6. FINANCIAL AND OTHER ASPECTS OF THE OFFER

Section 11 of the Offer Document sets out certain information on the financial and other aspects of the Offer, an extract of which is set out below.

"***11. FINANCIAL ASPECTS OF THE OFFER***

11.1 Offer Price. *The Offer Price of S$1.30 for each Offer Share represents the following premium over the historical traded prices of the GP Batteries Shares:*

	Benchmark Price [(1)(2)] ***(S$)***	***Premium of the Offer Price to Benchmark Price*** [(3)] ***(%)***
Last traded price per GP Batteries Share as quoted on the SGX-ST on the Last Trading Day	*0.800*	*62.5*
VWAP of the GP Batteries Shares as transacted on the SGX-ST for the one-month period up to and including the Last Trading Day	*0.798*	*62.9*
VWAP of the GP Batteries Shares as transacted on the SGX-ST for the three-month period up to and including the Last Trading Day	*0.799*	*62.7*
VWAP of the GP Batteries Shares as transacted on the SGX-ST for the six-month period up to and including the Last Trading Day	*0.807*	*61.1*
VWAP of the GP Batteries Shares as transacted on the SGX-ST for the one-year period up to and including the Last Trading Day	*0.805*	*61.5*

Notes:

(1) Based on data extracted from Bloomberg.

(2) Calculated by using the total value of GP Batteries Shares traded over the total volume of GP Batteries Shares traded for the relevant period and rounded to the nearest three decimal places.

(3) Rounded to the nearest one decimal place.

11.2 Comparison of the Offer Price to NAV. *As at 30 June 2017, the unaudited NAV was approximately S$1.46 per GP Batteries Share. The Offer Price of S$1.30 also implies a price-to- NAV ratio of approximately 0.89x.*"

7. INFORMATION ON THE OFFEROR AND GPH

Section 5 of the Offer Document sets out certain information on the Offeror and GPH, an extract of which is set out below.

"***5. INFORMATION ON THE OFFEROR AND GPH***

5.1 The Offeror. *The Offeror is a public limited company incorporated in the Republic of Singapore on 28 March 1995 and has been listed on the Mainboard of the SGX-ST since 1995. In addition to the battery business conducted through the Company, the Offeror is principally engaged in the development, manufacturing and marketing of electronic and acoustic products, as well as the manufacturing of automotive wire harness products. The Offeror is the main industrial investment vehicle of the HKEX-listed GPH.*

As at the Latest Practicable Date:

5.1.1 *the Offeror directly holds 102,580,044 GP Batteries Shares, constituting approximately 64.88 per cent. of the issued share capital of the Company, and is the majority shareholder of the Company;*

5.1.2 *GPH directly holds 414,098,443 GP Industries Shares, constituting approximately 85.47 per cent. of the issued share capital of the Offeror, and is the majority shareholder of the Offeror. As the Offeror is a subsidiary of GPH, GPH is also deemed to be interested in 102,580,044 GP Batteries Shares, constituting approximately 64.88 per cent. of the issued share capital of the Company. GPH is the ultimate holding company of the Company; and*

5.1.3 *the Offeror Directors are:*

(i) Victor Lo Chung Wing;

(ii) Leung Pak Chuen;

(iii) Brian Li Yiu Cheung;

(iv) Andrew Chuang Siu Leung;

(v) Wong Man Kit;

(vi) Lam Hin Lap;

(vii) Lim Ah Doo;

(viii) Lim Hock Beng; and

(ix) Allan Choy Kam Wing.

5.2 GPH. *GPH was established in 1964 and has been listed on the HKEX since 1984. The GPH Group is an Asian multinational group which owns high-quality industrial investments through the Offeror, its major industrial investment vehicle. The GPH Group has built renowned brand names for its major product categories, such as GP batteries, KEF premium consumer speakers and CELESTION professional speaker drivers. The GPH Group's turnover for the financial year ended 31 March 2017 amounted to approximately HK$ 5.8 billion (equivalent to approximately S$1.04 billion)[1] and its total assets as at 31 March 2017 exceeded HK$ 6.1 billion (equivalent to approximately S$1.10 billion)[2]. The GPH Group employed approximately 8,200 people worldwide as at 31 March 2017.*

[1] An exchange rate of S$1 = HK$ 5.6116 was used for converting this amount from HK$ into S$. The said exchange rate is for reference only. No representation is made by the Offeror that any amount in HK$ has been, could have been or could be converted at the above rate or at any other rates or at all.

[2] An exchange rate of S$1 = HK$ 5.5583 was used for converting this amount from HK$ into S$. The said exchange rate is for reference only. No representation is made by the Offeror that any amount in HK$ has been, could have been or could be converted at the above rate or at any other rates or at all.

As at the Latest Practicable Date, the directors of GPH are:

5.2.1 *Victor Lo Chung Wing;*

5.2.2 *Leung Pak Chuen;*

5.2.3 *Richard Ku Yuk Hing;*

5.2.4 *Andrew Chuang Siu Leung;*

5.2.5 *Brian Li Yiu Cheung;*

5.2.6 *Lui Ming Wah;*

5.2.7 *Frank Chan Chi Chung;*

5.2.8 *Chan Kei Biu; and*

5.2.9 *Karen Ng Ka Fai.*

5.3 ***Additional Information. Appendices 3 and 4*** *to this Offer Document set out additional information on the Offeror and GPH respectively.*"

8. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY

The full text of the rationale for the Offer and the Offeror's intentions relating to the Company has been extracted from sections 7 and 8 of the Offer Document and is set out below. **Shareholders are advised to read the extract below carefully.**

"***7. RATIONALE FOR THE OFFER***

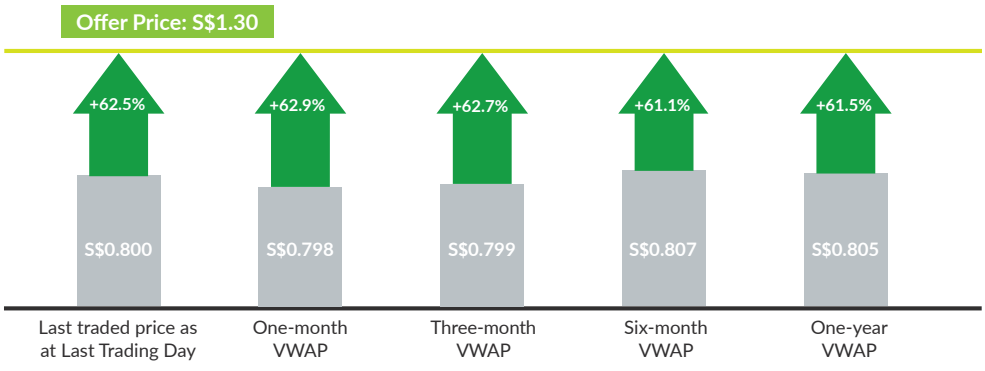
7.1 *The Offeror's rationale for the Offer is as follows:*

7.1.1 ***Opportunity for Shareholders to Realise their Investments in Cash at a Premium to the Market Trading Prices.***

The Offer Price represents a premium of[(1)(2)(3)]*:*

(i) 62.5 per cent. over the last traded price per GP Batteries Share as quoted on the SGX-ST on the Last Trading Day; and

(ii) approximately 62.9 per cent. over the one-month VWAP, 62.7 per cent. over the three-month VWAP, 61.1 per cent. over the six-month VWAP and 61.5 per cent. over the one-year VWAP, of GP Batteries Shares as transacted on the SGX-ST, up to and including the Last Trading Day.



The Offer Price exceeds the highest closing price in the past three-year period up to and including the Last Trading Day[(1)].



Notes:

(1) Based on data extracted from Bloomberg.

(2) Calculated by using the total value of GP Batteries Shares traded over the total volume of GP Batteries Shares traded for the relevant period and rounded to the nearest three decimal places.

(3) Percentages are rounded to the nearest one decimal place.

The Offer therefore presents the Shareholders with an opportunity to realise their entire investments in the GP Batteries Shares in cash at a premium over the prevailing trading Prices of the GP Batteries Shares prior to and as at the Last Trading Day without incurring brokerage and other trading costs.

7.1.2 Low Trading Volume. *The trading volume of the GP Batteries Shares on the SGX-ST has generally been low based on the average daily trading volume of the GP Batteries Shares of approximately 0.03 per cent., 0.02 per cent., 0.02 per cent. and 0.01 per cent. of the issued share capital (excluding treasury GP Batteries Shares) of the Company over the respective one-month, three-month, six-month and one-year periods up to and including the Last Trading Day, as set out in the table below[(1)]:*

Trading volume	***Prior one-month[(5)]***	***Prior three-month[(5)]***	***Prior six-month[(5)]***	***Prior one-year[(5)]***
Average daily trading volume[(2)] (Number of GP Batteries Shares[(3)])	*46,400*	*32,800*	*25,400*	*17,600*
Average daily trading olume as a percentage of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares)[(4)]	*0.03%*	*0.02%*	*0.02%*	*0.01%*

Notes:

(1) Based on data extracted from Bloomberg.

(2) Average daily trading volume is defined as total volume of shares traded in a period divided by the corresponding number of market trading days in the same period.

(3) Rounded to the nearest hundred.

(4) Calculated based on a total of 158,116,552 issued GP Batteries Shares (excluding treasury GP Batteries Shares) as at the Last Trading Day and rounded to the nearest two decimal places.

(5) Up to and including the Last Trading Day.

Based on the above, the Offeror is of the view that the low trading volume of the GP Batteries Shares on the SGX-ST may not provide all Shareholders with sufficient opportunity to efficiently exit their entire investments in the Company.

7.1.3 Flexibility to Optimise the Use of Management Resources. *The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with more flexibility to manage the business of the Company, optimise the use of its management and resources and facilitate the implementation of any strategic alternatives and/or operational changes.*

7.1.4 Streamlining the Offeror Group and Savings in Costs Associated with Delisting the Company. *The intention of the Offeror is to delist the Company and streamline the organisational structure of the Offeror Group by reducing the number of listed entities in the Offeror Group. Further, the Offeror is of the view that the delisting and privatisation of the Company from the SGX-ST will reduce the compliance costs associated with the maintenance of the Company's listed status.*

7.1.5 No Need for Access to Singapore Capital Markets. *Since 11 March 2014, when the Company allotted and issued 54,935,584 new GP Batteries Shares pursuant to a renounceable non-underwritten rights issue at an issue price of S$0.486 for each rights share, the Company has not carried out any equity fund raising. The Offeror is of the view that the Company is unlikely to require equity fund raising in the foreseeable future as the Company has various other available funding sources such as bank borrowing facilities and the financial support of the Offeror.*

8. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

It is the current intention of the Offeror for GP Batteries to continue with its existing business in line with the rationale of the Offer as set out in ***section 7*** *above.*

Save as disclosed and other than in the ordinary course of business, the Offeror presently has no plans to (i) introduce any major changes to the business of the GP Batteries Group; (ii) redeploy the fixed assets of the GP Batteries Group; or (iii) discontinue the employment of the existing employees of the GP Batteries Group. However, the Offeror retains the flexibility at any time to further consider any options or opportunities in relation to the GP Batteries Group which may present themselves or which the Offeror may regard to be in the interests of the Offeror and/or the GP Batteries Group.

The Offeror's intentions in relation to the listing status of the Company are set out in ***section 9*** *of this Offer Document.*"

9. LISTING STATUS AND COMPULSORY ACQUISITION

Section 9 of the Offer Document set out the intentions of the Offeror relating to the listing status of the Company and compulsory acquisition, an extract of which is set out below.

"***9. LISTING STATUS AND COMPULSORY ACQUISITION***

9.1 Listing Status and Trading Suspension. *Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received that bring the holdings of the GP Batteries Shares owned by the Offeror and parties acting in concert with the Offeror to above 90 per cent. of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares), the SGX-ST may suspend the trading of the listed securities of the Company on the SGXST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares) are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares), thus causing the percentage of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the listed securities of the Company at the close of the Offer.*

*Shareholders are advised to note that Rule 723 of the Listing Manual requires the Company to ensure that at least 10 per cent. of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares) is at all times held by the public (the "**Free Float Requirement**"). In addition, under Rule 724 of the Listing Manual, if the percentage of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares) held in public hands falls below 10 per cent., the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all securities of the Company on the SGX-ST. Rule 724 of the Listing Manual further states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares) held by members of the public to be raised to at least 10 per cent., failing which the Company may be removed from the Official List of the SGX-ST.*

In the event the Company does not meet the Free Float Requirement, the Offeror does not intend to preserve the listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted.

9.2 Compulsory Acquisition. *Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer and/or acquires such number of Offer Shares from the date of the Offer otherwise than through valid acceptances of the Offer in respect of not less than 90 per cent. of the total number of GP Batteries Shares in issue (excluding treasury GP Batteries Shares) as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer), the Offeror would be entitled to exercise the right to compulsorily acquire all the Offer Shares of the Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") on the same terms as those offered under the Offer.*

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their GP Batteries Shares in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of GP Batteries Shares which, together with the GP Batteries Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares). Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice. Unlike Section 215(1) of the Companies Act, the 90 per cent. threshold under Section 215(3) of the Companies Act does not exclude GP Batteries Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.

9.3 Offeror's Intentions. *As stated in the Pre-Conditional Offer Announcement and the Offer Announcement, the Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company.* ***In the event that the trading of GP Batteries Shares on the SGXST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted.***"

10. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia,* the Directors' direct and deemed interests in the Company Securities and Offeror Securities as at the Latest Practicable Date are set out in Appendix B of this Circular.

11. ADVICE AND RECOMMENDATIONS

11.1. **General.** Shareholders should read and carefully consider the recommendations of the Recommending Directors set out at section 11.4 of this Circular and the advice of the IFA to the Recommending Directors dated 20 October 2017, which is set out in Appendix A of this Circular ("**IFA Letter**"), before deciding whether to accept or reject the Offer.

11.2. **Independence of Directors.** The following Directors are Non-Recommending Directors for the reasons as set out below:

(i) Mr. Victor Lo Chung Wing is the chairman, chief executive officer and executive director of the Offeror. He is also the chairman and chief executive of GPH, the holding company of the Offeror;

(ii) Mr. Richard Ku Yuk Hing is an executive director of GPH, the holding company of the Offeror;

(iii) Mr. Leung Pak Chuen is the executive vice chairman and executive director of the Offeror. He is also an executive director and the deputy chief executive of GPH, the holding company of the Offeror; and

(iv) Mr. Allan Choy Kam Wing is an independent non-executive director of the Offeror.

Accordingly, each of the Non-Recommending Directors is a party presumed to be acting in concert with the Offeror under the Code and would face, or may reasonably be perceived to face, a conflict of interest, that would render each of them inappropriate to join the Recommending Directors in making a recommendation on the Offer to the Shareholders.

The SIC has ruled that the Non-Recommending Directors are exempted from making a recommendation to Shareholders in respect of the Offer. The Non-Recommending Directors must, however, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

All of the Recommending Directors consider themselves independent for the purposes of making a recommendation on the Offer. For completeness, the shareholdings of the Recommending Directors (if any) in the Company are as set out in Appendix B of this Circular.

11.3. **Advice of the IFA to the Recommending Directors**

(a) **IFA.** Asian Corporate Advisors Pte. Ltd. has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the Offer. Shareholders should consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors before deciding whether to accept or reject the Offer. Asian Corporate Advisors Pte. Ltd.'s advice is set out in the IFA Letter dated 20 October 2017, which is set out in Appendix A of this Circular.

(b) **Factors Taken into Consideration by Asian Corporate Advisors Pte. Ltd..** In arriving at its recommendation, the IFA has taken into account several key considerations, set forth in Paragraphs 8 to 10 of the IFA Letter. Shareholders should read Paragraphs 8 to 10 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.

(c) **Advice of IFA.** After having regard to the considerations set out in the IFA Letter, an extract of which is set out below, and based on the circumstances of the Company and the information as at the Latest Practicable Date, the IFA has made certain recommendations to the Recommending Directors. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

"In summary, having regard to our analysis and the consideration in this Letter (including, inter alia, its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant considerations prevailing as at the Latest Practicable Date, and subject to our terms of reference, we are of the opinion that, in the absence of an alternative offer, the financial terms of the Offer is, on balance, ***FAIR*** *and* ***REASONABLE****.*

For the purposes of evaluation of the Offer from a financial point of view, we have adopted the approach that the term "fair and reasonable" comprises two distinct concepts:

(i) Whether the Offer is "fair" relates to the value of the offer price which is based strictly on the evaluation of the Offer Price (i.e. by looking at the financial or fundamental analyses of the Offer Price as set out in this Letter and based on information known to us or which is publicly available).

(ii) Whether the Offer is "reasonable", after taking into consideration the actual and potential financial impact of other circumstances surrounding the Offer and the Company which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms of the Offer to be ***FAIR****, from a financial point of view after factoring, inter alia, the following:-*

(i) Substantial premiums implied by the Offer Price over the historical prices for the Shares prior to the Pre-Conditional Offer Announcement Date considering, inter alia, (a) the implied premium of approximately 62.5% over the last transacted price prior to the Pre-Conditional Offer Announcement Date; and (b) the implied premiums of approximately 61.4%, 61.3%, 63.0% and 62.8% over the VWCP for the Shares for the 12-month, 6-month, 3 month and 1 month period prior to the Last Trading Day immediately preceding the Pre-Conditional Offer Announcement Date. The implied premiums over the historical prices for the Shares are within the range and higher or more favourable than the simple average and median for both the Selected Successful Privatisations and the Selected Successful Delistings.

(ii) As set out in the Offer Document, the Offer Price exceeds the highest closing price for the Shares in the past three-year period and up to and including the Last Trading Day.

(iii) Favourable or fair comparison of the Offer against the Selected Successful Privatisations and the Selected Successful Delistings in the context of the implied premiums of the Offer Price over historical prices for the Shares (which appears to be within the range and more favourable as compared to the simple average and median for the Selected Successful Privatisations and the Selected Successful Delistings) and the implied P/NAV multiple (which appears to be within the range, slightly lower or in line with the simple average and the median for the Selected Successful Privatisations and the Selected Successful Delistings respectively).

(iv) Favourable comparison of the Offer Price against the Issue Price for the Rights Issue in terms of absolute price, discount to NTA and comparison to the historical market prices for the Shares.

(v) Fair comparison with the valuation of the Selected Comparable Companies after considering: (a) notwithstanding the Group's relatively better financial position (in terms of total liabilities to shareholders' equity and total borrowings to shareholders' equity ratios) and LTM assets turnover ratio as compared to the Selected Comparable Companies, the Group's financial performance (in terms of LTM ROE and LTM net profit margin) appears to be weaker than the Selected Comparable Companies (save for CBAK which was loss-making); and (b) the fact that the Offeror had already a majority control over the Company as at the Pre-Conditional Offer Announcement Date. Notwithstanding, the valuation of the Group in terms of P/NAV and P/NTA ratios (as implied by the Offer Price and the Group's RNAV and RNTA per Share) appears to be lower than any of the Selected Comparable Companies (save for Energizer which had a negative NTA), the valuation of the Group in terms of LTM PER (as implied by the Offer Price) appears to be higher and more favourable than any of the Selected Comparable Companies and in terms of LTM EV/EBITDA, it is still within the range of the Selected Comparable Companies.

*We consider the financial terms of the Offer to be, on balance, **REASONABLE**, from a financial point of view after factoring, inter alia, the following:-*

(i) As at the Pre-Conditional Offer Announcement Date, the Offeror had already a statutory control of the Company, which places the Offeror in a position to significantly influence, inter alia, the management, operating and financial policies of the Company and is in a position to pass all ordinary resolutions on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of Shareholders.

(ii) The Director's confirmation that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company as at the Latest Practicable Date.

(iii) While the transacted prices for the Shares subsequent to the Pre-Conditional Offer Announcement Date may have been underpinned by the Offer and the trading for the Shares on a daily basis may have (in general) increased subsequent to the Pre-Conditional Offer Announcement Date and till the Latest Practicable Date (as compared to the 1-year period prior to the Pre-Conditional Offer Announcement Date), there is no assurance that the trading activities for the Shares will be maintained at such levels or that the transacted prices for the Shares will be maintained after the Closing of the Offer. In particular, there is no assurance that interest in the Shares will be maintained after the Offer as the possibility of an alternative offer from parties other than the Offeror is low in view of the Offeror's majority control as represented by the percentage of the total number of Shares that it holds.

ACA's Recommendation on the Offer

*Based on our assessment of the financial terms of the Offer as set out above, we advise the Recommending Directors that they should recommend that Shareholders **ACCEPT** the Offer. Despite the Offer Price may not be as compelling as compared to the Selected Comparable Companies in terms of the P/NAV and/or P/NTA multiple, the Offer represent a realistic opportunity for Shareholders to realise their entire investment in cash taking into account, inter alia, the low liquidity for the Shares (in terms of daily average trading volume) prior to the Pre-Conditional Offer Announcement Date and that the Offer Price exceeds the highest closing price for the Shares in the past three-year period and up to and including the Last Trading Day.*

While the transacted prices for the Shares subsequent to the Pre-Conditional Offer Announcement Date may have been underpinned by the Offer and the trading for the Shares on a daily basis may have (in general) increased after the Pre-Conditional Offer Announcement Date to the Latest Practicable Date (as compared to the 1-year period prior to the Pre-Conditional Offer Announcement Date), there is no assurance that the trading activities for the Shares will be maintained at such levels or that the transacted prices for the Shares will be maintained after the Closing of the Offer. In particular, there is no assurance that interest in the Shares will be maintained after the Offer as the possibility of an alternative offer from parties other than the Offeror is low.

In the event that Shareholders are concerned about the liquidity and the prices at which they can realise their investments in the Offer Shares (including whether they can realize their investments at prices higher than the Offer Price after deducting related expenses), acceptance of the Offer will provide certainty of exit at the Offer Price. However, in the event that Shareholders are able to dispose the Offer Shares in the open market and realise their investments at prices higher than the Offer Price after deducting related expenses, they should consider selling the Offer Shares in the open market. It should be noted that for the period commencing on the Market Day immediately after the Pre-Conditional Offer Announcement Date to the Latest Practicable Date, the transacted prices for the Shares have always been lower than the Offer Price and the Offer Price represents a small premium of approximately 1.6% over the last transacted price of S$1.28 per Share on the SGX-ST on 6 October 2017, being the Latest Practicable Date.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Shareholders: –

1. *If the Shareholders are considering selling their Offer Shares in the open market, they should be aware that the current market prices and trading volumes for the Shares may have been supported by the Offer and may not be maintained at current levels when the Offer closes. It should be noted that for the period commencing on the Market Day immediately after the Pre-Conditional Offer Announcement Date to the Latest Practicable Date, the transacted prices for the Shares have always been lower than the Offer Price and the Offer Price represents a small premium of approximately 1.6% over the last transacted price of S$1.28 per Share on the SGX-ST on 6 October 2017, being the Latest Practicable Date.*

2. *The Offeror has stated in the Offer Document that it will not revise the Offer Price of S$1.30 per Share.*

3. *Whilst the possibility of a higher offer from a third party cannot be ruled out, as at the Latest Practicable Date, we are not aware of any publicly available evidence of an alternative offer for the Shares. Shareholders should be aware that the chances of such an alternative offer for Shares being made by a third party may be affected by the fact that as at the Latest Practicable Date, the Offeror and its Concert Parties (including the Undertaking Shareholders) hold in aggregate of 104,488,542 Shares, representing approximately 66.08% of the total number of issued Shares.*

4. *The Offeror is making the Offer with a view to delist and privatise the Company from the SGX-ST and if entitled to under the Companies Act, the Offeror intends to compulsorily acquire all the Offer Shares.*

   In the event the Company does not meet the Free Float Requirement, the Offeror does not intend to preserve the listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted.

In the event that the trading of Shares on the SGX- ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted.

5. The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter and the unaudited financial statements for the Group for 1Q2017, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

6. Our scope does not require us and we have not made any independent evaluation of the Group (including without limitation, market value or economic potential) or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment and assets held for sale) or contracts entered into by the Company or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group save for the Independent Valuation Report issued by the Independent Valuer in respect of the market value of the Appraised Properties as at the Valuation Date. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment and assets held for sale) including, inter alia, the contracts that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

Limitations

It is also to be noted that as trading of the Shares is subject to possible market fluctuations and accordingly, our advice on the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review and also such advice, if given, would not fall within our terms of reference in connection with the Offer.

For our opinion and recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints or plans of any individual Shareholder, or group of Shareholders. As different Shareholders or groups of Shareholders would have different investment profiles and objectives, we would advise Recommending Directors to recommend that any individual Shareholder or group of Shareholders who may require advice in the context of his specific investment portfolio, including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately."

11.4. **Recommendations of the Recommending Directors.** The Recommending Directors, having considered carefully the terms of the Offer and the advice given by Asian Corporate Advisors Pte. Ltd. in the IFA Letter, concur with the advice of the IFA in respect of the Offer and accordingly recommend that the Shareholders **ACCEPT** the Offer.

11.5. **No Regard to Specific Objectives.** In rendering the advice and the recommendations above, both the IFA and the Recommending Directors have not had regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Recommending Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER WHICH IS SET OUT IN APPENDIX A OF THIS CIRCULAR CAREFULLY.

12. OVERSEAS SHAREHOLDERS

12.1. **Availability of Offer**. The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or in the Depository Register (as the case may be), being the Overseas Shareholders, may be affected by the laws of the relevant overseas jurisdiction.

Overseas Shareholders should refer to section 13 of the Offer Document, an extract of which is set out below.

*"**13. OVERSEAS SHAREHOLDERS***

13.1 Overseas Shareholders.** The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document has not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Offer Document to any overseas jurisdictions, the Offeror, OCBC Bank, CDP and the Registrar each reserves the right not to send this Offer Document, the relevant Acceptance Forms and/or any related documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document and/or the Acceptance Forms have not been, or may not be, sent.

*Copies of this Offer Document and any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulations) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

This Offer Document has not been and will not be filed with the authorities of any jurisdiction outside of Singapore.

***13.2 Copies of this Offer Document.** Overseas Shareholders may, nonetheless, obtain copies of this Offer Document and/or any related documents, during normal business hours and up to the Closing Date, from the Offeror through its receiving agent, Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a Scripholder) at its office located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 , or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.*

Alternatively, an Overseas Shareholder may write to the Offeror through Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a Scripholder) at the address listed above or The Central Depository (Pte) Limited (if he is a Depositor) at Robinson Road Post Office P.O. Box 1984 Singapore 903934, to request for this Offer Document and/or any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to three Market Days prior to the Closing Date.

> ***13.3 Overseas Jurisdiction.*** *It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document and/or any related documents; or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including OCBC Bank) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including OCBC Bank) may be required to pay. In (a) requesting for this Offer Document and/or any related documents; and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and OCBC Bank that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.* ***Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***
>
> ***13.4 Notice.*** *The Offeror and OCBC Bank each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Overseas Shareholders by announcement to the SGX-ST and if necessary, a paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.*"

12.2. **Copies of Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date, from the offices of the Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, download a copy of this Circular from the website of the SGX-ST at www.sgx.com, or make a request to the Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

13. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 14 of the Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, an extract of which is set out below.

> "***14. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS***
>
> *CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors will receive the Offer Price payable in respect of their GP Batteries Shares validly tendered in acceptance of the Offer through appropriate intermediaries in their respective CPF investment accounts and SRS investment accounts.*"

14. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 of the Offer Document, and in the accompanying FAA and/or FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

15. CONSENTS

Asian Corporate Advisors Pte. Ltd., named as the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter in Appendix A of this Circular and the references to its name in the form and context in which it appears in this Circular.

RHL Appraisal Limited, named as the valuer to assist the Company in its valuation of the Appraised Properties (as defined in paragraph 11 of Appendix B), has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the summary of its valuation report in Appendix G of this Circular and the references to its name in the form and context in which it appears in this Circular.

Deloitte & Touche LLP, named as the auditors of the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the independent auditor's report in relation to the audited financial statements of the Group for FY 2016-2017 and the references to its name in the form and context in which it appears in this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 3 Fusionopolis Link #06-10 Nexus @one-north Singapore 138543 during normal business hours from the date of this Circular up to and including the date of the Closing Date:-

(a) the Constitution of the Company;

(b) the annual reports of the Company for FY 2014-2015, FY 2015-2016 and FY 2016-2017;

(c) the letters of consent referred to in section 15 of this Letter to Shareholders;

(d) the IFA Letter as set out in Appendix A of this Circular;

(e) the unaudited financial information of the Group for 1QFY2018 as set out in Appendix E of this Circular; and

(f) the valuation report as set out in Appendix G of this Circular.

17. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the IFA Letter (for which the IFA takes responsibility), (b) the information extracted from the Pre-Conditional Offer Announcement, the Offer Announcement and the Offer Document, and (c) the information relating to the Offeror, the Directors (including any who may have delegated detailed supervision of this Circular) jointly and severally accept responsibility for the accuracy

of information contained in this Circular, having made all reasonable inquiries to ensure that, to the best of their knowledge, the facts stated and opinions expressed in this Circular are fair and accurate and that no material facts have been omitted the omission of which would make any statement in this Circular misleading.

Where any information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from the Offer Document or from published or publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

18. ADDITIONAL INFORMATION

The attention of the Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
GP BATTERIES INTERNATIONAL LIMITED

Victor LO Chung Wing
Chairman and Chief Executive Officer

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE RECOMMENDING DIRECTORS OF GP BATTERIES INTERNATIONAL LIMITED

ASIAN CORPORATE ADVISORS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Recommending Directors (as hereinafter defined)
GP Batteries International Limited
3 Fusionpolis Link
#06-10 Nexus @one-north
Singapore 138543

20 October 2017

VOLUNTARY CONDITIONAL CASH OFFER BY OVERSEA-CHINESE BANKING CORPORATION LIMITED ("OCBC BANK"), FOR AND ON BEHALF OF GP INDUSTRIES LIMITED ("GPIL" OR THE "OFFEROR"), FOR THE OFFER SHARES (AS DEFINED HEREIN)

1. INTRODUCTION

On 10 August 2017 (the "**Pre-Conditional Offer Announcement Date**"), OCBC Bank, for and on behalf of the Offeror, announced that subject to and contingent upon the fulfilment of the Pre-Condition (defined below), the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued and paid up ordinary shares in the capital of GP Batteries International Limited ("**GP Batteries**" or the "**Company**"), other than those already owned or agreed to be acquired by the Offeror as at the date of the Offer, in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore, and the Singapore Code on Take-overs and Mergers (the "**Code**").

On 22 September 2017, (the "**Offer Announcement Date**"), OCBC Bank, for and on behalf of the Offeror, announced ("**Offer Announcement**") that the approval of the shareholders of Gold Peak Industries (Holdings) Limited ("**GPH**") has been obtained for the proposed acquisition of the Offer Shares by the Offeror pursuant to the Offer, which constitutes a "major and connected transaction" for GPH under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Pre-Condition**"). Accordingly, the Pre-Condition has been fulfilled and the Offeror announced its firm intention to make the Offer.

On 6 October 2017, OCBC Bank, for and on behalf of the Offeror announced that the offer document dated 6 October 2017 issued by the Offeror ("**Offer Document**"), setting out, *inter alia*, the terms and conditions of the Offer has been despatched to the shareholders of the Company ("**Shareholders**").

Asian Corporate Advisors Pte. Ltd. ("**ACA**") has been appointed as the independent financial adviser ("**IFA**") to advise the directors of the Company ("**Directors**"), who are independent for the purpose of making a recommendation to the Shareholders in relation to the Offer ("**Recommending Directors**"). We note from the Circular that the Recommending Directors comprise Messrs Brian Wong Tze Hang, Hui Wing Sun, Henry Leung Kwong Hang, Lim Jiew Keng and Goh Boon Seong.

This letter ("**Letter**") and any other document, which may be issued by ACA, in respect of the Offer, for the purpose of revising, amending or supplementing or updating (as the case may be) and setting out, *inter alia*, our views and evaluation of the financial terms of the Offer and our recommendations thereon, will form part of the Circular providing, *inter alia*, details of the Offer and the recommendations of the Recommending Directors with regard to the Offer. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning ascribed herein.

2. TERMS OF REFERENCE

ACA has been appointed to advise the Recommending Directors on the financial terms of the Offer and whether the Shareholders should accept or reject the Offer. We do not warrant the merits of the Offer other than to form a view, for the purposes of Rule 7.1 and 24.1 (b) of the Code, as to whether the financial terms of the Offer are fair and reasonable. We have confined our evaluation strictly and solely on the financial terms of the Offer and have not taken into account the commercial risks and/or merits (if any) of the Offer or their strategic merits or the future prospects of the Company and its subsidiaries ("**Group**") including, *inter alia* the contracts that the Company and the Group has embarked upon or are about to embark upon or the comparison with other deals involving the issued and paid up ordinary shares in the capital of the Company ("**Shares**") or the timing or the time extended for the Offer. Such evaluation or comment remains the responsibility of the Directors and the management of the Company ("**Management**") although we may draw up on their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter. We do not express any opinion on the relative merits of the Offer as compared to any other alternative transaction. We were not requested or authorized to solicit, and we have not solicited, any indications of interest from any third party with respect to the Offer Shares or assets or businesses of the Group. In addition, we do not express any views or opinions on the legality of the Offer or all other matters pertaining to the Offer or documents for the Offer (the Circular and the Offer Document), *inter alia*, the mechanism or processes of acceptances, its eligibility or validity or other alternatives (if any) or the sufficiency of information or any undertakings provided. Our scope does not include determining the independence of the Recommending Directors for the purpose of making recommendation in respect of the Offer.

In the course of our evaluation, we have held discussions with Directors and Management regarding their assessment of the rationale for the Offer and have examined publicly available information collated by us, including the unaudited and audited financial statements as well as information, both written and verbal, provided to us by the Directors and Management and professional advisers of the Company, including its consultants or advisers, solicitors, auditors and valuers (where applicable). We have not independently verified such information but have made such reasonable enquiries and used our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or the manner it has been classified or presented.

We have relied upon the assurance of the Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at 6 October 2017 (the "**Latest Practicable Date**"), and therefore does not reflect expected financial performance after the three (3) months financial period ended 30 June 2017 ("**1Q2018**") for the Group. Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group or the Shares, irrespective of the outcome of the Offer. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account the future or prospective performance and neither are we responsible for it or for any updates pursuant to any announcements subsequent to the issuance of this Letter or the timing of the Offer or the dates for issuance of the Circular. Accordingly, any estimates or analysis or evaluation of the merits of the Company or the Group or the Shares in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

Our scope does not require us and we have not made any independent evaluation of the Group (including without limitation, market value or economic potential) or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment and assets held for sale) or contracts entered into by the Company or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group save for the valuation report dated 12 October 2017 ("**Independent Valuation Report**") issued by RHL Appraisal Limited (the "**Independent Valuer**") in respect of the market value of the Group's selected properties under property, plant and equipment and assets held for sale (collectively, the "**Appraised Properties**") as at 30 September 2017 ("**Valuation Date**"). The Independent Valuation Report is attached as Appendix G to the Circular. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment and assets held for sale) including, *inter alia* the contracts

that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment. The Directors confirm that they are aware of and satisfied with the selection of the Appraised Properties for the valuation exercise and having reviewed the Independent Valuation Report (*inter alia*, the assumptions, methodology used and information relied upon by the Independent Valuer) as a whole, they are of the opinion that the assumptions and methodology of the Independent Valuation Report are reasonable.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group as reflected in the unaudited financial statements for 1Q2018 and the audited financial statements for the Group for the financial year ("**FY**") ended 31 March 2017 ("**FY2017**") are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the Group's unaudited financial statements for 1Q2018 and the audited financial statements for FY2017 to be false or misleading in any material aspect. In addition, the Directors have confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact *inter alia* the valuation or appraisal of assets and liabilities, the contracts or agreements that the Group has embarked upon or are about to embark upon, the omission of which would render those statements or information to be untrue, inaccurate, incomplete or misleading.

The Directors further confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Group's audited financial statements for FY2017 and the unaudited financial statements for 1Q2018, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable), and the information provided to us, as at the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, includes general as well as company-specific or industry-specific conditions or sentiments or factors. The Recommending Directors should note that our evaluation is based solely on publicly available information and such other information provided by the Company or its Directors or Management as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after 1Q2018 for the Group or developments (both macro and company-specific) and that these factors do and will necessarily affect the evaluation of the Offer and our recommendation or opinion or views.

The Directors have collectively and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of all information and representations as provided by the Directors and contained herein. The Directors have confirmed to ACA that to the best of their knowledge and belief, all material information including but not limited to plans or prospects or proposals involving acquisition or issuance of securities, or changes to its capital structure available to them and the Management in connection with the Company, the Group, the Offer or the Offeror or such other parties has been disclosed to ACA in its entirety and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the financial performance or expected future performance or future growth prospects or restructuring plans (if applicable) of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular or this Letter to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

The scope of our appointment does not require us to express, and we do not express, a view on the future growth prospects of the Company or the Group before and after the Offer. We are therefore not expressing any view herein as to the returns that the Shareholders may have owning the Shares upon completion or close of the Offer or on the future financial performance of the Company or the Group or the plans (if any) that the Offeror may have for the Company. In rendering our advice and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints or particular circumstances of any individual Shareholder. As each Shareholder would have different investment profiles and objectives, horizons and risk profiles, we would advise Recommending Directors to recommend that any Shareholder, who may require advice in the context of his specific investment objective(s), investment portfolio(s), including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter on the Offer or the Company or the Group or the Shares which we used or may have used may differ from the relative emphasis accorded by any individual Shareholder or Recommending Director, and as such Recommending Directors are advised to highlight to Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Offer or its recommendation, following the date of the issue of this Letter.

Accordingly, our Letter or opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by the Recommending Directors, subject to our terms of reference and the contents of this Letter as one of the basis for their opinions or views or recommendation. In addition, any references to our Letter as one of the basis for their opinion, views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors, and bases as well as our terms of reference for this Letter.

3. TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer, as extracted from paragraph 2 of the Offer Document, are set out in italics below. We recommend that Shareholders read the terms and conditions contained therein carefully.

"***2. THE OFFER***

2.1 Offer Terms

2.1.1 Offer Shares. *The Offer is made for all the issued GP Batteries Shares (other than those already owned or agreed to be acquired by the Offeror as at the date of the Offer), and is extended to all issued GP Batteries Shares owned or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (collectively, the "**Offer Shares**").*

2.1.2 Offer Price. *The consideration for each Offer Share is as follows:*

For each Offer Share: S$1.30 in cash (the "Offer Price")

The Offer Price is final and the Offeror does not intend to increase the Offer Price.

2.1.3 Encumbrances and Distributions. *The Offer Shares will be acquired (i) fully paid; (ii) free from any claim, charge, pledge, mortgage, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing (each, an "**Encumbrance**"); and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights, other distributions or returns of capital (if any) declared, paid or made by the Company in respect of the Offer Shares (the "**Distributions**") on or after the Offer Announcement Date.*

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, and the Offeror is not entitled to receive such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offer Price payable in respect of such Offer Share will be reduced by the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by the accepting Shareholder falls, as follows:

*(i) if such settlement date falls **on or before** the books closure date for the determination of entitlements to the Distribution (the "**Books Closure Date**"), the Offer Price for each Offer Share shall remain unadjusted and the Offeror shall pay the accepting Shareholder the unadjusted Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or*

*(ii) if such settlement date falls **after** the Books Closure Date, the Offer Price for each*

*Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share (the Offer Price after such reduction, the "**Adjusted Offer Price**") and the Offeror shall pay the accepting Shareholder the Adjusted Offer Price for each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.*

2.1.4 ***Condition to the Offer.*** *The Offer is subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of GP Batteries Shares which, when taken together with GP Batteries Shares owned, acquired or agreed to be acquired by the Offeror and any person acting in concert with it before or during the Offer, will result in the Offeror and any person acting in concert with it holding such number of GP Batteries Shares carrying more than 90 per cent. of the voting rights attributable to all the GP Batteries Shares in issue (excluding treasury GP Batteries Shares) as at the close of the Offer (the "**90 per cent. Acceptance Condition**").*

2.1.5 ***Offeror's Right to Waive or Revise the 90 per cent. Acceptance Condition.*** *The Offeror reserves the right to waive the 90 per cent. Acceptance Condition or reduce such condition to a level below 90 per cent. (but above 50 per cent.) of the voting rights attributable to all the GP Batteries Shares in issue (excluding treasury GP Batteries Shares) as at the close of the Offer, subject to the approval of the SIC. In the event that such waiver or revision is made during the course of the Offer with the approval of the SIC, the revised Offer will remain open for at least another 14 days following the date of the posting of the written notification of revision to Shareholders, and Shareholders who have accepted the initial Offer will be allowed to withdraw their acceptances within eight days of the posting of the written notification of the revision. The revised acceptance level will take into account withdrawals and new acceptances as at the close of the Offer.*

2.1.6 ***Warranty.*** *A Shareholder who tenders his GP Batteries Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such GP Batteries Shares as or on behalf of the beneficial owner(s) thereof (i) fully paid; (ii) free from all Encumbrances; and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions on or after the Offer Announcement Date.*

2.2 ***Closing Date.*** *The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.*

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 3 November 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2.3 ***Further Details of the Offer. Appendix 1*** *to this Offer Document sets out further details on:*

2.3.1 *the duration of the Offer;*

2.3.2 *the settlement of the consideration for the Offer;*

2.3.3 *the requirements relating to the announcement of the level of acceptances of the Offer; and*

2.3.4 *the right of withdrawal of acceptances of the Offer.*"

4. INFORMATION ON THE OFFEROR AND GPH

The information on the Offeror and GPH is set out in italics below has been extracted from paragraph 5 of the Offer Document. Shareholders should also refer to Appendix 3 and 4 of the Offer Document for additional information on the Offeror. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"***5. INFORMATION ON THE OFFEROR AND GPH***

5.1 ***The Offeror.*** *The Offeror is a public limited company incorporated in the Republic of Singapore on 28 March 1995 and has been listed on the Mainboard of the SGX-ST since 1995. In addition*

to the battery business conducted through the Company, the Offeror is principally engaged in the development, manufacturing and marketing of electronic and acoustic products, as well as the manufacturing of automotive wire harness products. The Offeror is the main industrial investment vehicle of the HKEX-listed GPH.

As at the Latest Practicable Date:

5.1.1 *the Offeror directly holds 102,580,044 GP Batteries Shares, constituting approximately 64.88 per cent. of the issued share capital of the Company, and is the majority shareholder of the Company;*

5.1.2 *GPH directly holds 414,098,443 GP Industries Shares, constituting approximately 85.47 per cent. of the issued share capital of the Offeror, and is the majority shareholder of the Offeror. As the Offeror is a subsidiary of GPH, GPH is also deemed to be interested in 102,580,044 GP Batteries Shares, constituting approximately 64.88 per cent. of the issued share capital of the Company. GPH is the ultimate holding company of the Company; and*

5.1.3 *the Offeror Directors are:*

(i) Victor Lo Chung Wing;

(ii) Leung Pak Chuen;

(iii) Brian Li Yiu Cheung;

(iv) Andrew Chuang Siu Leung;

(v) Wong Man Kit;

(vi) Lam Hin Lap;

(vii) Lim Ah Doo;

(viii) Lim Hock Beng; and

(ix) Allan Choy Kam Wing.

5.2 ***GPH.*** *GPH was established in 1964 and has been listed on the HKEX since 1984. The GPH Group is an Asian multinational group which owns high-quality industrial investments through the Offeror, its major industrial investment vehicle. The GPH Group has built renowned brand names for its major product categories, such as GP batteries, KEF premium consumer speakers and CELESTION professional speaker drivers. The GPH Group's turnover for the financial year ended 31 March 2017 amounted to approximately HK$5.8 billion (equivalent to approximately S$1.04 billion)[1] and its total assets as at 31 March 2017 exceeded HK$6.1 billion (equivalent to approximately S$1.10 billion)[2]. The GPH Group employed approximately 8,200 people worldwide as at 31 March 2017.*

As at the Latest Practicable Date, the directors of GPH are:

5.2.1 *Victor Lo Chung Wing;*

5.2.2 *Leung Pak Chuen;*

5.2.3 *Richard Ku Yuk Hing;*

5.2.4 *Andrew Chuang Siu Leung;*

5.2.5 *Brian Li Yiu Cheung;*

5.2.6 *Lui Ming Wah;*

5.2.7 *Frank Chan Chi Chung;*

5.2.8 *Chan Kei Biu; and*

5.2.9 *Karen Ng Ka Fai.*

5.3 ***Additional Information. Appendices 3 and 4*** *to this Offer Document set out additional information on the Offeror and GPH respectively.*

[1] *An exchange rate of S$1 = HK$5.6116 was used for converting this amount from HK$ into S$. The said exchange rate is for reference only. No representation is made by the Offeror that any amount in HK$ has been, could have been or could be converted at the above rate or at any other rates or at all.*

[2] *An exchange rate of S$1 = HK$5.5583 was used for converting this amount from HK$ into S$. The said exchange rate is for reference only. No representation is made by the Offeror that any amount in HK$ has been, could have been or could be converted at the above rate or at any other rates or at all.*"

5. INFORMATION ON THE COMPANY

Information and additional general information on the Company are set out in paragraph 6 and Appendix 5 of the Offer Document.

6. THE RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTION FOR THE COMPANY

The rationale for the Offeror, the Offeror's intention relating to the Company and the listing status and compulsory acquisition, are set out in italics below has been extracted from paragraphs 7 to 9 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"7. RATIONALE FOR THE OFFER

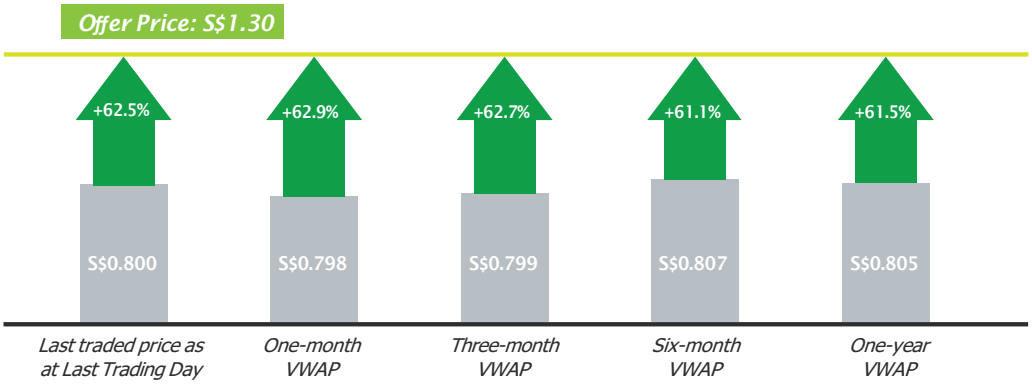
7.1 *The Offeror's rationale for the Offer is as follows:*

7.1.1 ***Opportunity for Shareholders to Realise their Investments in Cash at a Premium to the Market Trading Prices.***

The Offer Price represents a premium of[1)(2)(3)]*:*

(i) 62.5 per cent. over the last traded price per GP Batteries Share as quoted on the SGX-ST on the Last Trading Day; and

(ii) approximately 62.9 per cent. over the one-month VWAP, 62.7 per cent. over the three-month VWAP, 61.1 per cent. over the six-month VWAP and 61.5 per cent. over the one-year VWAP, of GP Batteries Shares as transacted on the SGX-ST, up to and including the Last Trading Day.



The Offer Price exceeds the highest closing price in the past three-year period up to and including the Last Trading Day[(1)].



Notes:

(1) Based on data extracted from Bloomberg.

(2) Calculated by using the total value of GP Batteries Shares traded over the total volume of GP Batteries Shares traded for the relevant period and rounded to the nearest three decimal places.

(3) Percentages are rounded to the nearest one decimal place.

The Offer therefore presents the Shareholders with an opportunity to realise their entire investments in the GP Batteries Shares in cash at a premium over the prevailing trading prices of the GP Batteries Shares prior to and as at the Last Trading Day without incurring brokerage and other trading costs.

7.1.2 ***Low Trading Volume.*** *The trading volume of the GP Batteries Shares on the SGX-ST has generally been low based on the average daily trading volume of the GP Batteries Shares of approximately 0.03 per cent., 0.02 per cent., 0.02 per cent. and 0.01 per cent. of the issued share capital (excluding treasury GP Batteries Shares) of the Company over the respective one-month, three-month, six-month and one-year periods up to and including the Last Trading Day, as set out in the table below[(1)]:*

Trading volume	***Prior one-month[(5)]***	***Prior three-month[(5)]***	***Prior six-month[(5)]***	***Prior one-year[(5)]***
Average daily trading volume[(2)] (Number of GP Batteries Shares[(3)])	*46,400*	*32,800*	*25,400*	*17,600*
Average daily trading volume as a percentage of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares)[(4)]	*0.03%*	*0.02%*	*0.02%*	*0.01%*

Notes:

(1) Based on data extracted from Bloomberg.

(2) Average daily trading volume is defined as total volume of shares traded in a period divided by the corresponding number of market trading days in the same period.

(3) Rounded to the nearest hundred.

(4) Calculated based on a total of 158,116,552 issued GP Batteries Shares (excluding treasury GP Batteries Shares) as at the Last Trading Day and rounded to the nearest two decimal places.

(5) Up to and including the Last Trading Day.

Based on the above, the Offeror is of the view that the low trading volume of the GP Batteries Shares on the SGX-ST may not provide all Shareholders with sufficient opportunity to efficiently exit their entire investments in the Company.

7.1.3 Flexibility to Optimise the Use of Management Resources. *The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with more flexibility to manage the business of the Company, optimise the use of its management and resources and facilitate the implementation of any strategic alternatives and/or operational changes.*

7.1.4 Streamlining the Offeror Group and Savings in Costs Associated with Delisting the Company. *The intention of the Offeror is to delist the Company and streamline the organisational structure of the Offeror Group by reducing the number of listed entities in the Offeror Group. Further, the Offeror is of the view that the delisting and privatisation of the Company from the SGX-ST will reduce the compliance costs associated with the maintenance of the Company's listed status.*

7.1.5 No Need for Access to Singapore Capital Markets. *Since 11 March 2014, when the Company allotted and issued 54,935,584 new GP Batteries Shares pursuant to a renounceable non-underwritten rights issue at an issue price of S$0.486 for each rights share, the Company has not carried out any equity fund raising. The Offeror is of the view that the Company is unlikely to require equity fund raising in the foreseeable future as the Company has various other available funding sources such as bank borrowing facilities and the financial support of the Offeror.*

8. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

It is the current intention of the Offeror for GP Batteries to continue with its existing business in line with the rationale of the Offer as set out in ***section 7*** *above.*

Save as disclosed and other than in the ordinary course of business, the Offeror presently has no plans to (i) introduce any major changes to the business of the GP Batteries Group; (ii) re- deploy the fixed assets of the GP Batteries Group; or (iii) discontinue the employment of the existing employees of the GP Batteries Group. However, the Offeror retains the flexibility at any time to further consider any options or opportunities in relation to the GP Batteries Group which may present themselves or which the Offeror may regard to be in the interests of the Offeror and/or the GP Batteries Group.

The Offeror's intentions in relation to the listing status of the Company are set out in ***section 9*** *of this Offer Document.*

9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 Listing Status and Trading Suspension. *Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received that bring*

the holdings of the GP Batteries Shares owned by the Offeror and parties acting in concert with the Offeror to above 90 per cent. of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares), the SGX-ST may suspend the trading of the listed securities of the Company on the SGX- ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares) are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares), thus causing the percentage of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the listed securities of the Company at the close of the Offer.

*Shareholders are advised to note that Rule 723 of the Listing Manual requires the Company to ensure that at least 10 per cent. of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares) is at all times held by the public (the "**Free Float Requirement**"). In addition, under Rule 724 of the Listing Manual, if the percentage of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares) held in public hands falls below 10 per cent., the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all securities of the Company on the SGX-ST. Rule 724 of the Listing Manual further states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares) held by members of the public to be raised to at least 10 per cent., failing which the Company may be removed from the Official List of the SGX-ST.*

In the event the Company does not meet the Free Float Requirement, the Offeror does not intend to preserve the listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted.

9.2 Compulsory Acquisition. *Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer and/or acquires such number of Offer Shares from the date of the Offer otherwise than through valid acceptances of the Offer in respect of not less than 90 per cent. of the total number of GP Batteries Shares in issue (excluding treasury GP Batteries Shares) as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer), the Offeror would be entitled to exercise the right to compulsorily acquire all the Offer Shares of the Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") on the same terms as those offered under the Offer.*

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their GP Batteries Shares in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of GP Batteries Shares which, together with the GP Batteries Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of issued GP Batteries Shares (excluding treasury GP Batteries Shares). Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice. Unlike Section 215(1) of the Companies Act, the 90 per cent. threshold under Section 215(3) of the Companies Act does not exclude GP Batteries Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.

9.3 Offeror's Intentions. *As stated in the Pre-Conditional Offer Announcement and the Offer Announcement, the Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company.* ***In the event that the trading of GP Batteries***

Shares on the SGX- ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted."

7. IRREVOCABLE UNDERTAKINGS

The information on irrevocable undertakings set out in italics below has been extracted from paragraph 4 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"***4. IRREVOCABLE UNDERTAKINGS***

4.1 Irrevocable Undertakings. *As at the Offer Announcement Date, Victor Lo Chung Wing and Richard Ku Yuk Hing (collectively, the "**Undertaking Shareholders**") have each provided irrevocable undertakings to the Offeror (the "**Irrevocable Undertakings**"), pursuant to which each Undertaking Shareholder has undertaken, inter alia:*

4.1.1 *to accept, or procure the acceptance of, the Offer in respect of all the GP Batteries Shares held by each of them (or their nominees) respectively (the "**Relevant Shares**"), not later than 12.00 p.m. (Singapore time) on the 10th Business Day after the Despatch Date, and not to withdraw such acceptance for any reason thereafter;*

4.1.2 *except pursuant to the Offer, not to dispose of, charge, pledge or otherwise encumber or grant any option or other right over or accept any other offer for the Relevant Shares or otherwise deal with any of the Relevant Shares or any interest in them (whether conditionally or unconditionally);*

4.1.3 *to exercise all voting rights attaching to the Relevant Shares in such manner as to enable the Offer to be made and become unconditional and oppose the taking of any action which might result in any pre-condition or condition of the Offer not being satisfied;*

4.1.4 *not to enter into any agreement or arrangement with any person, whether conditionally or unconditionally, to do any of the acts prohibited by the above terms of **sections 4.1.2 and 4.1.3**;*

4.1.5 *to take no action which may preclude or materially restrict, delay, frustrate or otherwise prejudice the Offer; and*

4.1.6 *without prejudice to the generality of **section 4.1.5** above:*

(i) not to withdraw his acceptance of the Offer in respect of all the Relevant Shares and where applicable, will procure his nominee(s) not to withdraw their acceptance of the Offer in respect of all the Relevant Shares for any reason;

*(ii) not to solicit or enter into discussions regarding any general offer for the GP Batteries Shares or any other class of shares in the Company from any third party or any proposal for a scheme of arrangement or amalgamation of the Company or any proposal for the acquisition of the assets of the Company which would preclude or materially restrict, delay, frustrate or otherwise prejudice the Offer (a "**Competing Proposal**"), and to use best efforts to procure that the Company does not solicit or enter into discussions regarding any Competing Proposal;*

(iii) not to recommend, vote or agree to vote for any Competing Proposal; and

(iv) to notify the Offeror upon becoming aware of any approach by any third party made with a view to making a Competing Proposal or any such solicitation or discussions,

provided always that, where such Undertaking Shareholder is a director of the Company, nothing in ***sections 4.1.5 and 4.1.6*** *above shall prevent such Undertaking Shareholder (in his capacity as a director of the Company) from complying with his fiduciary duties and any requirements of the Code, the SIC, the SGX-ST or any other relevant regulatory authority.*

The Undertaking Shareholders have undertaken to accept the Offer in respect of an aggregate of 451,500 Relevant Shares, constituting approximately 0.29 per cent. of the issued share capital of the Company. Details of the Undertaking Shareholders and the Relevant Shares held by the Undertaking Shareholders are set out in ***paragraph 1.1*** *of* ***Appendix 6*** *to this Offer Document.*

4.2 ***Cessation of Irrevocable Undertakings.*** *The Irrevocable Undertakings will cease and terminate on the date on which the Offer lapses or is withdrawn, or fails to become or be declared unconditional (or such later date as may be agreed in writing by the respective parties) for any reason other than a breach of the obligations of the Undertaking Shareholders under their respective Irrevocable Undertakings.*

For the avoidance of doubt, an Undertaking Shareholder will NOT have a right to terminate his Irrevocable Undertaking on the basis that another offer for the GP Batteries Shares has been made (even if the price offered for the GP Batteries Shares is higher than the Offer Price).

4.3 ***Available for Inspection.*** *Copies of the Irrevocable Undertakings are available for inspection for the duration of the Offer at 3 Fusionopolis Link, #06-11 Nexus @one-north, Singapore 138543, during normal business hours.*"

8. FINANCIAL ASSESSMENT OF THE OFFER

In assessing the financial terms of the Offer from a financial point of view, we have taken into account the following pertinent factors as well as others in the Letter, which we consider will have a significant bearing on our assessment:

(i) historical financial performance and position of the Group;

(ii) the Group's net asset value ("**NAV**") and net tangible assets ("**NTA**");

(iii) relative valuation analysis;

(iv) market quotation and trading activities for the Shares;

(v) comparison with recently completed privatisation and delisting transactions of companies listed on the SGX-ST; and

(vi) such other relevant considerations which have significant bearing on our assessment.

These factors are discussed in detail in the ensuing sections.

In our assessment of the Offer, we have applied certain valuation ratios in assessing the reasonableness of the Offer Price. A brief description of such valuation ratios are as follows:

(i)	**EV/EBITDA**	**"EV"** or **"Enterprise Value"** is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. **"EBITDA"** stands for earnings before interest, tax, depreciation and amortisation but after share of associates' and joint ventures' income but excluding exceptional items. The **"EV/EBITDA"** multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
(ii)	**Price-to-Earnings ("PER")**	The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company's shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.
(iii)	**Price-to-NTA ("P/NTA")**	The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value. The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.
(iv)	**Price-to-NAV ("P/NAV")**	The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value. The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

In assessing the financial terms of the Offer, we have taken into account the following pertinent factors (as well as others in this Letter), which we consider will have a significant bearing on our assessment.

8.1. Historical financial performance and position of the Group

The following are extracts from the audited consolidated financial statements of the Group for the FY ended 31 March 2015 ("**FY2015**"), the FY ended 31 March 2016 ("**FY2016**"), FY2017 and the unaudited consolidated financial statements for financial period ended 30 June 2016 ("**1Q2017**") and 1Q2018:

Summary of income statements

Figures in S$'000[1]	Unaudited 1Q2018	Unaudited 1Q2017	Audited FY2017	Audited FY2016	Audited FY2015
Revenue	207,247	177,389	759,842	765,254	719,335
Cost of Sales	(158,836)	(139,464)	(589,482)	(587,601)	(552,963)
Gross Profit	48,411	37,925	170,360	177,653	166,372
Other operating income	1,336	3,183	22,708	12,875	21,131
Operating expenses[2]	(40,263)	(34,261)	(163,905)	(159,883)	(141,203)
Finance cost	(1,819)	(1,715)	(6,761)	(6,884)	(5,438)
Share of results of associates	898	1,666	6,813	4,884	741
Profit before tax	8,563	6,798	29,215	28,645	41,603
Profit after tax	5,888	3,851	14,845	15,689	25,234
Profit after tax attributable to equity holders	3,099	1,235	3,488	2,397	12,981

Summary of statements of financial position

Figures in S$'000[1]	Unaudited 1Q2018	Audited FY2017	Audited FY2016	Audited FY2015
Non-current assets	304,508	284,225	266,189	284,680
Current assets	396,365	384,763	356,474	324,379
Non-current liabilities	19,796	26,381	45,602	3,437
Current liabilities	371,047	335,542	264,513	263,093
Total borrowings	195,146	175,825	161,649	125,242
Shareholders' equity	230,518	226,196	231,888	265,357
Net working capital	25,318	49,221	91,961	61,286

Summary of statements of cash flows

Figures in S$'000[1]	Unaudited 1Q2018	Unaudited 1Q2017	Audited FY2017	Audited FY2016	Audited FY2015
Net cash generated from operating activities	4,857	10,417	31,950	38,635	23,444
Net cash generated from / (used in) investing activities	(32,447)	(5,375)	(16,172)	(15,196)	6,642
Net cash generated from / (used in) financing activities	14,390	(14,475)	(6,822)	12,519	(44,497)
Cash and cash equivalents at end of period	102,457	99,890	115,167	110,978	81,042

Notes:

(1) Figures and computation presented in this section are subjected to rounding.

(2) Operating expenses comprise distribution expenses, administrative expenses and other operating expenses.

We note the following: -

(i) Financial performance for FY2017, FY2016, and FY2015

The Group operates in only one main operating segment which focuses on the development, manufacturing, distribution and trading in batteries and battery related products. The Group's activities are primarily based in the People's Republic of China (including Hong Kong) and other Asian countries followed by Europe and North and South America. The Group has the following product line: primary cylindrical, primary specialty and rechargeable batteries constitute approximately 58.9%, 21.8% and 17.4% respectively of the total revenue in FY2017.

The Group's revenue increased by approximately 6.4% from approximately S$719.3 million in FY2015 to approximately S$765.3 million in FY2016 due mainly to an increase in sales of both the primary and rechargeable batteries in both the Asia and the European markets.

The Group's revenue declined by approximately 0.7% from approximately S$765.3 million in FY2016 to approximately S$759.8 million in FY2017, which was due to the discontinuation of a contract with a major customer of the Group's Taiwan plant.

The Group recorded gross profit of approximately S$166.4 million, S$177.7 million and S$170.4 million with corresponding gross profit margin of approximately 23.1%, 23.2% and 22.4% in FY2015, FY2016 and FY2017 respectively.

The Group registered other operating income of approximately S$21.1 million, S$12.9 million and S$22.7 million in FY2015, FY2016 and FY2017 respectively. The decline in other operating income in FY2016 was due to lower gains on disposal of property, plant and equipment and foreign exchange which was offset partially by higher government grants, interest income and rental income. The other operating income in FY2017 comprised mainly gain on disposal of property, plant and equipment of approximately S$10.6 million, gain on foreign exchange of approximately S$7.4 million, government grant of approximately S$1.3 million, rental income of approximately S$0.8 million, interest income of approximately S$0.7 million, fair value gain on investment property of approximately S$0.2 million and others of approximately S$1.6 million.

Total operating expenses for the Group (comprising distribution expenses, administrative expenses and other operating expenses) amounted to approximately S$141.2 million, S$159.9 million, and S$163.9 million in FY2015, FY2016 and FY2017 respectively. The higher operating expenses in FY2016 as compared to the previous financial year was due to higher amounts of distribution expenses (increased by approximately 6.3% to approximately S$61.6 million in FY2016), administrative expenses (increased by approximately 15.1% to approximately S$88.4 million), and other operating expenses (increased by approximately 53.5% to approximately S$9.8 million arising mainly from impairment loss on goodwill, and higher impairment loss on property, plant and equipment, and property, plant and equipment). Meanwhile, the higher operating expenses in FY2017 as compared to FY2016 was attributable to higher amounts of distribution expenses (increased by approximately 8.6% to approximately S$66.9 million in FY2017) and administrative expenses (increased by approximately 0.6% to approximately S$88.9 million in FY2017), which was offset partially by lower amount of other operating expenses (declined by approximately 17.9% to approximately S$8.1 million in FY2017 due mainly to absence of impairment loss on goodwill and lower impairment loss on property, plant and equipment, which was offset partially by closure costs of Shanghai factory of approximately S$2.5 million in FY2017 and higher property, plant and equipment written off).

Finance costs amounted to approximately S$5.4 million, S$6.9 million and S$6.8 million in FY2015, FY2016 and FY2017 respectively. The Group also recorded positive share of results of associates of approximately S$0.7 million, S$4.9 million and S$6.8 million in FY2015, FY2016 and FY2017 respectively.

The Group recorded profit attributable to equity holders of approximately S$13.0 million, S$2.4 million and S$3.5 million in FY2015, FY2016 and FY2017 respectively.

(ii) Financial performance for 1Q2018 vs.1Q2017

The Group's revenue increased from approximately S$177.4 million in 1Q2017 to approximately S$207.2 million in 1Q2018, supported by higher sales across all regions. It is noted that the Group's revenue in 1Q2018 constituted approximately 27.3% of total revenue in FY2017. Gross profit also increased from approximately S$37.9 million in 1Q2017 to approximately S$48.4 million in 1Q2018 with improvement in gross profit margin from approximately 21.4% in 1Q2017 to approximately 23.4% in 1Q2018. The improvement in the gross profit margin was due to the higher gross profit margin for the sales of rechargeable batteries.

The Group registered other operating income of approximately S$3.2 million in 1Q2017 as compared to S$1.3 million in 1Q2018 mainly because of foreign exchange gain in 1Q2017.

The Group reported an increase in total operating expenses from approximately S$34.3 million in 1Q2017 to approximately S$40.3 million in 1Q2018. The higher total operating expenses in 1Q2018 was due to higher amounts of distribution expenses (increased by approximately 16.6% to approximately S$16.2 million in 1Q2018 in view of the higher revenue) and

administrative expenses (increased by approximately 9.4% to approximately S$22.0 million in 1Q2018 mainly due to higher staff costs) and foreign exchange loss of approximately S$2.0 million in 1Q2018.

Finance costs for 1Q2018 amounted to approximately S$1.8 million as compared to approximately S$1.7 million in 1Q2017 mainly due to increase in borrowings for the land acquisition in Ningbo, PRC as well as to finance the new production facility in Malaysia.

Share of results of associates continued to be positive but declined from approximately S$1.7 million in 1Q2017 to approximately S$0.9 million in 1Q2018.

The Group recorded profit attributable to equity holders of the Company of approximately S$3.1 million in 1Q2018, which is higher than the profit recorded in the previous corresponding period of approximately S$1.2 million.

(iii) Assets and liabilities

As at 30 June 2017, the Group's total assets amounted to approximately S$700.9 million, comprising current assets of approximately S$396.4 million (or approximately 56.6% of the total assets) and non-current assets of approximately S$304.5 million (or approximately 43.4% of the total assets).

Non-current assets as at 30 June 2017 comprised property, plant and equipment of approximately S$226.9 million; interest in associates of approximately S$52.4 million, goodwill on consolidation of approximately S$11.8 million, available-for-sale investments of approximately S$6.2 million, deposits and prepayments of approximately S$3.5 million and deferred tax assets of approximately S$3.6 million.

Current assets as at 30 June 2017 comprised debtors of approximately S$144.3 million, stocks of approximately S$121.0 million, bank balances and cash of approximately S$102.5 million, deposits and prepayments of approximately S$15.9 million, assets held for sale of approximately S$10.1 million, and tax recoverable of approximately S$2.6 million.

As at 30 June 2017, the Group's total liabilities amounted to approximately S$390.8 million; comprising current liabilities of approximately S$371.0 million (or approximately 94.9% of the total liabilities) and non-current liabilities of approximately S$19.8 million (or approximately 5.1% of the total liabilities).

Current liabilities as at 30 June 2017 comprised mainly creditors and accrued charges of S$190.5 million, bank loans and overdrafts and obligations under finance leases of approximately S$178.3 million, and income tax payable of approximately S$2.3 million.

Non-current liabilities as at 30 June 2017 comprised mainly bank loans and obligations under finance leases of approximately S$16.8 million, and deferred tax liabilities of approximately S$3.0 million.

(iv) Net Working Capital

The Group's net working capital have always been positive during the period reviewed, but has declined from approximately S$92.0 million as at 31 March 2016 to approximately S$49.2 million and S$25.3 million as at 31 March 2017 and at 30 June 2017 respectively.

The decline in the positive net working capital for the Group from 31 March 2016 to 30 June 2017 was largely attributed to:

- higher amount of creditors and accrued charges (increased from approximately S$143.7 million as at 31 March 2016 to approximately S$190.5 million as at 30 June 2017);

- higher current portion of bank loans and overdrafts (increased from approximately S$118.1 million as at 31 March 2016 to approximately S$178.3 million as at 30 June 2017); and

- lower bank balances and cash (declined from approximately S$111.0 million as at 31 March 2016 to approximately S$102.5 million as at 30 June 2017)

which was partially offset by higher amounts of stocks (increased from approximately S$110.4 million as at 31 March 2016 to approximately S$121.0 million as at 30 June 2017), debtors (increased from approximately S$123.5 million as at 31 March 2016 to approximately S$144.3 million as at 30 June 2017), deposits and prepayments (increased from approximately S$10.9 million as at 31 March 2016 to approximately S$15.9 million as at 30 June 2017), and tax recoverable (increased from approximately S$0.8 million as at 31 March 2016 to approximately S$2.6 million as at 30 June 2017).

(v) Shareholders' equity and gearing

Shareholders' equity of the Group declined generally from approximately S$265.4 million as at 31 March 2015 to approximately S$230.5 million as at 30 June 2017, largely attributable to payment of dividends, purchase of treasury Shares, and other comprehensive loss.

Total borrowings (comprising bank loans and overdrafts and obligations under finance lease) for the Group have been increasing from approximately S$125.2 million as at 31 March 2015 to approximately S$161.6 million, S$175.8 million and S$195.1 million as at 31 March 2016, 31 March 2017 and 30 June 2017 respectively. We understand from the Management that the increase in bank borrowings during 1Q2018 was due to financing of the land acquisition in Ningbo, PRC as well as financing the new production facilities in Malaysia.

As a result, the Group's gearing ratio has increased from approximately 0.5 times as at 31 March 2015 to approximately 0.7 times, 0.8 times and 0.8 times as at 31 March 2016, 31 March 2017 and 30 June 2017 respectively.

(vi) Positive net cash flow from operations

The Group generated positive net cash flow from operations during the period reviewed. However, it has declined from approximately S$38.6 million in FY2016 to approximately S$32.0 million and from approximately S$10.4 million in 1Q2017 to approximately S$4.9 million in 1Q2018.

The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Group's audited financial statements for FY2017 and unaudited financial statements for 1Q2018, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

(vii) Outlook

In the Group's results announcement for 1Q2018 (section 10), the Company stated the following commentary on the significant trends and competitive conditions of the industry in which the Group operates and factors or events that may affect the Group in the next reporting period and the next 12 months:-

"*The Group is expected to grow its business during the coming period in spite of the rise in commodity price and keen competition in the industry, as the expected new production capacity in Malaysia will continue contributing to the business growth.*

Global demands for primary batteries and Nickel Metal Hydride rechargeable batteries are expected to be slow growing. The Group will continue to focus on brand building and distribution network expansion in selected markets.

The Group's strategy is to continue to consolidate the smaller factories in China and Taiwan into larger ones to benefit from economies of scale for future competitiveness. The Group understands that the older sites in Huizhou could be rezoned by the local government as non-industrial sites and is therefore actively seeking buyers to dispose of those sites. The Taiwan plant has ceased production for about 1 year and will also be disposed of. Accordingly, these properties have been reclassified as assets held for sale in the statement of financial position."

8.2. Analysis of the Group's NAV and NTA

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. In addition, it does not illustrate the values at which assets may actually be realized or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group, with the balance to be distributed to its shareholders. As stated in the Group's annual report for FY2017 ("**AR2017**") and as confirmed by the Management, goodwill on consolidation is classified as intangible assets. However, the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to (where applicable) land use rights, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values of which assets may actually be realized or disposed of.

NAV and NTA of the Group

In assessing the Offer Price of S$1.30 for each Offer Share, in relation to the NAV and NTA per Share of the Group as at 30 June 2017, we have reviewed the unaudited statement of financial position of the Group as 30 June 2017 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the unaudited balance sheet of the Group as at 30 June 2017 as well as the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited statement of financial position as at 30 June 2017 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Group as at the Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Group as at 30 June 2017, save as disclosed in the unaudited financial statements of the Group as at 30 June 2017 and the Circular. In addition, the Directors are of the opinion that save as disclosed in the Circular, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 June 2017 are true and fair. Lastly, the Directors confirmed that, to the best of their knowledge or belief, such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete or misleading in any respect.

Consolidated unaudited balance sheet as at 30 June 2017[1]	**S$'000**
Non-Current Assets	
Property, plant & equipment ("**PPE**")	226,900
Interest in associates	52,392
Available-for-sale investments	6,214
Deferred tax assets	3,646
Goodwill on consolidation	11,823
Deposits and prepayments	3,533
	304,508
Current Assets	
Stocks	120,969
Debtors	144,326
Tax recoverable	2,615
Deposits and prepayments	15,907
Bank balances and cash	102,457
Assets held for sale	10,091
	396,365
Current Liabilities	
Creditors and accrued charges	190,461
Obligations under finance leases	67
Income tax payable	2,259
Bank loans and overdrafts	178,260
	371,047
Non-Current Liabilities	
Bank loans	16,735
Obligations under finance leases	84
Deferred tax liabilities	2,977
	19,796
NAV including non-controlling interests	**310,030**
Less: Non-controlling interests	(79,512)
NAV attributable to equity holders of the Company	**230,518**
Less: Goodwill on consolidation	(11,823)
NTA attributable to equity holders of the Company	**218,695**
NAV per Share (S$)[2]	**1.46**
NTA per Share (S$)[2]	**1.38**
Offer Price (S$)	**1.30**
Discount of Offer Price from the Group's NAV per Share (%)	**(10.8)%**
Discount of Offer Price from the Group's NTA per Share (%)	**(6.0)%**

Notes:

(1) The figures above are based on the Group's unaudited financial statements for 1Q2018 and are subject to rounding.

(2) Based on the Company's issued Share capital comprising 158,116,552 Shares as at the Latest Practicable Date.

From the table above, we note that the Group's NAV and NTA attributable to equity holders of the Company amounted to approximately S$230.5 million (or S$1.46 on per Share basis) and S$218.7 million (or S$1.38 on per Share basis) respectively. Accordingly, the Offer Price represents a discount of approximately 10.8% and 6.0% from the Group's NAV and NTA per Share respectively.

Adjusted NAV and NTA

We note that subsequent to the balance sheet date as of 30 June 2017, the Company had paid a dividend in the aggregate of approximately S$2.4 million or S$0.015 per Share to Shareholders on 5 September 2017. As a result, the Group's NAV and NTA as well as bank balances and cash would be reduced by approximately S$2.4 million which is illustrated in the table below.

Adjusted NAV and NTA[1]	**S$'000**
NAV as at 30 June 2017	230,518
Less: Payment of dividends on 5 September 2017	(2,372)
NAV adjusted with payment of dividends ("**Adjusted NAV**")	228,146
Adjusted NAV per Share (S$)[2]	**1.44**
NTA as at 30 June 2017	218,695
Less: Payment of dividends on 5 September 2017	(2,372)
NTA adjusted with payment of dividends ("**Adjusted NTA**")	216,323
Adjusted NTA per Share (S$)[2]	**1.37**
Discount of Offer Price from Adjusted NAV per Share	**(9.9)%**
Discount of Offer Price from Adjusted NTA per Share	**(5.0)%**
Bank balances and cash as at 30 June 2017	**102,457**
Less: Payment of dividends on 5 September 2017	(2,372)
Bank balances and cash adjusted with payment of dividends ("**Adjusted Cash**")	**100,085**
Adjusted Cash per Share (S$)[2]	**0.63**
Offer Price less Adjusted Cash per Share (S$)	**0.67**
Discount of Offer Price less Adjusted Cash per Share from Adjusted NAV per Share less Adjusted Cash per Share (%)	**(17.6)%**
Discount of Offer Price less Adjusted Cash per Share from Adjusted NTA per Share less Adjusted Cash per Share (%)	**(11.1)%**

Notes:

(1) Figures and computations are subject to rounding.

(2) Based on the Company's issued Share capital comprising 158,116,552 Shares as at the Latest Practicable Date.

From the table above, we note that the Offer Price represents a discount of approximately 9.9% and 5.0% from the Group's Adjusted NAV per Share and Adjusted NTA per Share respectively.

In the event that the Group's Adjusted Cash per Share is deducted from the Offer Price and likewise from the Group's Adjusted NAV per Share and Adjusted NTA per Share, the Offer Price less Adjusted Cash per Share represents a discount of approximately 17.6% and 11.1% from the Group's Adjusted NAV per Share less Adjusted Cash per Share and Adjusted NTA per Share less Adjusted Cash per Share respectively. This comparison is purely for illustrative purpose only in view of the fact that as at 30 June 2017, the Group's total borrowings exceeded its Adjusted Cash.

Revalued NAV ("**RNAV**") and Revalued NTA ("**RNTA**")

In our evaluation of the Offer Price, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which are recorded in the unaudited balance sheet of the Group as at 30 June 2017.

The Company had commissioned the Independent Valuer to determine the market value of the Appraised Properties as at the Valuation Date. We recommend that the Recommending Directors advise Shareholders to note and review carefully the contents of the Independent Valuation Report (attached as Appendix G to the Circular) in its entirety, including the assumptions made and the basis for the assumptions.

The Management represented and confirmed that the Appraised Properties of the Group had a net book value of approximately S$121.7 million, as at 30 June 2017.

A summary of the Appraised Properties, the valuation methods, the respective book value as at 30 June 2017 and the respective market value of the Appraised Properties as at the Valuation Date is summarised below and should be read in conjunction with the full text of the Independent Valuation Report set out in Appendix G to the Circular. Further details of each of the Appraised Properties including, *inter alia,* site area, gross floor area, and tenure can be found in the Independent Valuation Report.

(1) Selected properties under the Group's PPE with an aggregate net book value of approximately S$112.0 million as at 30 June 2017 and aggregate market value of approximately S$141.9 million as at the Valuation Date with details as follow:-

Property	**Valuation Method**	**Tenure**	**Net book value as at 30 June 2017 (S$'000)**[(1)]	**Market Value as at the Valuation Date (S$'000)**[(1)(2)]
A factory known as GP Batteries (Vietnam) LLC factory located at N3 Road, Lot C, Hoa Mac Industrial Park, Hoa Mac Commune, Duy Tien District, Ha Nam Province, Vietnam	Depreciated Replacement Cost	Expiring on 3rd July 2058	4,309	4,918
A factory erected on Lot 530 located at No.5, Jalan Tempoi 7, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor Darul Takzim, Malaysia	Depreciated Replacement Cost	Freehold	4,739	8,678
A warehouse erected on Lot 307 located at No.5, Jalan Tempoi 7, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor Darul Takzim, Malaysia	Depreciated Replacement Cost	Freehold		
A factory located at PTB 19737, Jalan Tampoi 7/4, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor Darul Takzim, Malaysia	Depreciated Replacement Cost	Freehold	3,571	3,387
Unit TF-03, Pangsapuri Puteri Indah, Jalan Indera Putra, 80300 Johor Bahru, Johor, Malaysia	Direct Comparison Method	Freehold	135	148
Unit TF-04, Pangsapuri Puteri Indah, Jalan Indera Putra, 80300 Johor Bahru, Johor, Malaysia	Direct Comparison Method	Freehold	135	148

Property	Valuation Method	Tenure	Net book value as at 30 June 2017 (S$'000)[1]	Market Value as at the Valuation Date (S$'000)[1][2]
Unit A3-03, Pangsapuri Puteri Indah, Jalan Indera Putra, 80300 Johor Bahru, Johor, Malaysia	Direct Comparison Method	Freehold	135	152
Unit A3-04, Pangsapuri Puteri Indah, Jalan Indera Putra, 80300 Johor Bahru, Johor, Malaysia	Direct Comparison Method	Freehold	135	152
A factory located at No.128 Xingguan Road, Hi- Tech Park, Yinzhou District, Ningbo City, Zhejiang Province, the PRC	Depreciated Replacement Cost	Expiring on 14 December 2055	65,921	91,598
A factory located at No. 99 Dahetou Road, Duantang, Haishu District, Ningbo City, Zhejiang Province, the PRC	Depreciated Replacement Cost	Not Applicable	2,151	2,629[3]
A parcel of industrial land located at No. 6 East Mingfeng Road, Jiangbei Gaoxin Park, Ningbo City, Zhejiang Province, the PRC	Direct Comparison Method	Expiring on 16 July 2067	25,578	20,948[4]
A factory located at No.365 Jingu Zhong Road (West), Yinzhou Investment & Business Centre, Ningbo City, Zhejiang Province, the PRC	Depreciated Replacement Cost	Expiring from 29th May 2057 to 9th June 2058	5,164	9,139
TOTAL			**111,973**	**141,897**

Notes:

(1) Figures (including computations and summation) are subject to rounding.

(2) The respective market value have been translated in S$ equivalent based on the relevant exchange rate as at the Latest Practicable Date.

(3) As stated in the Independent Valuation Report, as advised by the Group, the land use rights of this property have not been obtained by the Group. However, pursuant to the Building Ownership Certificates provided to the Independent Valuer, the building ownership of portions of this property with a gross floor area of approximately 9,393.74 sq.m. has been vested in Zhongyin (Ningbo) Battery Co Ltd (中銀(寧波)電池有限公司). Therefore, the property may subject to the restriction of transfer or disposal. The Independent Valuer is not in the position to comment the transferability of the property and advise the Company to seek for the legal opinion regarding the same from PRC lawyer. The Independent Valuer has therefore attributed no commercial value to this property. For reference purpose only, the Independent Valuer has stated that the depreciated replacement cost of such buildings as at the Valuation Date is RMB12,800,000.

(4) As stated in the Independent Valuation Report, as advised by the Group, the property will be self-occupied by the Group for industrial use, for reference purpose, based on the aforesaid documents and the information provided by the Group, the Independent Valuer are of the opinion that, as at the Valuation Date, the gross development value after completion of whole construction of this property is approximately RMB582.0 million and the estimated total cost of completing the development is RMB480.0 million. The Independent Valuer has not carried out investigations on site to

determine the suitability of the ground conditions and the services etc., for any future development. The Independent Valuer's valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We note that the selected properties above with an aggregate net book value of approximately S$112.0 million as at 30 June 2017 accounted for approximately 49.3% of the Group's total PPE as at 30 June 2017. The remaining PPE for which no valuation was conducted comprised machinery, moulds and equipment (approximately S$73.1 million), furniture, fixtures, equipment and motor (approximately S$12.2 million), assets under construction (approximately S$18.1 million) and selected freehold and leasehold land, building and improvement (approximately S$11.5 million in aggregate).

(2) Selected properties under the Group's assets held for sale with an aggregate net book value of approximately S$9.8 million as at 30 June 2017 and aggregate market value of approximately S$23.2 million as at the Valuation Date with details as follow:-

Property	**Valuation Method**	**Tenure**	**Net book value as at 30 June 2017 (S$'000)**(1)	**Market Value as at the Valuation Date (S$'000)**(1)(2)
A factory located at No. 211 Chung Cheng Road, Section 2, Hukow, Hsin-chu 30302, Taiwan	Depreciated Replacement Cost	Freehold	6,125	10,653
A factory known as 金山電化工業(惠州)有限公司 located at Gu Tong Au, Huihuan Town, Huizhou City, Guangdong Province, the PRC	Depreciated Replacement Cost	Expiring from 10th November 2047 to 16th May 2053	52	6,469
A factory known as 惠州時代電池有限公司 located at Pao Lou Keng, Gu Tang Ao, Huihuan Town, Huizhou City, Guangdong Province, the PRC	Depreciated Replacement Cost	Expiring from 6th March 2047 to 14th November 2051	3,598	6,079
TOTAL			**9,775**	**23,201**

Notes:

(1) Figures (including computations and summation) are subject to rounding.

(2) The respective market value have been translated in S$ equivalent based on the relevant exchange rate as at the Latest Practicable Date.

We understand from the Management that the above selected properties with aggregate net book value of approximately S$9.8 million accounted for approximately 96.9% of the Group's assets held for sale as at 30 June 2017.

We note from the Independent Valuation Report that the "market value" is intended to mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

In valuing the market value of the Appraised Properties, the Independent Valuer has adopted two methods being direct comparison method and the depreciated replacement cost. The direct comparison method is based on the principle of substitution, where comparison is made based on prices realized on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison

of market value. The depreciated replacement cost is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements less allowance for physical deterioration and all relevant forms of obsolescence and optimization.

In forming their opinion of the market value of the Appraised Assets, unless otherwise stated, the Independent Valuer has assumed that:

(a) all necessary statutory approvals for the Appraised Properties or the subject building of which the Appraised Properties form part of their use have been obtained;

(b) transferable land use rights in respect of the Appraised Properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;

(c) the owners of the Appraised Properties have enforceable titles to the Appraised Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the respective unexpired terms as granted;

(d) no deleterious or hazardous materials or techniques have been used in the construction of the Appraised Properties;

(e) the Appraised Properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown; and

(f) the Appraised Properties are connected to main services and sewers which are available on normal terms.

The Directors represented and confirmed the following:-

(i) The Directors are aware of and satisfied with the selection of the Appraised Properties for the valuation exercise. The Appraised Properties accounted for approximately 17.4% and 51.4% of the Group's total assets and aggregate PPE and assets held for sale as at 30 June 2017 respectively.

(ii) Having reviewed the Independent Valuation Report (*inter alia*, the assumptions, methodology used and information relied upon by the Independent Valuer) as a whole and the Directors are of the opinion that the assumptions and methodology of the Independent Valuation Report are reasonable.

(iii) To their best knowledge and belief, as at the Latest Practicable Date, save as disclosed in the unaudited financial statements of the Group as at 30 June 2017, the announcements released by the Company on the SGXNET and the Circular, there have been no known material events that have or will have material impact to the unaudited statement of financial position of the Group since 30 June 2017.

(iv) As at the Latest Practicable Date, there has been no firm offer for the properties under assets held for sale. In the event that these properties under assets held for sale are sold, the Company will likely be required to re-invest the cash proceeds for new or existing production facility. As such, the disposal of the properties under assets held for sale may not result in excess cash for the Group.

(v) As at the Latest Practicable Date, save for the Appraised Properties which are subject to valuation, there are no material differences between the estimated market value of the remaining PPE or assets (including, *inter alia,* remaining assets held for sale, and available-for-sale investments) for which no valuation was performed and their respective book values as at 30 June 2017 which would have a material impact on the NAV and NTA of the Group.

We have not made any independent evaluation or appraisal of the Group's assets and we have been furnished by the Company with the Independent Valuation Report in respect of the market value of the Appraised Properties. With respect to such valuation, we are not experts in the evaluation or appraisal of the Appraised Properties and have relied on the Independent Valuation

Report for the market value of the Appraised Properties and opinion of and confirmation from the Directors.

The aggregate market value of the Appraised Properties as ascribed by the Independent Valuer as at the Valuation Date is approximately S$165.1 million (converted into S$ based on the relevant exchange rate as at the Latest Practicable Date).

For illustrative purpose only, the revaluation surplus for the Appraised Properties has been calculated and presented in the table below assuming a hypothetical sale of the Appraised Properties at the value ascribed by the Independent Valuer above. The Directors represented and confirmed that, to the best of their knowledge and based on the information made available to them by the Management, there will be potential tax liability of approximately S$7.1 million if the Appraised Properties which are subject to valuation were to be sold at the market value ascribed by the Independent Valuer.

We note from paragraph 11 of Appendix B of the Circular that the aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Appraised Properties. As at the Latest Practicable Date, save for the Appraised Properties which are held for sale (namely, the properties described in items 9, 14 and 15 on page 6 of Appendix G of the Circular), the Company has no immediate plans to dispose of its interests in the Appraised Properties.

As such, the aforesaid tax liabilities in respect of the Appraised Properties (other than an estimated S$2,224,000 of tax liability arising from the possible sale of the properties which are held for sale) are not likely to crystallise.

RNAV and RNTA[(1)]	**S$'000**
Aggregate market value of the Appraised Properties as at the Valuation Date	165,098
Less: aggregate net book value of the Appraised Properties as at 30 June 2017	(121,748)
Revaluation surplus from the Appraised Properties	**43,350**
Adjusted NAV	228,146
Add: Revaluation surplus from the Appraised Properties	43,350
Less: Potential tax liabilities[(2)]	(7,067)
RNAV	**264,429**
Less: Goodwill on Consolidation	(11,823)
RNTA	**252,606**
RNAV per Share (S$)[(3)]	**1.67**
RNTA per Share (S$)[(3)]	**1.60**
Discount of Offer Price from RNAV per Share	**(22.3)%**
Discount of Offer Price from RNTA per Share	**(18.6)%**

Notes:

(1) Figures and computations are subject to rounding.

(2) Figure for potential tax liabilities is provided and confirmed by the Management.

(3) Based on the Company's issued Share capital comprising 158,116,552 Shares as at the Latest Practicable Date.

Based on the table above, after taking into account the market value of the Appraised Properties, the Group's RNAV and RNTA per Share is approximately S$1.67 and S$1.60, respectively. The Offer Price of S$1.30 for each Offer Share represents a discount of approximately 22.3% and 18.6% from the Group's RNAV and RNTA per Share respectively.

While the RNAV and/or RNTA per Share is a relevant basis for comparison, the Recommending Directors should note that it is not necessarily a realisable value as the market value of the Appraised Properties and any tax liabilities arising from the sale of the Appraised Properties may vary depending on prevailing market and economic conditions. We wish to highlight that the Group's

RNAV and/or RNTA shown above include the revaluation surplus arising from the hypothetical sale of the Appraised Properties. Shareholders should note that the Group has not realized the surplus on such asset as at the Latest Practicable Date, and that there is no assurance that the revaluation surplus or deficit eventually recorded by the Group on the Appraised Properties (in the event they are disposed) will be the same as indicated above.

In addition, as set out in paragraph 8 of the Offer Document, the Offeror intends for the Company to continue with its existing activities and has no intention to (i) introduce any major changes to the business of the Group; (ii) re-deploy the fixed assets of the Group; or (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which the Offeror may regard to be in its interest.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group is as stated above. It also does not imply that the assets or properties of the Group can be disposed of at the estimated values indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated is realisable or distributable to Shareholders. It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Group decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Group as a going concern nor can it capture or illustrate any value for the Group's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realized or disposed.

8.3. Relative valuation analysis

In evaluating the Offer Price, we have considered the financial performance, financial positions and valuation statistics of selected comparable companies (the "**Selected Comparable Companies**") that may, in our view, be broadly comparable to the core businesses of the Group, which are principally engaged in the development, manufacturing, distribution and trading in batteries and battery related products.

The Selected Comparable Companies have been identified after a search was carried out on the Singapore Stock Exchange ("**SGX**"), Hong Kong Stock Exchange ("**HKSE**"), Nasdaq Stock Market ("**NASDAQ**") and New York Stock Exchange ("**NYSE**") and evaluation of the companies operating in the same industry as the Group. We have had discussions with the Directors and Management about the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the Group.

Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. Notwithstanding our use of these companies for peer analysis, the Selected Comparable Companies may or may not have similar business or operations or similar assets or geographical markets as the Group, and their accounting policies with respect to the values for which the assets or the revenue or cost are recorded or the relevant financial period compared may differ from the Group. In addition, the liquidity of the shares of the Selected Comparable Companies may differ from that of the Shares and shares of the Selected Comparable Companies trade at may be caused by any actual perceived or fundamentally determined risk premiums.

We advise Recommending Directors to note that there may not be any company listed on any relevant stock exchange that is directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Selected Comparable Companies as the markets and businesses of the Selected Comparable Companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Group may differ. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

We also wish to highlight that the NAV or NTA based approach for valuing a company is dependent on factors that may differ for each of the Selected Comparable Companies including, *inter alia*, factors such as accounting or depreciation policies. As such, the comparison of the consolidated NAV or NTA of the Group with those of the Selected Comparable Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably uses the price of the shares, they may or may not take into account any relative or perceived or actual risk premium or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of it activities or the relative contributions in terms of assets, financial performance may differ.

Recommending Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity and the market capitalisation or the relative sentiments of the market for the shares.

Selected Comparable Companies	Market Capitalisation (S$ million)	Principal Activities
Golden Power Group Holdings Ltd ("**Golden Power**") *Listed on HKEX-HKG*	49.0	The company is principally engaged in the manufacture and sales of batteries. The Company operates through two business segments: disposable batteries segment and rechargeable batteries and other battery-related products segment. Its products are mainly sold under the own brand of Golden Power and the brands of private label and original equipment manufacture (OEM) customers.
CBAK Energy Technology Inc ("**CBAK**") *Listed on NASDAQ*	75.1	The company is principally engaged in the manufacture, commercialization and distribution of a range of standard and customized lithium ion (Li-ion) rechargeable batteries for use in an array of applications. The company manufactures five types of Li-ion rechargeable batteries: prismatic cells, battery pack, cylindrical cell, lithium polymer cell, and high-power lithium battery cell. The company's products are sold to packing plants operated by third parties primarily for use in mobile phones and other electronic devices.
Highpower International Inc ("**Highpower**") *Listed on NASDAQ*	108.9	The company is principally engaged in the manufacturing and marketing of nickel metal hydride rechargeable batteries (Ni-MH) and lithium batteries for both consumer and industrial applications. The company operates through three segments: Lithium Batteries, Ni-MH Batteries and New Material.
Ultralife Corporation ("**Ultralife**") *Listed on NASDAQ*	152.7	The company is principally engaged in offering products and services ranging from power solutions to communications and electronics systems. The company designs and manufactures power and communications systems, including rechargeable and non-rechargeable batteries, charging systems, communications and electronics systems and accessories, and custom engineered systems. The company's segments include Battery & Energy Products, Communications Systems and Corporate.
Energizer Holdings Inc ("**Energizer**") *Listed on NYSE*	3,915.1	The company principally engages in manufacturing, marketing and distributing household batteries, specialty batteries, and lighting products worldwide. It offers lithium, alkaline, carbon zinc, nickel metal hydride, zinc air, and silver oxide batteries; and hearing aid batteries, as well as primary and rechargeable options. The company also provides headlights, lanterns, kids lights, and area lights, as well as flash lights. In addition, it designs and markets automotive fragrance and appearance products. It also licenses the Energizer and Eveready brands to companies developing consumer solutions in gaming, automotive batteries, portable power for critical devices, LED light, and other lighting products.

***Source**: Bloomberg, SGX-ST and the respective company's website*

The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies:-

Selected Comparable Companies	LTM ROE (%)[1]	LTM Net profit margin (%)[2]	LTM Asset turnover (times)[3]	Total liabilities[4]/ shareholder equity[5] (times)	Total borrowings[6]/ shareholder equity[5] (times)
Golden Power	11.3%	8.6%	0.8	0.7	0.3
CBAK	n.m.[7]	n.m.[7]	0.1	5.0	1.9
Highpower	20.9%	5.6%	1.1	2.5	0.6
Ultralife	7.6%	6.6%	0.9	0.2	No borrowings
Energizer	217.2%	11.0%	1.0	19.5	12.5
MAXIMUM	**217.2%**	**11.0%**	**1.1**	**19.5**	**12.5**
MINIMUM	**7.6%**	**5.6%**	**0.1**	**0.2**	**0.3**
MEDIAN	**16.1%**	**7.6%**	**0.9**	**2.5**	**1.3**
SIMPLE AVERAGE	**64.3%**	**7.9%**	**0.8**	**5.6**	**3.8**
The Group	**2.3%**	**0.7%**	**1.1**	**1.7**	**0.9**

Source: *The latest annual reports and the announced unaudited financial statements of the respective companies.*

Notes:

(1) *The last twelve months ("**LTM**") return on equity ("**ROE**") is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the consolidated equity holders excluding minority interest of the respective companies.*

(2) *LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to shareholders to the most recent twelve months total consolidated revenue of the respective companies.*

(3) *LTM asset turnover is the ratio of the most recent twelve months total consolidated revenue to the total consolidated assets of the respective companies.*

(4) *Total liabilities include all the liabilities of the respective companies but exclude any contingent liabilities, if any.*

(5) *Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies.*

(6) *Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, where applicable.*

(7) *CBAK incurred a loss after tax attributable to owners of the Company of approximately US$14.0 million for the LTM ended 30 June 2017. Hence, the Group's LTM ROE and LTM net profit margin ratios are negative and not meaningful.*

For illustrative purposes only, we note the following:-

(i) The Group recorded a LTM ROE of approximately 2.3% and LTM net profit margin of 0.7% for LTM ended 30 June 2017 and these are lower and less favourable than any of the Selected Comparable Companies (save for CBAK which was loss-making).

(ii) The Group's LTM asset turnover ratio was approximately 1.1 times, which is within the range and in line with the maximum for the Selected Comparable Companies.

(iii) The Group's total liabilities to shareholders' equity and total borrowings to shareholders' equity as at 30 June 2017 were approximately 1.7 times and 0.9 times, respectively. These ratios are within the range and are lower than the median and the simple average for the Selected Comparable Companies.

In summary, the Group's LTM ROE and LTM net profit margin appears to be weaker than the Selected Comparable Companies (save for CBAK which was loss-making). The Group's LTM asset turnover appears to be within the range and in line with the maximum for the Selected Comparable Companies. In terms of financial position, the Group's total liabilities to shareholders' equity and total

borrowings to shareholders' equity as at 30 June 2017 appears to be lower and more favourable than the simple average and median for the Selected Comparable Companies.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while those for the Group are based on the Offer Price. We note that the last transacted price for the Shares as at the Latest Practicable Date is slightly lower than the Offer Price. All the valuation statistics of the Selected Comparable Companies are computed on a historical basis using financial data and information obtained from their latest publicly available unaudited financial statements or audited financial statements from their annual reports or result announcements.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies and the Group and should be evaluated in the context of their relative financial performance:-

Selected Comparable Companies	**Market Capitalisation (S$ m)**	**LTM EV/ EBITDA[(1)] (times)**	**LTM PER[(2)] (times)**	**P/NAV[(3)] (times)**	**P/NTA[(4)] (times)**	**Premium/ (discount) over/from NTA (%)**
Golden Power	49.0	6.3	10.8	1.2	1.2	22.6%
CBAK	75.1	n.m.[(6)]	n.m.[(6)]	3.2	3.2	218.9%
Highpower	108.9	4.5	7.1	1.5	1.6	58.6%
Ultralife	152.7	11.3	20.3	1.5	2.5	146.0%
Energizer	3,915.1	10.0	15.2	33.0	n.m.[(5)]	n.m.[(5)]
MAXIMUM	**3.915.1**	**11.3**	**20.3**	**33.0**	**3.2**	**218.9%**
MINIMUM	**49.0**	**4.5**	**7.1**	**1.2**	**1.2**	**22.6%**
MEDIAN	**108.9**	**8.2**	**13.0**	**1.5**	**2.0**	**102.3%**
SIMPLE AVERAGE	**860.2**	**8.0**	**13.3**	**8.1**	**2.1**	**111.5%**
The Group[(7)]	**205.6**	**6.8**	**38.4**	**0.8[(8)]**	**0.8[(8)]**	**(18.6)%**

Source: *The latest annual reports and the announced unaudited financial statements of the respective companies.*

Notes:

(1) *The LTM EV/EBITDA for the Selected Comparable Companies is based on the most recent twelve months EBITDA as reported by the respective companies. The EBITDA for Golden Power, CBAK, Highpower and Energizer are based on the most recent twelve months period ended 30 June 2017. The EBITDA for Ultralife are based on the most recent twelve months period ended 2 July 2017.*

(2) *The LTM PERs for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for Golden Power, CBAK , Highpower and Energizer are based on the most recent twelve months period ended 30 June 2017. The earnings after tax for Ultralife are based on the most recent twelve months period ended 2 July 2017.*

(3) *The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements. The NAV for Golden Power, CBAK , Highpower and Energizer are based on the most recent twelve months period ended 30 June 2017. The NAV for Ultralife is based on the most recent twelve months period ended 2 July 2017.*

(4) *The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements. The NTA for Golden Power, CBAK, Highpower and Energizer are based on the most recent twelve months period ended 30 June 2017. The NTA for Ultralife is based on the most recent twelve months period ended 2 July 2017.*

(5) *Energizer has a negative NTA of approximately U$369.0 million as at 30 June 2017, and its multiples for P/NTA and premium/discount over/from NTA are not meaningful.*

(6) *CBAK incurred a loss attributable to shareholders of approximately US$14.0 million for the LTM and LTM EBITDA of approximately U$12.1 million and thus the LTM EV/EBITDA and LTM PER ratios are not meaningful.*

(7) *For the Group, the computations for LTM PER, LTM EV/EBITDA, P/NAV and P/NTA ratios are based on market capitalisation as implied by the Offer Price for the Shares. The earnings after tax, EBITDA, NAV and NTA for the Group are based on the most recent twelve months ended 30 June 2017.*

(8) *Based on the Group's RNAV and RNTA per Share of approximately S$1.67 and $1.60, respectively.*

For illustrative purposes only, we note:–

(i) The market capitalisation of the Group as implied by the Offer Price is within the range and higher than any of the Selected Comparable Companies (save for Energizer which has substantially higher market capitalisation). We note that the trading statistics for companies with higher market capitalisation may be different than those with lower market capitalisation and this may be attributable to the relative liquidity in terms of number or value of shares traded as well as relative interest in the shares of companies with larger market capitalisation.

(ii) The valuation of the Group (as implied by the Offer Price) in terms of LTM EV/EBITDA of approximately 6.8 times is within the range but lower than the simple average and the median for the Selected Comparable Companies (save for CBAK which was loss making).

(iii) The valuation of the Group (as implied by the Offer Price) in terms of LTM PER of approximately 38.4 times is higher and more favourable than any of the Selected Comparable Companies.

(iv) The valuation of the Group in terms of both P/NAV and P/NTA (as implied by the Offer Price and the Group's RNAV and RNTA per Share) are lower than any of the Selected Comparable Companies (save for Energizer which had a negative NTA). Likewise, based on the unaudited NAV and NTA per Share as at 30 June 2017 for the Group, the valuation multiples in terms of P/NAV and P/NTA are approximately 0.9 times each and these are lower than any of the Selected Comparable Companies.

In summary, the valuation of the Group (as implied by the Offer Price) in terms of LTM EV/EBITDA appears to be less favourable as compared to the simple average and the median but still within the range of the Selected Comparable Companies (save for CBAK which was loss making). In addition, the valuation of the Group in terms of P/NAV and P/NTA ratios (as implied by the Offer Price and the Group's RNAV and RNTA per Share) appears to be worse off than any of the Selected Comparable Companies (save for Energizer which had a negative NTA). However, it is noted that the valuation of the Group in terms of LTM PER (as implied by the Offer Price) appears to be higher and more favourable than any of the Selected Comparable Companies.

Recommending Directors are advised to review the Offer and the comparison of the Group's valuation ratios with the Selected Comparable Companies in conjunction with the following facts:

(i) Notwithstanding the Group's relatively better financial position (in terms of total liabilities to shareholders' equity and total borrowings to shareholders' equity ratios) and LTM assets turnover ratio, the Group's financial performance (in terms of LTM ROE and LTM net profit margin) appears to be weaker than the Selected Comparable Companies (save for CBAK which was loss-making); and

(ii) the trading statistics for the shares of the Selected Comparable Companies are based on transactions which do not result in acquisition of control whilst for the Offer, the Offeror's intention is to delist and privatise the Company (but as at the Pre-Conditional Offer Announcement Date, the Offeror had already a majority control over the Company by having an interest in 102,580,044 Shares (excluding Shares held by the Undertaking Shareholders and other Concert Parties)) representing approximately 64.88% of the total number of issued Shares).

In addition, considering, *inter alia,* the core business of the Group (being development, manufacturing, distribution and trading in batteries and battery related products) where majority, if not all, of the assets are used for its manufacturing activities, and that the Group's operations are on going concern basis, earnings-based valuation multiples (being PER and EV/EBITDA) are likely more appropriate valuation benchmark as compared to asset-based valuation multiples.

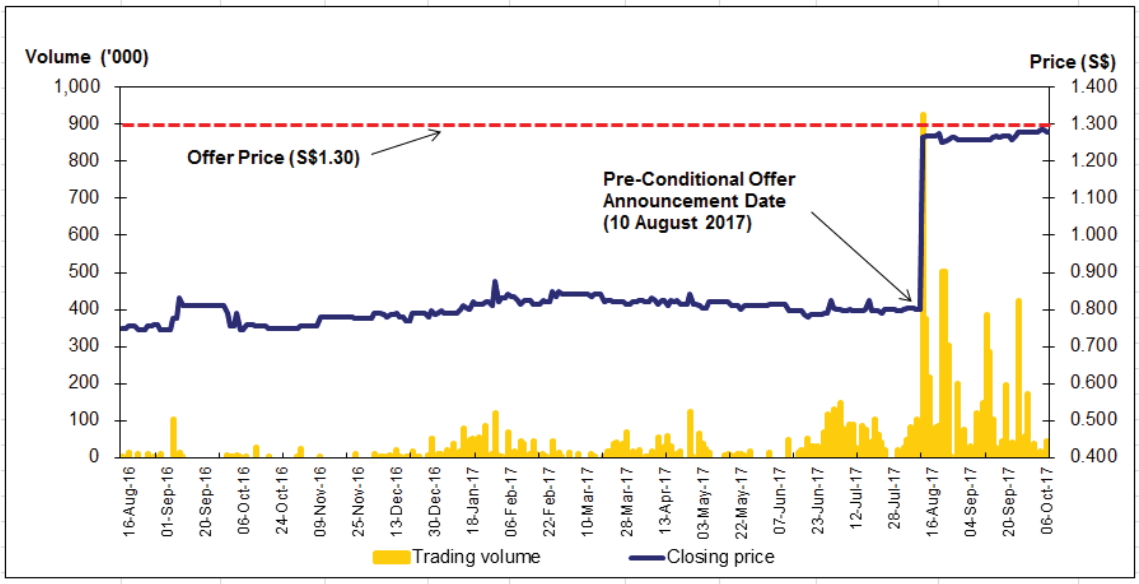
We also wish to highlight that the NAV and NTA based approach of valuing a company is dependent on factors that may differ for each Selected Comparable Companies including, *inter alia*, factors such as depreciation policies. As such, the comparison of the NAV and NTA of the Group with those of the Selected Comparable Companies is necessarily limited and such comparison is made for illustrative

purposes only. In addition, as all the ratios and tools used invariably uses the price of the shares, they may or may not take into account any relative or perceived or actual risk premiums or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of its activities or the relative contributions in terms of assets, financial performance may differ.

Recommending Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

8.4. Market quotation and trading activities for the Shares

The historical price and volume charts for the Shares (based on the closing prices together with the number of Shares traded on a daily basis) for the period commencing from 10 August 2016, being the Market Day 12 months prior to 8 August 2017 (being the last trading day immediately preceding the Pre-Conditional Offer Announcement Date or the "**Last Trading Day**") and ending on the Latest Practicable Date is set out below:–



Source: SGX-ST

We note that the Company requested for a trading halt on 10 August 2017 (before market opened). On 11 August 2017, being the Market Day immediately after the Pre-Conditional Offer Announcement Date, the trading halt for Shares were lifted at 2.45 p.m.

For the period commencing from 10 August 2016 and ending on the Last Trading Day prior to the Pre-Conditional Offer Announcement Date (both dates inclusive), we note that the Shares were only traded on 149 Market Days out of a total 252 Market Days (or approximately 59.1%) and the closing prices for the Shares during the said period were always below the Offer Price. It is noted from paragraph 7 of the Offer Document that the Offer Price exceeds the highest closing price for the Shares in the past three-year period and up to and including the Last Trading Day.

For the period commencing on the Market Day immediately after the Pre-Conditional Offer Announcement Date (after lifting of the trading halt) to the Latest Practicable Date, the Shares were traded on 39 Market Days out of a total 40 Market Days and the prices for the Shares were underpinned by the Offer, increasing by approximately 60.0% to close at S$1.28 as at the Latest Practicable Date but remained slightly below the Offer Price during the said period.

As a general market comparison and observation, the FTSE Straits Times Index ("**FTSE STI**") declined slightly by approximately 0.2% for the period commencing from 10 August 2016 and ending

on 8 August 2017, being the Last Trading Day prior to the Pre-Conditional Offer Announcement Date. Subsequently, the FTSE STI declined by approximately 1.0% from 10 August 2017 to the Latest Practicable Date. For the same period commencing from 10 August 2016 and ending on 8 August 2017, being the Last Trading Day prior to the Pre-Conditional Offer Announcement Date, the closing prices for the Shares increased by approximately 2.6% and subsequently increased by 60.0% to close at S$1.28 as at the Latest Practicable Date. We observed that the Shares appear to have outperformed the FTSE STI for both the 12 months period prior to the Last Trading Day preceding the Pre-Conditional Offer Announcement Date and the period commencing on the Market Day immediately after the Pre-Conditional Offer Announcement Date (after lifting of the trading halt) till the Latest Practicable Date (likely underpinned by the Offer).

The above chart and the analysis below is presented for illustrative purposes only, and they are by no means representative of the future trading performance or prices of the Shares.

	VWCP per Share (S$)[1]	Premium of the Offer Price over the VWCP per Share (%)	Lowest transacted price (S$)	Highest transacted price (S$)	Average daily trading volume[2]	Average daily trading volume as % of free-float[3] (%)
For the period prior to the Pre-Conditional Offer Announcement Date (10 August 2017)						
Last 12 months	0.806	61.4%	0.745	0.875	17,583	0.03%
Last 6 months	0.806	61.3%	0.780	0.850	25,443	0.05%
Last 3 months	0.798	63.0%	0.780	0.825	32,844	0.06%
Last 1 month	0.799	62.8%	0.785	0.825	46,350	0.09%
Last transacted price on 8 August 2017 (being the Last Trading Day prior to the Pre-Conditional Offer Announcement Date)[4]	0.800	62.5%	0.790	0.815	103,500	0.20%
For the period commencing on the Market Day immediately after the Pre-Conditional Offer Announcement Date up to the Latest Practicable Date (6 October 2017)						
Till the Latest Practicable Date	1.265	2.8%	1.250	1.285	141,178	0.27%
Latest Practicable Date[5]	1.280	1.6%	1.280	1.280	45,000	0.09%

***Source**: SGX-ST*

Notes:

(1) The VWCP had been weighted based on the last transacted prices of the Shares and traded volumes for the relevant trading days for each of the periods.

(2) The average daily trading volume of the Shares is calculated based on the total number of Shares traded during the period divided by the number of Market Days during that period.

(3) Free float refers to approximately 52,932,982 Shares or approximately 33.48% of the issued Shares held by Shareholders, other than the Substantial Shareholders (including the Offeror and its Concert Parties) and Directors as at the Latest Practicable Date.

(4) This represents the last transacted price instead of VWCP for the Shares on 8 August 2017, being the last transacted price for the Shares on the Last Trading Day prior to the Pre-Conditional Offer Announcement Date. We noted that the Company requested for a trading halt before market opened on 10 August 2017.

(5) This represents the last transacted price instead of VWCP for the Shares on 6 October 2017, being the Latest Practicable Date.

Based on a general observation of the chart above and after taking into account the summary of the transacted prices for the Shares, we note the Offer Price:–

(i) represents a premium of approximately 62.5% over the last transacted price of S$0.80 per Share for the Shares on the SGX-ST on 8 August 2017, being the Last Trading Day immediately preceding the Pre-Conditional Offer Announcement Date;

(ii) represents a premium of approximately 61.4%, 61.3%, 63.0% and 62.8% over the VWCP for the Shares for the 12-month, 6-month, 3 month and 1 month period prior to the Last Trading Day immediately preceding the Pre-Conditional Offer Announcement Date respectively;

(iii) represents a premium of approximately 2.8% over the VWCP for the Shares for the period commencing on the Market Day immediately after the Pre-Conditional Offer Announcement Date (after lifting of the trading halt) and ending on the Latest Practicable Date; and

(iv) represents a premium of approximately 1.6% over the last transacted price of S$1.28 per Share on the SGX-ST on 6 October 2017, being the Latest Practicable Date.

For illustrative purpose only, based on the number of Shares traded on a daily basis during the period commencing from 10 August 2016 and ending on the Latest Practicable Date, we note that:–

(i) from 10 August 2016 to 8 August 2017, being the Last Trading Day preceding the Pre-Conditional Offer Announcement Date (both dates inclusive), Shares were traded on 149 Trading Days (approximately 59.1%) out of the total 252 Market Days during the period, with the total number of Shares traded being approximately 4.4 million Shares and an average daily trading volume (based on a total of 252 Market Days) of approximately 17,583 Shares, which represents approximately 0.01% of the issued Shares as at the Latest Practicable Date or approximately 0.03% of the issued Shares held by Shareholders other than the Substantial Shareholders (including the Offeror and its Concert Parties) and Directors as at the Latest Practicable Date.

(ii) for the period commencing on the Market Day immediately after the Pre-Conditional Offer Announcement Date (after lifting of the trading halt) till the Latest Practicable Date (both dates inclusive), Shares were traded on 39 Trading Days out of the total 40 Market Days during the period, with the total number of Shares traded being approximately 5.6 million Shares and an average daily trading volume of approximately 141,178 Shares, which represents approximately 0.09% of the issued Share capital as at the Latest Practicable Date or approximately 0.27% of the issued Share capital held by Shareholders other than the Substantial Shareholders (including the Offeror and its Concert Parties) and Directors as at the Latest Practicable Date.

We note that trading for the Shares is erratic and that the daily average number of Shares traded during the 12 months period prior to the Last Trading Day immediately preceding the Pre-Conditional Offer Announcement Date is relatively low as compared to the number of issued Shares held by Shareholders other than the Substantial Shareholders (including the Offeror and its Concert Parties) and the Directors as at the Latest Practicable Date. However, the trading activities for the Shares appear to be relatively active in the context of number of Market Days wherein Shares were traded as the Shares were traded on 149 Trading Days out of the total 252 Market Days during the 1 year period prior to the Last Trading Day preceding the Pre-Conditional Offer Announcement Date. It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller. Whilst historically transacted prices for the Shares may not be a meaningful indicator of its fundamental value in view of the lack of liquidity for the Shares (in terms of number of Shares traded on daily basis), they nonetheless represent the prices for transactions between willing buyer and willing seller.

We also note that the number of Shares that were traded on a daily basis for the period commencing on the Pre-Conditional Offer Announcement Date (after lifting of the trading halt) till the Latest Practicable Date is higher than the number of Shares that were traded on a daily basis during the 1 year period prior to the Pre-Conditional Offer Announcement Date and the Shares were traded on 39 Market Days out of the total 40 Market Days for the said period. As mentioned earlier, the prices for the Shares had significantly outperformed the FTSE STI for the period commencing on the Pre-Conditional Offer Announcement Date (after lifting of the trading halt) to the Latest Practicable Date. The substantial increase in prices for the Shares and the higher average daily trading volume for the Shares subsequent to the Pre-Conditional Offer Announcement Date may have been underpinned by the Offer. As such, there is no assurance that the observed increase in the average number of Shares traded on a daily basis or the trading activities for the Shares will be maintained or that the transacted prices for the Shares will be the same and at the levels prevailing during the period commencing on the Pre-Conditional Offer Announcement Date (after lifting of the trading halt) and ending on the Latest Practicable Date in the event that the Offer closes.

Recommending Directors should note that given the low liquidity of the Shares (in terms of number of Shares traded on daily basis) during the periods observed, the Offer may represent a realistic exit opportunity for the Shareholders to realise their entire investment for cash and that the Offer Price is at a significant premium above market prices of Shares for periods prior to the Pre-Conditional Offer Announcement Date. It is noted from paragraph 7 of the Offer Document that the Offer Price exceeds the highest closing price for the Shares in the past three-year period and up to and including the Last Trading Day. In the absence of the Offer, such an exit for all Shareholders other than the Offeror and its Concert Parties may not be readily available due to the low trading liquidity for the Shares. For illustrative purpose only, based on the average daily trading volume of 17,583 Shares for the period 12 months prior to the Last Trading Day, it would take approximately 3,010 Market Days or close to 12 years (based on 252 Market Days per year) for the public Shareholders to be able to sell off their 52,932,982 Shares in the market.

Recommending Directors should also note that past trading performance for the Shares may not be relied upon as an indication of the fair value of the Company's securities.

8.5. Comparison with other successful privatization and delisting transactions in Singapore

For the purpose of providing an illustrative guide as to whether the financial terms of the Offer are fair and reasonable, we have compared the Offer with other selected similar successful transactions by listed companies on the SGX-ST involving:–

(i) Privatisation by way of general offers ("**Selected Successful Privatisations**"); and

(ii) Voluntary delisting ("**Selected Successful Delistings**")

which have been announced since January 2015 and which has since been completed.

In making the comparison herein, we wish to highlight that the companies selected and covered herein are not directly comparable to the Company and may largely differ from the Company in terms of, *inter alia*, size and scale of operations, type and/or composition of business activities and specialization, asset base, geographical spread, track record, financial performance, capital structure, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Likewise, they involve shares of companies which are quoted, listed and tradeable on the stock exchange.

We wish to highlight that other than the criteria mentioned above, the premium or discount that an offer pays in any particular take-over varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company and the existing and desired level of control in the target company.

The data used in the table and the companies listed below have been compiled from publicly available information and serves as a guide as to the valuation ratio in connection with privatisations or acquisition companies listed on the SGX-ST without regard to their specific industry characteristics or other considerations. Each of the offer for Selected Successful Privatisations, and Selected Successful Delistings must be judged on its own commercial and financial merits. The lists of target companies involved in the Selected Successful Privatisations, and Selected Successful Delistings are by no means exhaustive and as such any comparison made only serves as an illustration.

Selected Successful Privatisations

Company	Date of announcement	% shareholding of the offeror and concert parties at the start of transaction[1]	Premium/(Discount) of offer price over/(from) Last Transacted Price prior to announcement (%)	VWAP for 1 Month period prior to announcement (%)	VWAP for 3 Month period prior to announcement (%)	P/NAV (times)[2]
Popular Holdings Limited	14-Jan-15	61.3	39.1	39.7	37.3	1.1[3]
Keppel Land Limited	23-Jan-15	54.6	20.0	25.0	29.0	0.7[4]
Lizhong Wheel Group Ltd.	17-Aug-15	69.9	96.1	90.8	74.8	0.6[5]
Chosen Holdings Limited	1-Sep-15	51.0	21.2	26.3	27.0	0.8[6]
Tiger Airways Holdings Limited	6-Nov-15	55.8	32.3	35.3	42.4	4.9[7]
Neptune Orient Lines Limited[8]	7-Dec-15	66.8	48.6	51.0	32.9	1.0[8]
Li Heng Chemical Fibre Technologies Limited	22-Dec-15	81.0	115.1	100.8	104.5	0.4[9]
Interplex Holdings Ltd.	23-Dec-15	57.7	15.5	10.8	12.9	1.7[10]
China Yongsheng Limited	24-Feb-16	68.1	52.4	67.5	62.4	0.7[11]
Xinren Aluminium Holdings Limited	25-Feb-16	75.5	66.7	63.9	63.5	1.5[12]
OSIM International Ltd	7-Mar-16	70.2	27.0	40.9	42.5	2.6[13]
Select Group Limited	23-Mar-16	61.3	23.5	38.2	43.4	3.0[14]
GMG Global Limited	28-Mar-16	51.1	10.8	25.2	39.9	0.7[15]
Pteris Global Limited	21-Apr-16	75.6	15.8	19.3	24.6	0.9[16]
China Merchants Holdings (Pacific) Limited	9-May-16	83.0	22.9	21.9	25.5	1.1[17]
Eu Yan Sang International Limited	16-May-16	63.1	2.6	8.5	16.5	1.7[18]
Sim Lian Group Limited	8-Aug-16	80.4	14.9	16.8	19.5	0.8[19]
China Minzhong Food Corporation Limited	6-Sep-16	87.8	25.0	24.8	23.1	0.7[20]
China Auto Electronics Group Limited[21]	24-Oct-16	74.4	23.1	50.9	65.0	1.2[21]
Super Group Limited[22]	3-Nov-16	60.0	62.5	60.5	62.5	2.7[22]
Auric Pacific Group Limited	7-Feb-17	80.0	13.4	17.8	23.8	1.2[23]
Nobel Design Holdings Ltd	2-May-17	64.3	8.5	9.4	15.9	0.7[24]
Changtian Plastic & Chemical Limited	29-May-17	79.9	45.3	46.6	48.2	0.4[25]
China Flexible Holdings Limited	19-Jun-17	58.4	23.2	24.3	28.2	0.6[26]
MAXIMUM		**87.8**	**115.1**	**100.8**	**104.5**	**4.9**
MINIMUM		**51.0**	**2.6**	**8.5**	**12.9**	**0.4**
MEDIAN		**67.4**	**23.4**	**30.8**	**35.1**	**1.0**
SIMPLE AVERAGE		**68.0**	**34.4**	**38.2**	**40.2**	**1.3**
Group	**10-Aug-17[27]**	**66.1**	**62.5**	**62.9**	**62.7**	**0.8[28]**

Source: *SGX-ST announcements, offer documents and circulars to shareholders in relation to the respective transactions*

Notes:

(1) Where applicable, it includes the percentage shareholding of the undertaking shareholder(s) as the date of the offer document.

(2) P/NAV ratios are based on the offer price and NAV per share for the respective companies.

(3) Based on the revalued NAV per share of S$0.2957 as at 31 October 2014.

(4) Based on base offer price of S$4.38 per share. Based on the revalued NAV per share as at 31 December 2014.

(5) Based on the revalued NAV per share of Lizhong Wheel Group Limited as at 30 June 2015.

(6) Based on the revalued NAV per share of Chosen Holdings Limited as at 30 June 2015.

(7) Based on the NAV per share of Tiger Airways Holdings Limited as at 30 September 2015.

(8) Based on the pre-conditional offer announcement date, being 7 December 2015.

(9) Based on the revalued NAV per share of Li Heng Chemical Fibre Technologies Limited as at 30 September 2015.

(10) Based on the pre-conditional offer announcement date. Based on the unaudited NAV per share of Interplex Holdings Ltd as at 31 December 2015.

(11) Based on the revalued NAV per share of China Yongsheng Limited as at 31 December 2015.

(12) Based on the revalued NAV per share of Xinren Aluminium Holdings Limited as at 31 December 2015.

(13) Based on revised offer price of S$1.41 per share. Based on NAV per share of OSIM International Ltd as at 31 December 2015.

(14) Based on the NAV per share of Select Group Limited as at 31 December 2015.

(15) Based on the midpoint of the P/NAV range of GMG Global Ltd of 0.72-0.77 as at 31 December 2015 implied by the respective Halcyon Agri Corporation Limited (offeror) VWAP for the 1, 3 and 6 month periods prior to the pre-conditional announcement date of 28 March 2016.

(16) Based on the revalued NAV per share of Pteris Global Limited (excluding non-controlling interest) as at 31 March 2016.

(17) Based on the revalued NAV per share of China Merchants Holdings (Pacific) Limited as at 31 March 2016.

(18) Based on the revalued NAV per share of Eu Yan Sang International Ltd as at 31 March 2016.

(19) Based on the revalued NAV per share of Sim Lian Group Limited as at 30 June 2016.

(20) Based on the NAV per share of China Minzhong Food Corporation Limited as at 30 September 2016.

(21) Based on the NAV per share of China Auto Electronics Group Limited on a diluted basis (after bond conversion) as at 30 June 2016.

(22) Based on the pre-conditional offer announcement date, being 3 November 2016. Based on the NAV per share of Super Group Limited as at 31 December 2016.

(23) Based on the revalued NAV per share of Auric Pacific Group Limited as at 31 December 2016.

(24) Based on the revalued NAV per share of Noble Design Holdings Ltd as at 31 March 2017.

(25) Based on the revalued NAV per share of Changtian Plastic & Chemical Limited as at 31 March 2017.

(26) Based on the revalued NAV per share of China Flexible Holdings Limited which includes the net proceeds from the exercise of warrants.

(27) Based on the Pre-Conditional Offer Announcement Date.

(28) Based on the RNAV per Share as described in paragraph 8.2 of this Letter.

For illustrative purposes only, we noted the following from the above table:

(i) As disclosed in the Offer Announcement, the Offeror and its Concert Parties (including the Undertaking Shareholders) held an aggregate interest of approximately 66.1% in the Share capital of the Company, which is within the range and slightly lower than both the median and simple average for the percentage of shareholding interest for each of the offeror and parties acting in concert as at the start for the Selected Successful Privatisations.

(ii) The premium of approximately 62.5%, 62.9% and 62.7% as implied by the Offer Price over the last transacted price for Shares prior to the Pre-Conditional Offer Announcement Date, the VWAP for the Shares for 1-month period and 3-month period prior to the Last Trading Day respectively are within the range and higher or more favourable than the simple average and median for the Selected Successful Privatisations.

(iii) The valuation of the Group in terms of P/NAV as implied by the Offer Price and the Group's RNAV per share of approximately 0.8 times is lower than the simple average and the median for the Selected Successful Privatisations but it is still within the range.

In summary, the valuation of the Group as implied by the Offer Price in terms of premiums over historical prices for the Shares appears to be within the range and more favourable as compared to the simple average and median for the Selected Successful Privatisations. In addition, the valuation of the Group as implied by the Offer Price in terms of the P/NAV multiple appears to be within the range but lower than the simple average and median for the Selected Successful Privatisations. When considered in the context of the shareholding of the Offeror and its Concert Parties (including the Undertaking Shareholders) as set out in the Offer Announcement, which is within the range and slightly lower than both the median and simple average for the percentage of shareholding interest for each of the offeror and parties acting in concert as at the start for the Selected Successful Privatisations, the valuation of the Group as implied by the Offer Price in terms of both premiums over historical prices for the Shares and P/NAV multiple, appears to be fairly comparable to the Selected Successful Privatisations.

Selected Successful Delistings

Company	Date of announcement	% shareholding of the offeror and concert parties at the start of transaction[1]	Premium/(Discount) of offer price over/(from) Last Transacted Price prior to announcement (%)	VWAP for 1 Month period prior to announcement (%)	VWAP for 3 Month period prior to announcement (%)	P/NAV (times)[2]
Action Asia Limited	27-Feb-15	80.5	69.6	67.6	66.7	0.7[3]
Junma Tyre Cord Company Limited	10-Mar-15	78.4	222.6	162.3	174.8	0.9[4]
Eastern Holdings Ltd	22-Sep-15	84.0	41.7	67.3	34.1	0.8[5]
Sinotel Technologies Ltd	30-Nov-15	80.5	33.3	30.6	45.5	0.8[6]
China Diary Group Limited	30-Dec-15	48.3	87.7	96.4	82.5	1.1[7]
Xyec Holdings Co., Ltd	29-Mar-16	30.0	50.0	49.3	49.3	1.3[8]
Otto Marine Limited	8-Jun-16	61.1	39.1	44.8	43.5	0.8[9]
Aztech Group Ltd.	20-Sep-16	25.6	29.2	38.3	21.0	0.4[10]
Advanced Integrated Manufacturing Corp Ltd	24-Nov-16	88.2	22.8	20.7	20.7	0.7[11]
Sunmart Holdings Ltd	30-Nov-16	72.3	(39.1)	(39.1)	(37.5)	0.9[12]
MAXIMUM		**88.2**	**222.6**	**162.3**	**174.8**	**1.3**
MINIMUM		**25.6**	**(39.1)**	**(39.1)**	**(37.5)**	**0.4**
MEDIAN		**75.3**	**40.4**	**47.1**	**44.5**	**0.8**
SIMPLE AVERAGE		**64.9**	**55.7**	**53.8**	**50.1**	**0.8**
Group	**10-Aug-17**	**66.1**	**62.5**	**62.9**	**62.7**	**0.8[13]**

Source: *SGX-ST announcements, offer documents and circulars to shareholders in relation to the respective transactions*

Notes:

(1) Where applicable, it includes the percentage shareholding of the undertaking shareholder(s) as the date of the offer document.

(2) P/NAV ratios are based on the offer price and NAV per share for the respective companies.

(3) Based on the revalued NAV per share of Action Asia Limited as at 31 March 2015.

(4) Based on the revalued NAV per share of Junma Tyre Cord Company Limited as at 31 December 2014.

(5) Based on the revalued NAV per share of Eastern Holdings Ltd as at 30 September 2015.

(6) Based on the unaudited NAV per share of Sinotel Technologies Ltd as at 30 September 2015.

(7) Based on the revalued NAV per share of China Dairy Group Limited as at 31 December 2015.

(8) Based on the NAV per share of Xyec Holdings Co., Ltd. as at 30 September 2015.

(9) Based on the revalued NAV per share of Otto Marine Limited as at 31 March 2016.

(10) Based on the revalued NAV per share of Aztech Group Ltd as at 30 June 2016.

(11) Based on the revalued NAV per share of Advanced Integrated Manufacturing Corp. Ltd. as at 30 September 2016.

(12) Based on the revalued NAV per share of Sunmart Holdings Limited as at 30 September 2016.

(13) Based on the RNAV per Share as described in paragraph 8.2 of this Letter.

For illustrative purposes only, we noted the following from the above table:

(i) As disclosed in the Offer Announcement, the Offeror and its Concert Parties (including the Undertaking Shareholders) held an aggregate interest of approximately 66.1% in the Share capital of the Company, which is within the range, higher than the simple average but lower than the median for the Selected Successful Delistings.

(ii) The premium of approximately 62.5%, 62.9% and 62.7% as implied by the Offer Price over the last transacted price for Shares prior to the Pre-Conditional Offer Announcement Date, the VWAP for the Shares for 1-month period and 3-month period prior to the Last Trading Day respectively are within the range and higher or more favourable than the simple average and median for the Selected Successful Delistings.

(iii) The valuation of the Group in terms of P/NAV as implied by the Offer Price and the Group's RNAV per share of approximately 0.8 times is within the range and in line with the simple average and the median for the Selected Successful Delistings.

In summary, the valuation of the Group as implied by the Offer Price in terms of premiums over historical prices for the Shares appears to be within the range and more favourable as compared to the simple average and median for the Selected Successful Delistings. In addition, the valuation of the Group as implied by the Offer Price in terms of the P/NAV multiple appears to be within the range and in line with the simple average and median for the Selected Successful Delistings. When considered in the context of the shareholding of the Offeror and its Concert Parties (including the Undertaking Shareholders) as set out in the Offer Announcement, which is within the range, higher than the simple average but lower than the median for the Selected Successful Delistings, the valuation of the Group as implied by the Offer Price in terms of both premiums over historical prices for the Shares and P/NAV multiple, appears to be fairly comparable or more favourable than the Selected Succesful Delistings.

9. OTHER CONSIDERATIONS

9.1. Existing shareholding structure of the Company

The shareholding structure of the Company as at the Latest Practicable Date is outlined below:

	Direct Interests	Deemed Interests	Total interests	% of the issued Share capital as at the Latest Practicable Date[1]
Offeror and its Concert Parties (including Undertaking Shareholders)				
GPH	-	102,580,044[2]	102,580,044	64.88%
Offeror	102,580,044	-	102,580,044	64.88%
Victor Lo Chung Wing[3]	300,000	102,580,044[4]	102,880,044	65.07%
Richard Ku Yuk Hing[5]	151,500	-	151,500	0.10%
Paul Lo Chung Wai[6]	120,000	-	120,000	0.08%
Gerard Lee How Cheng[7]	2,000	-	2,000	0.001%
Grace Lo Kit Yee[8]	75,000	-	75,000	0.05%
Karen Ng Ka Fai[9]	199,999	-	199,999	0.13%
To May Mee[10]	400,000	-	400,000	0.25%
Jessica Ng Sheen Fai[11]	199,999	-	199,999	0.13%
Estate of Andrew Ng Sung On[12]	450,000	-	450,000	0.28%
Ricky Cheung Siu Bun[13]	10,000	-	10,000	0.01%
Total Shares owned, controlled and agreed to be acquired by Offeror and its Concert Parties			**104,488,542**	**66.08%**
Directors (other than the Offeror and its Concert Parties)				
Henry Leung Kwong Hang	-	-	-	-
Leung Pak Chuen	-	-	-	-
Hui Wing Sun	695,028	-	695,028	0.44%
Brian Wong Tze Hang	-	-	-	-
Lim Jiew Keng	-	-	-	-
Allan Choy Kam Wing	-	-	-	-
Goh Boon Seong	-	-	-	-
Substantial Shareholders (other than the Offeror and Undertaking shareholders)				
Nil				
Public Shareholdings			52,932,982	33.48%
Total			**158,116,552**	**100%**

Notes:

(1) Based on 158,116,552 issued shares as at Latest Practicable Date.

(2) GPH holds 414,098,443 of the Offeror shares. As such, GPH is deemed to be interested in the 102,580,044 Shares held by the Offeror.

(3) Victor Lo Chung Wing is the chairman and chief executive officer of the Offeror, the Company and GPH, as well as an Undertaking Shareholder.

(4) Victor Lo Chung Wing is deemed interested in the 102,580,044 Shares held by the Offeror via his direct and deemed interest in GPH, who holds 414,098,443 of the Offeror shares.

(5) Richard Ku Yuk Hing is an executive director and vice chairman of the Company, as well as an Undertaking Shareholder. He is also an executive director of GPH.

(6) Paul Lo Chung Wai is the brother of Victor Lo Chung Wing.

(7) Gerard Lee How Cheng is a director of certain subsidiaries of OCBC Bank, the financial advisor to the Offeror in relation to the offer.

(8) Grace Lo Kit Yee is the daughter of Victor Lo Chung Wing. She is also the deputy general manager of GPH, and managing director of GP Acoustics International Limited, a subsidiary of the Offeror. In addition, she is also a director of each of the following subsidiaries of the Offeror: GP Acoustics (China) Limited, GP Acoustics (HK) Limited, GP Acoustics (Middle East) DWC-LLC, GP Acoustics (Singapore) Pte Limited, GP Acoustics (Taiwan) Limited, GP Acoustics (UK) Limited, GP Acoustics (US), Inc., KEF Celestion Corporation and KEF Japan, Inc.

(9) Karen Ng Ka Fai is a non-executive director of GPH.

(10) To May Mee is the mother of Karen Ng Ka Fai, who is a non-executive director of GPH.

(11) Jessica Ng Sheen Fai is the sister of Karen Ng Ka Fai.

(12) The late Andrew Ng Sung On was the father of Karen Ng Ka Fai.

(13) Ricky Cheung Siu Bun is the general manager, finance, of the Offeror and a director of CIH Limited, a subsidiary of the Offeror.

We note the following:-

(i) As at the Pre-Conditional Offer Announcement Date, the Offeror held 102,580,044 Shares, constituting approximately 64.88% of the issued Share capital of the Company. Accordingly, the Offeror already has statutory control over the Company, which places the Offeror and its Concert Parties in a position to have significant influence, *inter alia,* on the management, operating and financial policies of the Company and ability to pass all ordinary resolution on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of Shareholders. Subsequent to the Pre-Conditional Offer Announcement Date to the Latest Practicable Date, the Offeror did not make any further announcement in connection with changes in its shareholding in the Company or further purchases of Shares.

(ii) As set out in paragraph 7.2 of Appendix B of the Circular, the following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer as follows:

(a) Mr. Victor Lo Chung Wing has given an Irrevocable Undertaking to, *inter alia,* accept, or procure the acceptance of, the Offer in respect of all the Shares held by him (or his nominees) respectively, not later than 12.00 p.m. (Singapore time) on the 10th Business Day after the date of despatch of the Offer Document, and not to withdraw such acceptance for any reason thereafter;

(b) Mr. Richard Ku Yuk Hing has given an Irrevocable Undertaking to, *inter alia,* accept, or procure the acceptance of, the Offer in respect of all the Shares held by him (or his nominees) respectively, not later than 12.00 p.m. (Singapore time) on the 10th Business Day after the date of despatch of the Offer Document, and not to withdraw such acceptance for any reason thereafter; and

(c) Mr. Hui Wing Sun has informed the Company that he intends to accept the Offer in respect of his own Shares.

9.2. Dividend track record

For the purposes of assessing the Offer, we have considered the dividend track record of the Company against the potential returns a Shareholder may potentially obtain by re-investing the proceeds from the Offer in other comparable companies.

Historical dividends paid by the Company

Period	Net Dividend per Share (S$)	Net Dividend Payout[1]	Implied net dividend yield[2]
FY2017	0.025	113.1%	1.9%
FY2016	0.04	268.5%	3.1%
FY2015	0.0375	47.6%	2.9%
FY2014[3]	0.01	n.m.[5]	0.8%
FY2013[4]	0.02	n.m.[6]	1.5%

Notes:

(1) Based on the net dividend per Share divided by the consolidated basic earnings per Share as reported in the Company's annual reports for the respective financial years. The earnings per Share used for the purpose of the computation above have not been adjusted for the changes in the Group's accounting policies (if any) nor any exceptional one-off items over the years.

(2) Based on the net dividend per Share divided by the Offer Price.

(3) For the FY ended 31 March 2014.

(4) For the FY ended 31 March 2013.

(5) The net dividend payout in FY2014 was not meaningful as the Group recorded negative earnings per share of approximately 4.3 cents.

(6) The net dividend payout in FY2013 was not meaningful as the Group recorded negative earnings per share of approximately 1.4 cents.

We note that the Company have declared and paid dividends in the past five (5) financial years, being FY2013-FY2017 period. Based on our discussions with the Directors, we understand that the Company does not have a fixed dividend policy and the form, frequency, and/or dividend payout will depend on the Company's financial performance and position, project capital expenditure, future investment plans and any other factors that the Directors consider relevant.

Investments in selected alternative investments

Shareholders who accept the Offer at the Offer Price may re-invest the proceeds from the Offer in selected alternative equity investments including the Selected Comparable Companies and/or a broad market index instrument such as the STI Exchange Traded Fund ("**STI ETF**").

For illustrative purposes only, the dividend yield for the selected alternative equity investments based on their ordinary cash dividends as declared for each of their most recent financial year are as follows:

Selected Comparable Companies	Financial Year End	Net Dividend Payout[(1)]	Net Dividend Yield[(2)]
Golden Power	31-Dec-16	n.m.[(3)]	n.m.[(3)]
CBAK	30-Sep-16	n.m.[(3)]	n.m.[(3)]
Highpower	31-Dec-16	n.m.[(3)]	n.m.[(3)]
Ultralife	31-Dec-16	n.m.[(3)]	n.m.[(3)]
Energizer	30-Sep-16	49.0%	2.2%
STI ETF	30-Jun-17	N.A.	3.0%
The Group	31-Mar-17	113.1%	1.9%

Notes:

(1) Based on the net dividend per Share divided by the consolidated basic earnings per Share as reported in the Company's annual reports for the respective financial years. The earnings per Share used for the purpose of the computation above have not been adjusted for the changes in the Group's accounting policies (if any) nor any exceptional one-off items over the years.

(2) Net dividend yield for each selected alternative equity investment is based on the net dividend per share divided by the closing market price for each share on the Latest Practicable Date (or where there was no trading on such date, the last available closing market price prior thereto). The aforementioned net dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.

(3) n.m. denotes not meaningful as Golden Power, CBAK, Highpower and Ultralife did not declare nor pay dividends for the most recently completed financial year.

We note that the Company's dividend profile is better than most of the Selected Comparable Companies as most of them (save for Energizer) did not declare any dividend with respect to their latest financial year. However, the Company's dividend yield in respect of its most recent financial year as implied by the Offer Price is lower than the dividend yield of Energizer and STI ETF. The above analysis suggests that a Shareholder who votes for the Offer may potentially experience an increase in investment income if he re-invests the proceeds in the STI ETF or Energizer. This is on the assumption that Energizer and STI ETF maintain their respective net dividend per share at the same level as that in their last financial year.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the future dividend policy for the Company or the Selected Comparable Companies or the STI ETF. Furthermore, an investment in the equity of the Selected Comparable Companies or the STI ETF also presents different risk-return profiles as compared to an investment in the Shares. Moreover, there is no assurance that the Company or any of the above selected alternative equity investments will continue to pay or not to pay any dividends in the future and/or maintain the level of dividends paid in past periods.

9.3. Comparison with the past Rights Issue

On 23 December 2013 ("**RI Announcement Date**"), the Company announced a renounceable non-underwritten rights issue ("**Rights Issue**") of up to 54,935,584 new Shares ("**Rights Shares**") at an issue price of S$0.486 ("**Issue Price**") for each Right Share, on the basis of one (1) Rights Share for every two (2) existing Shares.

For the Rights Issue, we note that GPIL, Mr Andrew Ng Sung On, Mr Victor Lo Chung Wing and Mr Richard Ku Yuk Hing have irrevocably undertaken to the Company that they would, *inter alia*, subscribe and pay in full for their respective pro-rata entitlements under the Rights Issue. In addition, GPIL has irrevocably undertaken to the Company that it would, *inter alia*, in addition to subscribing and paying in full for its pro-rata entitlement under the Rights Issue, subscribe and pay, or procure the subscription and payment, in full for any unsubscribed Rights Shares remaining after the fulfilment of all valid applications for pro-rata entitlements to Rights Shares and any excess Rights Shares. In the context of the Offer, GPIL is the Offeror and both Mr Victor Lo Chung Wing and Mr Richard Ku Yuk Hing are the Undertaking Shareholders.

At the close of the Rights Issue on 5 March 2014, valid acceptances and excess applications were received for a total of 113,094,879 Rights Shares, representing approximately 205.9% of the total number of 54,935,584 Rights Shares available for subscription under the Rights Issue.

We note that GPIL, Mr Andrew Ng Sung On, Mr Victor Lo Chung Wing and Mr Richard Ku Yuk Hing were allotted in aggregate 29,989,214 Rights Shares or approximately 54.6% of the total number of Rights Shares available for subscription under the Rights Issue (which represents their pro-rata entitlement under the Rights Issue).

For illustrative purposes only, we note the following:–

(i) In nominal terms, the Issue Price for the Rights Issue is substantially lower than the Offer Price.

(ii) The Offer Price represents a premium of approximately 62.5% over the last transacted price for the Shares on the Last Trading Day, whilst the Issue Price for the Rights Issue represents: (a) a discount of approximately 36.9% to the last transacted price of S$0.770 per Share on the SGX-ST on 20 December 2013, being the last trading day of the Shares immediately prior to the date of the announcement of the Rights Issue; and (b) a discount of approximately 28.0% to the theoretical ex-rights price of S$0.675 per Share.

(iii) The Offer Price represents a discount of approximately 22.3% and 9.9% from the Group's RNAV per Share and Adjusted NAV per Share respectively, whilst the Issue Price represents a discount of approximately 80.5% from the Group's NAV per Share as at 30 September 2013 (being the latest available interim financials prior to the announcement of the Rights Issue).

The above comparison is limited and has to be assessed in the context of the economic or general market conditions for the Shares or the prices for which the Shares were traded at the time then prevailing as well as the purpose for the Rights Issue may have been different from the Offer. Hence, the comparison between the Offer and the Rights Issue above is necessarily limited and meant for illustration purpose.

9.4. Offer is conditional

We note from paragraph 2.1.4 of the Offer Document that the Offer is subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with Shares owned, acquired or agreed to be acquired by the Offeror and any person acting in concert with it before or during the Offer, will result in the Offeror and any person acting in concert with it holding such number of Shares carrying more than 90% of the voting rights attributable to all the Shares in issue (excluding treasury Shares) as at the close of the Offer (the "**90 per cent. Acceptance Condition**").

We note that as at the Latest Practicable Date, the Offeror and its Concert Parties (including the Undertaking Shareholders) hold in aggregate 104,488,542 Shares (or approximately 66.08% of the total Shares in issue) and that as set out in the Circular, Mr. Hui Wing Sun has informed the Company that he intends to accept the Offer in respect of 695,028 Shares held by him (or approximately 0.44% of the total Shares in issue).

We further note from paragraph 2.1.5 that the Offeror reserves the right to waive the 90 per cent. Acceptance Condition or reduce such condition to a level below 90% (but above 50%) of the voting rights attributable to all the Shares in issue (excluding treasury Shares) as at the close of the Offer, subject to the approval of the Securities Industry Council ("**SIC**"). In the event that such waiver or revision is made during the course of the Offer with the approval of the SIC, the revised Offer will remain open for at least another 14 days following the date of the posting of the written notification of revision to Shareholders, and Shareholders who have accepted the initial Offer will be allowed to withdraw their acceptances within eight days of the posting of the written notification of the revision. The revised acceptance level will take into account withdrawals and new acceptances as at the close of the Offer.

9.5. No revision of the Offer Price

We note from paragraph 2.1.2 of the Offer Document that the Offer Price is final and the Offeror does not intend to increase the Offer Price. It is also noted from paragraph 2.1.3 of the Offer Document that if any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, and the Offeror is not entitled to receive such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offer Price payable in respect of such Offer Share will be reduced by the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by the accepting Shareholder falls, as follows:

(i) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the "**Books Closure Date**"), the Offer Price for each Offer Share shall remain unadjusted and the Offeror shall pay the accepting Shareholder the unadjusted Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or

(ii) if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share (the Offer Price after such reduction, the "**Adjusted Offer Price**") and the Offeror shall pay the accepting Shareholder the Adjusted Offer Price for each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.

9.6. Alternative takeover offer

The Directors confirmed that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company as at the Latest Practicable Date.

As at the Pre-Conditional Offer Announcement Date, the Offeror held 102,580,044 Shares, constituting approximately 64.88% of the issued Share capital of the Company and subsequent to the Offer Announcement Date to the Latest Practicable Date, the Offeror did not make any further announcement in connection with changes in its shareholding in the Company or further purchases of Shares. Under such circumstances, any competing offer for Shares is unlikely to be forthcoming without the support of the Offeror in view of its majority control as represented by the percentage of the total number of Shares that the Offeror holds. Thus, the possibility of an alternative offer from parties other than the Offeror will be significantly reduced.

9.7. Control over the Company

As at the Latest Practicable Date, the Offeror and its Concert Parties has statutory control of the Company, which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and ability to pass all ordinary on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of Shareholders.

9.8. Listing Status and Compulsory Acquisition

Listing status

We note from paragraph 9.1 of the Offer Document that under Rule 1105 of the Listing Manual of the SGX-ST ("**Listing Manual**"), upon an announcement by the Offeror that acceptances have been received that bring the holdings of the Shares owned by the Offeror and parties acting in concert with the Offeror to above 90 per cent. of the total number of issued Shares (excluding treasury Shares), the SGX-ST may suspend the trading of the listed securities of the Company on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of issued Shares (excluding treasury Shares) are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of issued Shares (excluding treasury Shares), thus causing the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading

of the listed securities of the Company at the close of the Offer.

Shareholders are advised to note that Rule 723 of the Listing Manual requires the Company to ensure that at least 10 per cent. of the total number of issued Shares (excluding treasury Shares) is at all times held by the public (the "**Free Float Requirement**"). In addition, under Rule 724 of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands falls below 10 per cent., the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all securities of the Company on the SGX-ST. Rule 724 of the Listing Manual further states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the total number of issued Shares (excluding treasury Shares) held by members of the public to be raised to at least 10 per cent., failing which the Company may be removed from the Official List of the SGX-ST.

In the event the Company does not meet the Free Float Requirement, the Offeror does not intend to preserve the listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted.

Compulsory acquisition

We note from paragraph 9.2 of the Offer Document that pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer and/or acquires such number of Offer Shares from the date of the Offer otherwise than through valid acceptances of the Offer in respect of not less than 90 per cent. of the total number of Shares in issue (excluding treasury Shares) as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer), the Offeror would be entitled to exercise the right to compulsorily acquire all the Offer Shares of the Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") on the same terms as those offered under the Offer.

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of issued Shares (excluding treasury Shares). Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice. Unlike Section 215(1) of the Companies Act, the 90 per cent. threshold under Section 215(3) of the Companies Act does not exclude Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.

As stated in the Offer Document, the Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. **In the event that the trading of Shares on the SGX- ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted.**

9.9. Offeror's intention for the Company

We note from paragraph 9.1 of the Offer Document that in the event the Company does not meet the Free Float Requirement, the Offeror does not intend to preserve the listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted. In addition, in the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted.

As set out in paragraph 8 of the Offer Document, it is the current intention of the Offeror for GP Batteries to continue with its existing business in line with the rationale of the Offer. Save as disclosed and other than in the ordinary course of business, the Offeror presently has no plans to (i) introduce any major changes to the business of the Group; (ii) re- deploy the fixed assets of the Group; or (iii) discontinue the employment of the existing employees of the Group. However, the Offeror retains the flexibility at any time to further consider any options or opportunities in relation to the Group which may present themselves or which the Offeror may regard to be in the interests of the Offeror and/or the Group.

9.10. Material Litigation

We note from the Offeree Circular that as at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole.

As at the Latest Practicable Date, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the Company and any of its subsidiaries, taken as a whole.

10. OPINION

In arriving at our opinion in respect of the Offer, we have taken into account, *inter alia*, the following factors which we consider to have a significant bearing on our assessment as summarised below and as elaborated elsewhere in this Letter. Save for the Independent Valuation Report in connection with the market value of the Appraised Properties, we have not been furnished with the valuation for the remaining PPE or assets (including, *inter alia,* remaining assets held for sale, and available-for-sale investments) and have relied on the Director's confirmation that as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated market value of the remaining PPE or assets (including, *inter alia,* remaining assets held for sale, and available-for-sale investments) for which no valuation was obtained and their respective book value and our views, recommendation and opinion are necessarily limited and subject to these matters.

This is purely a summary of the factors that have been highlighted in this Letter and Shareholders should be advised to read the following in conjunction with, and in the context of, the full text of this Letter:-

(a) The rationale for the Offer, intention of the Offeror and the listing status as set out in paragraphs 7 to 9 of the Offer document.

(b) The historical financial performance and position of the Group as set out in paragraph 8.1 of this Letter. The Group has been profitable during the period reviewed with net profit attributable to shareholders of approximately S$13.0 million, S$2.4 million, S$3.5 million and S$3.1 million in FY2015, FY2016, FY2017 and 1Q2018 respectively. The Group's financial position has generally deteriorated with declining shareholders' equity (from approximately S$265.4 million as at 31 March 2015 to approximately S$230.5 million as at 30 June 2017), declining net working capital position (declined from approximately S$92.0 million as 31 March 2016 to approximately S$49.2 million and S$25.3 million as at 31 March 2017 and at 30 June 2017), and increasing gearing ratio (increased from approximately 0.5 times as at 31 March 2015 to approximately 0.8 times as at 30 June 2017). Likewise, the net cash flow from operations for the Group were positive during the period reviewed, but it has declined from approximately S$38.6 million in FY2016 to approximately S$32.0 million and from approximately S$10.4 million in 1Q2017 to approximately S$4.9 million in 1Q2018.

The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the circular, this Letter and the unaudited financial statements for the Group for 1Q2018, there has been no material changes to the assets and liabilities, financial position, condition and performance.

(c) The historical financial performance and position of the Group *vis a vis* the Selected Comparable Companies - Notwithstanding the Group's relatively better financial position (in terms of total liabilities to shareholders' equity and total borrowings to shareholders' equity ratios) and LTM assets turnover ratio as compared to the Selected Comparable Companies, the Group's financial performance (in terms of LTM ROE and LTM net profit margin) appears to be weaker than the Selected Comparable Companies (save for CBAK which was loss-making).

(d) The Offer Price (as set out in Section 8 of this Letter) after taking into account, *inter alia,* the following factors:-

(i) The Offer Price represents a discount of approximately 10.8% and 6.0% over the Group's NAV per Share and NTA per Share respectively as at 30 June 2017.

(ii) The Offer Price represents a discount of approximately 9.9% and 5.0% over the Adjusted NAV per Share and Adjusted NTA per Share for the Group, respectively (after taking into account the dividend payment on 5 September 2017). In the event that the Group's Adjusted Cash per Share is deducted from the Offer Price and likewise from the Group's Adjusted NAV per Share and Adjusted NTA per Share, the Offer Price less Adjusted Cash per Share represents a discount of approximately 17.6% and 11.1% from the Group's Adjusted NAV per Share less Adjusted Cash per Share and Adjusted NTA per Share less Adjusted Cash per Share respectively.

(iii) The Offer Price represents a discount of approximately 22.3% and 18.6% over the Group's RNAV and RNTA per Share respectively.

(iv) The Offer Price represents a premium of approximately 62.5% over the last transacted price of S$0.80 per Share for the Shares on the SGX-ST on 8 August 2017, being the Last Trading Day immediately preceding the Pre-Conditional Offer Announcement Date.

(v) The Offer Price represents a premium of approximately 61.4%, 61.3%, 63.0% and 62.8% over the VWCP for the Shares for the 12-month, 6-month, 3 month and 1 month period prior to the Last Trading Day immediately preceding the Pre-Conditional Offer Announcement Date respectively.

(vi) The Offer Price represents a premium of approximately 2.8% over the VWCP for the Shares for the period commencing on the Market Day immediately after the Pre-Conditional Offer Announcement Date (after lifting of the trading halt) and ending on the Latest Practicable Date.

(vii) The Offer Price represents a premium of approximately 1.6% over the last transacted price of S$1.28 per Share on the SGX-ST on 6 October 2017, being the Latest Practicable Date.

(viii) As set out in paragraph 7 of the Offer Document, the Offer Price exceeds the highest closing price for the Shares in the past three-year period and up to and including the Last Trading Day.

(ix) Comparison with the valuation of the Selected Comparable Companies - the valuation of the Group (as implied by the Offer Price) in terms of LTM EV/EBITDA appears to be less favourable as compared to the simple average and the median but still within the range of the Selected Comparable Companies (save for CBAK which was loss making). In addition, the valuation of the Group in terms of P/NAV and P/NTA ratios (as implied by the Offer Price and the Group's RNAV and RNTA per Share) appears to be worse off than any of the Selected Comparable Companies (save for Energizer which had a negative NTA). However, it is noted that the valuation of the Group in terms of LTM PER (as implied by the Offer Price) appears to be higher and more favourable than any of the Selected Comparable Companies. Such comparison should be reviewed in conjunction with the following: (a) notwithstanding the Group's relatively better financial position (in

terms of total liabilities to shareholders' equity and total borrowings to shareholders' equity ratios) and LTM assets turnover ratio, the Group's financial performance (in terms of LTM ROE and LTM net profit margin) appears to be weaker than the Selected Comparable Companies (save for CBAK which was loss-making); (b) the trading statistics for the shares of the Selected Comparable Companies are based on transactions which do not result in acquisition of control whilst for the Offer, the Offeror's intention is to delist and privatise the Company (but as at the Pre-Conditional Offer Announcement Date, the Offeror had already a majority control over the Company by having an interest in 102,580,044 Shares (excluding Shares held by the Undertaking Shareholders and other Concert Parties)) representing approximately 64.88% of the total number of issued Shares); and (c) considering, *inter alia,* the core business of the Group (being development, manufacturing, distribution and trading in batteries and battery related products) where majority, if not all, of the assets are used for its manufacturing activities, and that the Group's operations are on going concern basis, earnings-based valuation multiples (being PER and EV/EBITDA) are likely more appropriate valuation benchmark as compared to asset-based valuation multiples.

(x) Fair comparison with the Selected Successful Privatisations - the valuation of the Group as implied by the Offer Price in terms of premiums over historical prices for the Shares appears to be within the range and more favourable as compared to the simple average and median for the Selected Successful Privatisations. In addition, the valuation of the Group as implied by the Offer Price in terms of the P/NAV multiple appears to be within the range but lower than the simple average and median for the Selected Successful Privatisations. When considered in the context of the shareholding of the Offeror and its Concert Parties (including the Undertaking Shareholders) as set out in the Offer Announcement, which is within the range and slightly lower than both the median and simple average for the percentage of shareholding interest for each of the offeror and parties acting in concert as at the start for the Selected Successful Privatisations, the valuation of the Group as implied by the Offer Price in terms of both premiums over historical prices for the Shares and P/NAV multiple, appears to be fairly comparable to the Selected Successful Privatisations.

(xi) Fair or favourable comparison with the Selected Successful Delistings. the valuation of the Group as implied by the Offer Price in terms of premiums over historical prices for the Shares appears to be within the range and more favourable as compared to the simple average and median for the Selected Successful Delistings. In addition, the valuation of the Group as implied by the Offer Price in terms of the P/NAV multiple appears to be within the range and in line with the simple average and median for the Selected Successful Delistings. When considered in the context of the shareholding of the Offeror and its Concert Parties (including the Undertaking Shareholders) as set out in the Offer Announcement, which is within the range, higher than the simple average but lower than the median for the Selected Successful Delistings, the valuation of the Group as implied by the Offer Price in terms of both premiums over historical prices for the Shares and P/NAV multiple, appears to be fairly comparable or more favourable than the Selected Successful Delistings.

(xii) Favourable comparison with the Issue Price for the Rights Issue - In nominal terms, the Issue Price for the Rights Issue is substantially lower than the Offer Price. In addition, the Offer Price represents a premium of approximately 62.5% over the last transacted price for the Shares on the Last Trading Day, whilst the Issue Price for the Rights Issue represents: (a) a discount of approximately 36.9% to the last transacted price of S$0.770 per Share on the SGX-ST on 20 December 2013, being the last trading day of the Shares immediately prior to the date of the announcement of the Rights Issue; and (b) a discount of approximately 28.0% to the theoretical ex-rights price of S$0.675 per Share. Finally, the Offer Price represents a discount of approximately 22.3% and 9.9% from the Group's RNAV per Share and Adjusted NAV per Share respectively, whilst the Issue Price represents a discount of approximately 80.5% from the Group's NAV per Share as at 30 September 2013 (being the latest available interim financials prior to the announcement of the Rights Issue).

(e) As at the Pre-Conditional Offer Announcement Date, the Offeror held 102,580,044 Shares, constituting approximately 64.88% of the issued Share capital of the Company. Accordingly, the Offeror already has statutory control over the Company, which places the Offeror and its Concert Parties in a position to have significant influence, *inter alia,* on the management, operating and financial policies of the Company and ability to pass all ordinary resolution on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of Shareholders. Subsequent to the Pre-Conditional Offer Announcement Date to the Latest Practicable Date, the Offeror did not make any further announcement in connection with changes in its shareholding in the Company or further purchases of Shares. Competing offer for the Shares (if any) is unlikely to be forthcoming without the support of the Offeror in view of its majority control as represented by the percentage of the total number of Shares that the Offeror and its Concert Parties hold. Thus, the possibility of an alternative offer from parties other than the Offeror will be significantly reduced.

(f) Our analysis as set out in paragraph 9.2 of this Letter suggests that the Company's dividend profile is better than any of the Selected Comparable Companies as most of them (save for Energizer) did not declare any dividend with respect to their latest financial year. However, the Company's dividend yield in respect of its most recent financial year as implied by the Offer Price is lower than the dividend yield of Energizer and STI ETF. The above analysis suggests that a Shareholder who votes for the Offer may potentially experience an increase in investment income if he re-invests the proceeds in the STI ETF or Energizer. This is on the assumption that STI ETF maintains their respective net dividend per share at the same level as that in their last financial year.

(g) As at the Latest Practicable Date, the Offer is conditional upon the 90 per cent. Acceptance Condition. Shareholders should note that the Offeror reserves the right to waive the 90 per cent. Acceptance Condition or reduce such condition to a level below 90% (but above 50%) of the voting rights attributable to all the Shares in issue (excluding treasury Shares) as at the close of the Offer, subject to the approval of the SIC. The Offeror does not intend to preserve the listing status of the Company.

(h) As set out in the Offer Document, the Offer Price is final and the Offeror does not intend to increase the Offer Price.

(i) The Directors' confirmation that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company as at the Latest Practicable Date.

(j) Other considerations are set out in paragraph 9 or other such sections of this Letter.

In summary, having regard to our analysis and the consideration in this Letter (including, *inter alia*, its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant considerations prevailing as at the Latest Practicable Date, and subject to our terms of reference, we are of the opinion that, in the absence of an alternative offer, the financial terms of the Offer is, on balance, **FAIR** and **REASONABLE**.

For the purposes of evaluation of the Offer from a financial point of view, we have adopted the approach that the term "fair and reasonable" comprises two distinct concepts:

(i) Whether the Offer is "fair" relates to the value of the offer price which is based strictly on the evaluation of the Offer Price (i.e. by looking at the financial or fundamental analyses of the Offer Price as set out in this Letter and based on information known to us or which is publicly available).

(ii) Whether the Offer is "reasonable", after taking into consideration the actual and potential financial impact of other circumstances surrounding the Offer and the Company which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms of the Offer to be **FAIR,** from a financial point of view after factoring, *inter alia*, the following:-

(i) Substantial premiums implied by the Offer Price over the historical prices for the Shares prior to the Pre-Conditional Offer Announcement Date considering, *inter alia,* (a) the implied premium of approximately 62.5% over the last transacted price prior to the Pre-Conditional Offer Announcement Date; and (b) the implied premiums of approximately 61.4%, 61.3%, 63.0% and 62.8% over the VWCP for the Shares for the 12-month, 6-month, 3 month and 1 month period prior to the Last Trading Day immediately preceding the Pre-Conditional Offer Announcement Date. The implied premiums over the historical prices for the Shares are within the range and higher or more favourable than the simple average and median for both the Selected Successful Privatisations and the Selected Successful Delistings.

(ii) As set out in the Offer Document, the Offer Price exceeds the highest closing price for the Shares in the past three-year period and up to and including the Last Trading Day.

(iii) Favourable or fair comparison of the Offer against the Selected Successful Privatisations and the Selected Successful Delistings in the context of the implied premiums of the Offer Price over historical prices for the Shares (which appears to be within the range and more favourable as compared to the simple average and median for the Selected Successful Privatisations and the Selected Successful Delistings) and the implied P/NAV multiple (which appears to be within the range, slightly lower or in line with the simple average and the median for the Selected Successful Privatisations and the Selected Successful Delistings respectively).

(iv) Favourable comparison of the Offer Price against the Issue Price for the Rights Issue in terms of absolute price, discount to NTA and comparison to the historical market prices for the Shares.

(v) Fair comparison with the valuation of the Selected Comparable Companies after considering: (a) notwithstanding the Group's relatively better financial position (in terms of total liabilities to shareholders' equity and total borrowings to shareholders' equity ratios) and LTM assets turnover ratio as compared to the Selected Comparable Companies, the Group's financial performance (in terms of LTM ROE and LTM net profit margin) appears to be weaker than the Selected Comparable Companies (save for CBAK which was loss-making); and (b) the fact that the Offeror had already a majority control over the Company as at the Pre-Conditional Offer Announcement Date. Notwithstanding, the valuation of the Group in terms of P/NAV and P/NTA ratios (as implied by the Offer Price and the Group's RNAV and RNTA per Share) appears to be lower than any of the Selected Comparable Companies (save for Energizer which had a negative NTA), the valuation of the Group in terms of LTM PER (as implied by the Offer Price) appears to be higher and more favourable than any of the Selected Comparable Companies and in terms of LTM EV/EBITDA, it is still within the range of the Selected Comparable Companies.

We consider the financial terms of the Offer to be, on balance, **REASONABLE**, from a financial point of view after factoring, *inter alia*, the following:-

(i) As at the Pre-Conditional Offer Announcement Date, the Offeror had already a statutory control of the Company, which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and is in a position to pass all ordinary resolutions on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of Shareholders.

(ii) The Director's confirmation that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company as at the Latest Practicable Date.

(iii) While the transacted prices for the Shares subsequent to the Pre-Conditional Offer Announcement Date may have been underpinned by the Offer and the trading for the Shares on a daily basis may have (in general) increased subsequent to the Pre-Conditional Offer

Announcement Date and till the Latest Practicable Date (as compared to the 1-year period prior to the Pre-Conditional Offer Announcement Date), there is no assurance that the trading activities for the Shares will be maintained at such levels or that the transacted prices for the Shares will be maintained after the Closing of the Offer. In particular, there is no assurance that interest in the Shares will be maintained after the Offer as the possibility of an alternative offer from parties other than the Offeror is low in view of the Offeror's majority control as represented by the percentage of the total number of Shares that it holds.

ACA's Recommendation on the Offer

Based on our assessment of the financial terms of the Offer as set out above, we advise the Recommending Directors that they should recommend that Shareholders **ACCEPT** the Offer. Despite the Offer Price may not be as compelling as compared to the Selected Comparable Companies in terms of the P/NAV and/or P/NTA multiple, the Offer represent a realistic opportunity for Shareholders to realise their entire investment in cash taking into account, *inter alia*, the low liquidity for the Shares (in terms of daily average trading volume) prior to the Pre-Conditional Offer Announcement Date and that the Offer Price exceeds the highest closing price for the Shares in the past three-year period and up to and including the Last Trading Day.

While the transacted prices for the Shares subsequent to the Pre-Conditional Offer Announcement Date may have been underpinned by the Offer and the trading for the Shares on a daily basis may have (in general) increased after the Pre-Conditional Offer Announcement Date to the Latest Practicable Date (as compared to the 1-year period prior to the Pre-Conditional Offer Announcement Date), there is no assurance that the trading activities for the Shares will be maintained at such levels or that the transacted prices for the Shares will be maintained after the Closing of the Offer. In particular, there is no assurance that interest in the Shares will be maintained after the Offer as the possibility of an alternative offer from parties other than the Offeror is low.

In the event that Shareholders are concerned about the liquidity and the prices at which they can realise their investments in the Offer Shares (including whether they can realize their investments at prices higher than the Offer Price after deducting related expenses), acceptance of the Offer will provide certainty of exit at the Offer Price. However, in the event that Shareholders are able to dispose the Offer Shares in the open market and realise their investments at prices higher than the Offer Price after deducting related expenses, they should consider selling the Offer Shares in the open market. It should be noted that for the period commencing on the Market Day immediately after the Pre-Conditional Offer Announcement Date to the Latest Practicable Date, the transacted prices for the Shares have always been lower than the Offer Price and the Offer Price represents a small premium of approximately 1.6% over the last transacted price of S$1.28 per Share on the SGX-ST on 6 October 2017, being the Latest Practicable Date.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Shareholders: –

1. If the Shareholders are considering selling their Offer Shares in the open market, they should be aware that the current market prices and trading volumes for the Shares may have been supported by the Offer and may not be maintained at current levels when the Offer closes. It should be noted that for the period commencing on the Market Day immediately after the Pre-Conditional Offer Announcement Date to the Latest Practicable Date, the transacted prices for the Shares have always been lower than the Offer Price and the Offer Price represents a small premium of approximately 1.6% over the last transacted price of S$1.28 per Share on the SGX-ST on 6 October 2017, being the Latest Practicable Date.

2. The Offeror has stated in the Offer Document that it will not revise the Offer Price of S$1.30 per Share.

3. Whilst the possibility of a higher offer from a third party cannot be ruled out, as at the Latest Practicable Date, we are not aware of any publicly available evidence of an alternative offer for the Shares. Shareholders should be aware that the chances of such an alternative offer for

Shares being made by a third party may be affected by the fact that as at the Latest Practicable Date, the Offeror and its Concert Parties (including the Undertaking Shareholders) hold in aggregate of 104,488,542 Shares, representing approximately 66.08% of the total number of issued Shares.

4. The Offeror is making the Offer with a view to delist and privatise the Company from the SGX-ST and if entitled to under the Companies Act, the Offeror intends to compulsorily acquire all the Offer Shares.

   In the event the Company does not meet the Free Float Requirement, the Offeror does not intend to preserve the listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted.

   In the event that the trading of Shares on the SGX- ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted.

5. The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter and the unaudited financial statements for the Group for 1Q2017, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

6. Our scope does not require us and we have not made any independent evaluation of the Group (including without limitation, market value or economic potential) or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment and assets held for sale) or contracts entered into by the Company or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group save for the Independent Valuation Report issued by the Independent Valuer in respect of the market value of the Appraised Properties as at the Valuation Date. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment and assets held for sale) including, *inter alia*, the contracts that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

Limitations

It is also to be noted that as trading of the Shares is subject to possible market fluctuations and accordingly, our advice on the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review and also such advice, if given, would not fall within our terms of reference in connection with the Offer.

For our opinion and recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints or plans of any individual Shareholder, or group of Shareholders. As different Shareholders or groups of Shareholders would have different investment profiles and objectives, we would advise Recommending Directors to recommend that any individual Shareholder or group of Shareholders who may require advice in the context of his specific investment portfolio, including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders **who wish to accept the Offer** must do so not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 of the Offer Document, and in the accompanying FAA and/or FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Shareholders **who do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

This Letter is addressed to the Recommending Directors in connection with and for the sole purpose of their evaluation of the financial terms of the Offer. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor the Shareholders, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply.

The recommendations made by the Recommending Directors to the Shareholders in relation to the Offer and the issue of the Circular (as well as any information therein) shall remain the sole responsibility of the Recommending Directors and the Directors respectively.

Yours faithfully,

For and on behalf of

ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Description
Victor LO Chung Wing	9/F Building 12W, 12 Science Park West Avenue, Hong Kong Science Park, New Territories, Hong Kong	Chairman and Chief Executive Officer
Richard KU Yuk Hing	Flat G, 9/F Begonia Mansion, Taikoo Wan Rd, Taikooshing, Hong Kong	Vice Chairman
Henry LEUNG Kwong Hang	23D, Tower 7, The Waterfront, 1 Austin Road West, Kowloon, Hong Kong	Executive Director
LEUNG Pak Chuen	3 Fusionopolis Link #06-11, Nexus @one-north, Singapore 138543	Executive Director
HUI Wing Sun	5th Floor Mei Foo Sun Chuen, 54B Broadway Kowloon, Hong Kong	Executive Director
Brian WONG Tze Hang	Flat 02, 16/F, Block Q Kornhill, Quarry Bay, Hong Kong	Executive Director and Chief Financial Officer
LIM Jiew Keng	20 Coronation Road West, Singapore 269246	Lead Independent Director
CHOY Kam Wing Allan	58 Swiss View #01-03, La Suisse 1, Singapore 288061	Independent Non-executive Director
GOH Boon Seong	14 Amber Gardens #17-03 Amber Park Singapore 439960	Independent Non-executive Director

2. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is at 3 Fusionopolis Link #06-10 Nexus @one-north Singapore 138543.

3. PRINCIPAL ACTIVITIES OF THE COMPANY

The Company was incorporated in 1990 in the Republic of Singapore and is listed on the Mainboard of the SGX-ST. The principal activities of the Company are those of investment holding and the carrying out of functions as the regional headquarters of the Group.

4. SHARE CAPITAL OF THE COMPANY

4.1. Number and Class of Shares

The Company has only one class of Shares, being ordinary shares. The Shares are quoted and listed on the Official List of the Mainboard of the SGX-ST. As at the Latest Practicable Date, the total issued and paid-up share capital of the Company is approximately S$257,955,822 comprising 164,806,752 Shares (including 6,690,200 treasury Shares).

4.2. Rights of Shareholders in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting is reproduced in Appendix F of this Circular. The Constitution is available for inspection at the registered address of the Company at 3 Fusionopolis Link #06-10 Nexus @one-north Singapore 138543. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution and/or the Companies Act.

4.3. Number of Shares Issued Since the End of the Last Financial Year

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 March 2017, being the end of the last financial year.

4.4. Convertible Instruments

The Company has not issued any instruments convertible into, rights to subscribe for, and options in respect of, Shares and securities which carry voting rights affecting Shares that are outstanding as at the Latest Practicable Date.

5. SUMMARY OF FINANCIAL INFORMATION

5.1. Consolidated Statements of Comprehensive Income

A summary of the audited consolidated statements of comprehensive income of the Group for FY 2014-2015, FY 2015-2016 and FY 2016-2017 and the unaudited financial information of the Group for 1QFY2018 is set out below.

Consolidated Statement of Comprehensive Income (S$'000)

	Unaudited 1QFY2018	Audited FY 2016-2017	Audited FY 2015-2016	Audited FY 2014-2015
Turnover	207,247	759,842	765,254	719,335
Exceptional items	Nil	Nil	Nil	Nil
Net profit/loss before tax	8,563	29,215	28,645	41,603
Net profit/loss after tax	5,888	14,845	15,689	25,234
Non-controlling interests	2,789	11,357	13,292	12,253
Net earnings per share (cents)	1.96	2.21	1.49	7.88
Net dividends per share (cents)	Nil	2.50	4.00	3.75

The above summary should be read together with the annual reports, the audited consolidated financial statements of the Group for the relevant years, and the related notes thereto, copies of which are available for inspection at the registered office of the Company at 3 Fusionopolis Link #06-10 Nexus @one-north Singapore 138543 during normal business hours.

The unaudited financial information of the Group for 1QFY2018 is set out in fuller detail in Appendix E of this Circular.

5.2. Statement of Financial Position

A summary of the audited consolidated statement of financial position of the Group as at 31 March 2017 is set out below.

Statement of Financial Position
S$'000

	Audited as at 31-Mar-17
Non-Current assets	
Investment property	1,791
Property, plant and equipment	201,850
Interest in associates	52,722
Available-for-sale investments	6,291
Deferred tax assets	3,549
Goodwill on consolidation	11,970
Deposits and prepayments	6,052
Total non-current assets	284,225
Current assets	
Stocks	107,210
Debtors	143,299
Tax recoverable	2,356
Deposits and prepayments	15,674
Bank balances and cash	115,167
	383,706
Assets held for sale	1,057
Total current assets	384,763
Current liabilities	
Creditors and accrued charges	180,551
Obligations under finance leases	87
Income tax payable	2,628
Bank loans and overdrafts	152,276
Total current liabilities	335,542
Net current assets	49,221
Non-current liabilities	
Bank loans	23,368
Obligations under finance leases	94
Deferred tax liabilities	2,919
Total non-current liabilities	26,381
Net Assets	307,065
Represented by	
Share capital	257,400
Treasury shares	(6,088)
Reserves	(25,116)
Attributable to equity holders of the Company	226,196
Non-controlling interests	80,869
	307,065

The above summary should be read together with the annual report for FY 2016-2017, and the audited consolidated financial statements of the Group for FY 2016-2017 which are set out in Appendix D of this Circular, and the related notes thereto.

5.3. Significant Accounting Policies

A summary of the significant accounting policies of the Group is set out in Note 2 to the audited financial statements of the Group for FY 2016-2017, which are reproduced in Appendix D of this Circular.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited financial statements of the Group for FY 2016-2017 and section 4 of the unaudited financial information of the Group for 1QFY2018), there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

5.4. Changes in Accounting Policies

The Group adopted all the new and revised Financial Reporting Standards in Singapore ("**FRSs**") and Interpretations of FRS ("**INT FRS**") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016. The adoption of these new/revised FRSs and INT FRS did not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

Save as disclosed in the notes to the audited financial statements of the Group for FY 2016-2017 and section 4 of the unaudited financial information of the Group for 1QFY2018, there are no changes in the accounting policies of the Group which will cause the financial statements of the Group not to be comparable to a material extent.

6. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in this Circular and publicly available information on the Company (including but not limited to announcements released by the Company in respect of its financial results such as the unaudited financial information of the Group for 1QFY2018 as announced on 8 August 2017 and set out in Appendix E of this Circular), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 March 2017, being the date to which the Company's last published audited financial statements were made up.

7. DISCLOSURE OF INTERESTS OF THE COMPANY AND THE DIRECTORS

7.1. Shareholdings and Dealings

As at the Latest Practicable Date:

a. the Company does not have any direct or deemed interests in any Offeror Securities.

b. save as disclosed below, none of the Directors has any direct or deemed interests in any Offeror Securities:

Name	No. of Shares					
	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)
Mr. Victor Lo Chung Wing	300,000	0.06	414,098,443	85.47(2)	414,398,443	85.54
Mr. Richard Ku Yuk Hing	340,000	0.07	–	–	340,000	0.07
Mr. Leung Pak Chuen	1,608,000	0.33	–	–	1,608,000	0.33
Mr. Hui Wing Sun	77,430	0.02	–	–	77,430	0.02

Notes:

(1) Calculated based on a total of 484,469,182 issued shares of the Offeror (excluding treasury shares) as at the Latest Practicable Date and rounded to the nearest two decimal places.

(2) Mr. Victor Lo Chung Wing's deemed interest in approximately 85.47 per cent. of the issued share capital of the Offeror arises pursuant to his aggregate direct and deemed interest in the issued shares of GPH of approximately 21.66 per cent. and GPH's direct interest in the issued shares of the Offeror of approximately 85.47 per cent..

c. each of the Company and the Directors have not dealt for value in any Offeror Securities during the Relevant Period.

d. save as disclosed below and in the Circular, as at the Latest Practicable Date, none of the Directors has any direct or deemed interests in any Company Securities:

Name	No. of Shares					
	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)
Mr. Victor Lo Chung Wing	300,000	0.19	102,580,044	64.88(2)	102,880,044	65.07
Mr. Richard Ku Yuk Hing	151,500	0.10	–	–	151,500	0.10
Mr. Hui Wing Sun	695,028	0.44	–	–	695,028	0.44

Notes:

(1) Calculated based on a total of 158,116,552 issued Shares (excluding treasury Shares) as at the Latest Practicable Date and rounded to the nearest two decimal places.

(2) Mr. Victor Lo Chung Wing's deemed interest in approximately 64.88 per cent. of the issued share capital of the Company arises pursuant to his aggregate direct and deemed interest in the issued shares of GPH of approximately 21.66 per cent., GPH's direct interest in the issued shares of the Offeror of approximately 85.47 per cent. and the Offeror's direct interest in the issued shares of the Company of approximately 64.88 per cent.

e. none of the Directors has dealt for value in any Company Securities during the Relevant Period.

7.2. Directors' Intentions in relation to the Offer

The following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer as follows**:**

(a) Mr. Victor Lo Chung Wing has given an Irrevocable Undertaking to, *inter alia,* accept, or procure the acceptance of, the Offer in respect of all the Shares held by him (or his nominees) respectively, not later than 12.00 p.m. (Singapore time) on the 10th Business Day after the date of despatch of the Offer Document, and not to withdraw such acceptance for any reason thereafter;

(b) Mr. Richard Ku Yuk Hing has given an Irrevocable Undertaking to, *inter alia,* accept, or procure the acceptance of, the Offer in respect of all the Shares held by him (or his nominees) respectively, not later than 12.00 p.m. (Singapore time) on the 10th Business Day after the date of despatch of the Offer Document, and not to withdraw such acceptance for any reason thereafter; and

(c) Mr. Hui Wing Sun has informed the Company that he intends to accept the Offer in respect of his own Shares.

7.3. Directors' Service Contracts

As at the Latest Practicable Date, (i) there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation; and (ii) there are no such service contracts entered into or amended between any of the Directors or proposed director with the Company or any of its subsidiaries during the period between the start of six (6) months preceding the Pre-Conditional Offer Announcement Date and the Latest Practicable Date.

7.4. Arrangements Affecting Directors

As at the Latest Practicable Date:

a. there are no payments or other benefits which will be made or given to any Director or any director of any corporation, which is by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;

b. save for the Irrevocable Undertakings, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and

c. save as disclosed in section 11.2 (Independence of Directors) of the Letter to Shareholders, sections 7 (Disclosure of Interests of the Company and the Directors) and 9 (Material Contracts with Interested Persons) of this Appendix B, and the Irrevocable Undertakings and the documents which are to be executed in relation to the Irrevocable Undertakings entered into by each of Mr. Victor Lo Chung Wing and Mr. Richard Ku Yuk Hing, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

8. DISCLOSURE OF INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

None of the IFA or any of the funds whose investments are managed by the IFA on a discretionary basis, owns or controls any Company Securities as at the Latest Practicable Date, or has dealt with any Company Securities during the Relevant Period.

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, there have been no material contracts (not being contracts entered into during the ordinary course of business carried on by the Company) entered into by the Company or any of its subsidiaries with Interested Persons, during the three (3) years preceding the Pre-Conditional Offer Announcement Date.

For completeness, as disclosed in the public announcements made by the Company via SGXNET and the annual reports of the Company for FY 2014-2015, FY 2015-2016 and FY 2016-2017, the Group had entered into several interested person transactions in the ordinary course of its business during the period commencing three (3) years before the Pre-Conditional Offer Announcement Date, and ending on the Latest Practicable Date.

10. MATERIAL LITIGATION

As at the Latest Practicable Date:

a. neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and

b. the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

11. VALUATION REPORT

The Company has commissioned RHL Appraisal Limited, an independent valuer, to conduct an independent valuation of the various properties located in the People's Republic of China, Taiwan, Vietnam and Malaysia as set out at pages G-5 to G-6 of this Circular (the "**Appraised Properties**"). A copy of the valuation report from RHL Appraisal Limited is set out in Appendix G of this Circular.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation. Based on information provided to the Company by RHL Appraisal Limited, it is expected that potential tax liability of approximately S$7.1 million may be incurred by the Group if the Appraised Properties were to be sold at the market value ascribed by RHL Appraisal Limited.

The aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Appraised Properties. As at the Latest Practicable Date, save for the Appraised Properties which are held for sale (namely, the properties described in items 9, 14 and 15 at page G-6 of this Circular), the Company has no immediate plans to dispose of its interests in the Appraised Properties.

As such, the aforesaid tax liabilities in respect of the Appraised Properties (other than an estimated S$2,224,000 of tax liability arising from the possible sale of the properties which are held for sale) are not likely to crystallise.

The following information on the Offeror has been extracted from Appendix 3 of the Offer Document and set out below.

"APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

1. DIRECTORS OF THE OFFEROR

The names, addresses and designations of the GP Industries Directors as at the Latest Practicable Date are as follows:

Name	*Address*	*Designation*
Victor Lo Chung Wing	*9/F, Building 12W, 12 Science Park West Avenue, Hong Kong Science Park, New Territories, Hong Kong*	*Chairman, chief executive officer and executive director*
Leung Pak Chuen	*3 Fusionopolis Link, #06-11, Nexus @one-north, Singapore 138543*	*Executive vice chairman and executive director*
Brian Li Yiu Cheung	*9/F, Building 12W, 12 Science Park West Avenue, Hong Kong Science Park, New Territories, Hong Kong*	*Managing director and executive director*
Andrew Chuang Siu Leung	*9/F, Building 12W, 12 Science Park West Avenue, Hong Kong Science Park, New Territories, Hong Kong*	*Executive director and chief risk officer*
Wong Man Kit	*9/F, Building 12W, 12 Science Park West Avenue, Hong Kong Science Park, New Territories, Hong Kong*	*Executive director and chief financial officer*
Lam Hin Lap	*9/F, Building 12W, 12 Science Park West Avenue, Hong Kong Science Park, New Territories, Hong Kong*	*Executive director*
Lim Ah Doo	*3 Fusionopolis Link, #06-11, Nexus @one-north, Singapore 138543*	*Independent non-executive director and lead independent director*
Lim Hock Beng	*3 Fusionopolis Link, #06-11, Nexus @one-north, Singapore 138543*	*Independent non-executive director*
Allan Choy Kam Wing	*58 Swiss View, #01-03, La Suisse, Singapore 288061*	*Independent non-executive director*

2. REGISTERED OFFICE OF THE OFFEROR

The registered office of the Offeror is at 3 Fusionopolis Link, #06-11, Nexus @one-north, Singapore 138543.

3. DATE OF INCORPORATION AND PRINCIPAL ACTIVITIES OF THE OFFEROR

The Offeror is a public limited company incorporated in the Republic of Singapore on 28 March 1995 and has been listed on the Mainboard of the SGX-ST since 1995.

In addition to the battery business conducted through the Company, the Offeror is principally engaged in the development, manufacturing and marketing of electronic and acoustic products, as well as the manufacturing of automotive wire harness products. The Offeror is the main industrial investment vehicle of the HKEX-listed GPH.

4. SHARE CAPITAL OF THE OFFEROR

As at the Latest Practicable Date, the Offeror has an issued and paid up share capital of approximately S$286.3 million comprising 521,358,482 GP Industries Shares (including 36,889,300 treasury GP Industries Shares).

5. SUMMARY OF FINANCIAL INFORMATION

5.1 Summary of Consolidated Financial Information. *Set out below is certain financial information extracted from the Offeror 1Q FY2018 Results and the audited consolidated financial statements for FY2017, FY2016 and FY2015 (collectively, the "**Offeror's Financial Statements**"). Such financial information should be read in conjunction with the Offeror's Financial Statements and the accompanying notes as set out therein.*

5.2 Income Statements

	1Q FY2018 (Unaudited) S$'000	FY2017 (Audited) S$'000	FY2016 (Audited) S$'000	FY2015 (Audited) S$'000
Revenue	274,801	1,037,596	1,038,335	973,770
Profit before taxation	14,449	55,338	57,004	65,655
Profit after taxation	9,312	31,439	37,314	43,673
Profit attributable to owners of Offeror	5,414	18,660	22,836	25,472
Non-controlling interests	3,898	12,779	14,478	18,201
Basic earnings per share (Singapore cents)	1.12	3.85	4.70	5.16
Total dividends per share (Singapore cents)	–	2.75	3.20	3.40

5.3 Balance Sheets

	As at 30 June 2017 (Unaudited) S$ million	As at 31 March 2017 (Audited) S$ million
Assets		
Non-current assets	553.1	531.9
Current assets	566.4	552.3
Total assets	1,119.5	1,084.2
Liabilities and equity		
Non-current liabilities	118.8	135.6
Current liabilities	492.0	443.6
Shareholders' equity	346.0	342.5
Non-controlling interests	162.7	162.6
Total liabilities and equity	1,119.5	1,084.2

6. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of the making and financing of the Offer and as disclosed in the Offeror 1Q FY2018 Results and any other information on the Offeror Group which is publicly announced (including without limitation, the announcements released by the Offeror Group on the SGX-ST), there have been no material changes in the financial position of the Offeror since the last published audited accounts of the Offeror.

7. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Offeror are disclosed in Note 2 of the Offeror's annual report for FY2017 from pages 39 to 51.

A copy of the Offeror's annual report for FY2017 (which contains notes of the accounts) is available on the SGX-ST website at www.sgx.com or at 3 Fusionopolis Link, #06-11 Nexus @ one-north, Singapore 138543, during normal business hours.

8. CHANGES IN ACCOUNTING POLICIES

There have been no changes to the significant accounting policies of the Offeror Group since 31 March 2017, being the financial year end date of the last published audited accounts of the Offeror, which will cause the figures set out in this ***Appendix 3*** *to be not comparable to a material extent."*

Please refer to Appendix 3 of the Offer Document for further information on the Offeror.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY 2016-2017

The audited consolidated financial statements of the Group for FY 2016-2017 which are set out below have been excerpted from the Company's annual report for FY 2016-2017, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in the audited consolidated financial statements of the Group for FY 2016-2017 set out below shall have the same meanings given to them in the annual report of the Company for FY 2016-2017.

A copy of the annual report of the Company for FY 2016-2017 is available for inspection at the registered address of the Company at 3 Fusionopolis Link #06-10 Nexus @one-north Singapore 138543, during normal business hours until the Closing Date.

DIRECTORS' STATEMENT

The directors of GP Batteries International Limited (the "Company" and together with its subsidiaries, the "Group") present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 31 to 88 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Executive:

Victor Lo Chung Wing	(Chairman and Chief Executive Officer)
Richard Ku Yuk Hing	(Vice Chairman)
Henry Leung Kwong Hang	(Executive Vice President and Chief Risk Officer)
Leung Pak Chuen	
Hui Wing Sun	
Brian Wong Tze Hang	(Chief Financial Officer)

Independent Non-Executive:

Lim Jiew Keng	(Lead Independent Director)
Allan Choy Kam Wing	
Goh Boon Seong	

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, except as follows:

	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have an interest		
	At 1 April 2016	**At 31 March 2017**	**At 21 April 2017**	At 1 April 2016	**At 31 March 2017**	**At 21 April 2017**
Interest in the Company's ordinary shares						
Victor Lo Chung Wing	300,000	**300,000**	**300,000**	102,274,444	**102,580,044**	**102,580,044**
Richard Ku Yuk Hing	151,500	**151,500**	**151,500**	–	**–**	**–**
Hui Wing Sun	695,028	**695,028**	**695,028**	–	**–**	**–**

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have an interest		
	At 1 April 2016	**At 31 March 2017**	**At 21 April 2017**	At 1 April 2016	**At 31 March 2017**	**At 21 April 2017**
Ordinary shares of NT$10 each of Gold Peak Industries (Taiwan) Limited, a subsidiary of the Company						
Richard Ku Yuk Hing	200,000	**200,000**	**200,000**	–	**–**	**–**
Hui Wing Sun	200,000	**200,000**	**200,000**	–	**–**	**–**
Interest in Gold Peak Industries (Holdings) Limited's ordinary shares, ultimate holding company						
Victor Lo Chung Wing	69,045,825	**69,045,825**	**69,045,825**	100,940,063	**100,940,063**	**100,940,063**
Richard Ku Yuk Hing	2,629,684	**2,629,684**	**2,629,684**	–	**–**	**–**
Henry Leung Kwong Hang	500,000	**500,000**	**500,000**	–	**–**	**–**
Leung Pak Chuen	4,575,114	**4,575,114**	**4,575,114**	–	**–**	**–**
Hui Wing Sun	1,047,956	**1,047,956**	**1,047,956**	–	**–**	**–**
Interest in GP Industries Limited's ordinary shares, immediate holding company						
Victor Lo Chung Wing	300,000	**300,000**	**300,000**	414,098,443	**414,098,443**	414,098,443
Richard Ku Yuk Hing	340,000	**340,000**	**340,000**	–	**–**	–
Leung Pak Chuen	1,608,000	**1,608,000**	**1,608,000**	–	**–**	–
Hui Wing Sun	77,430	**77,430**	**77,430**	–	**–**	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Victor Lo Chung Wing is deemed to have an interest in all the related corporations of the Company.

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

DIRECTORS' STATEMENT (cont'd)

5 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Company is chaired by Mr Lim Jiew Keng, the Lead Independent Director, and includes Mr Allan Choy Kam Wing and Mr Goh Boon Seong, who are all independent directors. The Audit and Risk Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) the quarterly, interim and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's external auditors; and

(f) the re-appointment of the external auditors of the Group.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Victor Lo Chung Wing
Chairman and Chief Executive Officer

Richard Ku Yuk Hing
Vice Chairman

Singapore
16 June 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GP BATTERIES INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GP Batteries International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 31 to 88.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Our audit performed and responses thereon
Impairment of property, plant and equipment *(Refer to notes 14 and 39(b) to the consolidated financial statements)* The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The determination of recoverable amount, based on value-in-use using cash flow projections from the latest financial budgets, requires management's judgement in both identifying and valuing the relevant assets. Recoverable amounts are based on management's judgement of variables such as sales growth, operating expenditure, approved capital expenditure and the most appropriate discount rate.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in its impairment review. In addition, we performed the following: • We evaluated the appropriateness of management's relevant controls over the impairment assessment process, including reviewing for indicators of impairment. • We reviewed the impairment model used by management and challenged management on the suitability of the impairment model and reasonableness of the assumptions. • We involved our valuation specialists to review key assumptions used in the impairment assessment, in particular the discount rates. • We performed sensitivity analysis in regards to the discount rate and growth rate as these are the two significant key assumptions in the impairment model. Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT (cont'd)

TO THE MEMBERS OF GP BATTERIES INTERNATIONAL LIMITED

Key Audit Matters (cont'd)

Key Audit Matters	Our audit performed and responses thereon
Assessment of recoverability of trade debtors *(Refer to notes 20 and 39(d) to the consolidated financial statements)* The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The assessment of recoverable amounts requires management to make significant judgements regarding the identification of bad and doubtful receivables and expectations of future cash inflows from customers.	We have enquired with management on analyses and assessments made with respect to recovery of individual receivables. In addition, we performed the following: • We gained an understanding of the key controls and processes that management have in place to assess the expected recovery of trade receivables. • We evaluated the adequacy of the provision of the trade receivables and the appropriateness of the allowances recognised taking into account the market considerations in each geographical country. Based on our procedures, we noted that the trade receivables provisions to be within a reasonable range of our expectations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements, regarding trade receivables and the related risks such as credit risk and the aging of trade receivables as disclosed in Note 3 (b) (iv).
Assessment of allowance for stocks *(Refer to notes 19 and 39(f) to the consolidated financial statements)* Given the nature of the business, we have identified allowance for stocks as a risk. The Group is required to assess at each reporting date whether there is any indication that the cost of stocks exceeds the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. There is judgement involved in assessing the level of inventory provision required in respect of slow moving stocks that have not been adequately provided for.	We have enquired with management on analyses and assessments made with respect to slow moving and obsolete stock. In addition, we performed the following: • We evaluated the appropriateness of management's relevant controls over the estimation of net realisable value for its stocks. • We assessed the net realisable value of stocks and challenged the appropriateness of the level of stock provision required in respect of slow moving and obsolete stock, considering the expected demand and actual selling price. Based on our procedures, we noted that the stock provisions to be acceptable within our expectations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (cont'd)

TO THE MEMBERS OF GP BATTERIES INTERNATIONAL LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Loi Chee Keong.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

16 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	Note	The Group	
		2017	2016
		S$'000	S$'000
Revenue	4	**759,842**	765,254
Cost of sales		**(589,482)**	(587,601)
Gross profit		**170,360**	177,653
Other operating income	5	**22,708**	12,875
Distribution expenses		**(66,886)**	(61,603)
Administrative expenses		**(88,939)**	(88,443)
Other operating expenses	6	**(8,080)**	(9,837)
Finance costs	7	**(6,761)**	(6,884)
Profit before share of results of associates		**22,402**	23,761
Share of results of associates		**6,813**	4,884
Profit before income tax	8	**29,215**	28,645
Income tax	10	**(14,370)**	(12,956)
Profit for the year		**14,845**	15,689
Profit attributable to:			
Equity holders of the Company		**3,488**	2,397
Non-controlling interests	31	**11,357**	13,292
		14,845	15,689
Earnings per share (cents):			
- Basic	12	**2.21**	1.49
- Diluted	12	**2.21**	1.49

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017

	The Group	
	2017	2016
	S$'000	S$'000
Profit for the year	**14,845**	15,689
Other comprehensive income:		
Items that may be subsequently reclassified to Profit or Loss:		
Translation differences arising from consolidation of foreign operations	**(8,994)**	(25,351)
Available-for-sale financial assets		
- Fair value gain (loss) arising during the year	**298**	(485)
Other comprehensive loss for the year, net of tax	**(8,696)**	(25,836)
Total comprehensive income (loss) for the year	**6,149**	(10,147)
Total comprehensive income (loss) attributable to:		
Equity holders of the Company	**(3,694)**	(18,519)
Non-controlling interests	**9,843**	8,372
	6,149	(10,147)

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

31 March 2017

	Note	The Group		The Company	
		2017	2016	**2017**	2016
		S$'000	S$'000	**S$'000**	S$'000
Non-current assets					
Investment property	13	**1,791**	1,672	**–**	–
Property, plant and equipment	14	**201,850**	194,039	**4,566**	1,142
Interest in subsidiaries	15	**–**	–	**341,445**	336,614
Interest in associates	16	**52,722**	46,329	**16,382**	16,382
Available-for-sale investments	17	**6,291**	5,777	**–**	–
Deferred tax assets	26	**3,549**	3,729	**–**	–
Goodwill on consolidation	18	**11,970**	11,548	**–**	–
Deposits and prepayments	21	**6,052**	3,095	**952**	3,046
Total non-current assets		**284,225**	266,189	**363,345**	357,184
Current assets					
Stocks	19	**107,210**	110,353	**–**	–
Debtors	20	**143,299**	123,485	**95,248**	100,048
Tax recoverable		**2,356**	754	**–**	–
Deposits and prepayments	21	**15,674**	10,904	**1,798**	1,985
Bank balances and cash		**115,167**	110,978	**6,985**	6,797
		383,706	356,474	**104,031**	108,830
Assets held for sale	36	**1,057**	–	**–**	–
Total current assets		**384,763**	356,474	**104,031**	108,830
Current liabilities					
Creditors and accrued charges	22	**180,551**	143,653	**97,177**	100,410
Derivative financial instruments	23	**–**	497	**–**	–
Obligations under finance leases	24	**87**	113	**–**	–
Income tax payable		**2,628**	2,108	**149**	147
Bank loans and overdrafts	25	**152,276**	118,142	**97,509**	69,336
Total current liabilities		**335,542**	264,513	**194,835**	169,893
Net current assets (liabilities)		**49,221**	91,961	**(90,804)**	(61,063)
Non-current liabilities					
Bank loans	25	**23,368**	43,315	**21,901**	43,315
Obligations under finance leases	24	**94**	79	**–**	–
Deferred tax liabilities	26	**2,919**	2,208	**–**	–
Total non-current liabilities		**26,381**	45,602	**21,901**	43,315
Net assets		**307,065**	312,548	**250,640**	252,806
Represented by					
Share capital	27	**257,400**	257,400	**257,400**	257,400
Treasury shares	28	**(6,088)**	(6,084)	**(6,088)**	(6,084)
Reserves		**(25,116)**	(19,428)	**(672)**	1,490
Attributable to equity holders of the Company		**226,196**	231,888	**250,640**	252,806
Non-controlling interests	31	**80,869**	80,660	**–**	–
		307,065	312,548	**250,640**	252,806

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2017

	Note	Share capital	Treasury shares	Capital reserve[#]	Legal reserve	Translation reserve	Property/ asset revaluation reserve	Retained profits	Fair value reserve	Attributable to equity holders of the Company	Non-controlling interests	Total
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
The Group												
Balance at 1 April 2015		257,400	–	(32,963)	22,001	(123,147)	3,358	137,502	1,206	265,357	77,172	342,529
Total comprehensive income (loss) for the year:												
Profit for the year		–	–	–	–	–	–	2,397	–	2,397	13,292	15,689
Other comprehensive loss for the year		–	–	–	–	(20,431)	–	–	(485)	(20,916)	(4,920)	(25,836)
Total		–	–	–	–	(20,431)	–	2,397	(485)	(18,519)	8,372	(10,147)
Transactions with owners, recognised directly in equity:												
Capital contributions by non-controlling interests		–	–	–	–	–	–	–	–	–	1,640	1,640
Dividends paid	11(a)	–	–	–	–	–	–	(8,866)	–	(8,866)	–	(8,866)
Dividends paid to non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	–	(6,524)	(6,524)
Purchase of treasury shares	28	–	(6,084)	–	–	–	–	–	–	(6,084)	–	(6,084)
Total		–	(6,084)	–	–	–	–	(8,866)	–	(14,950)	(4,884)	(19,834)
Transfer to (from) reserves		–	–	–	173	–	–	(173)	–	–	–	–
Balance at 31 March 2016		257,400	(6,084)	(32,963)	22,174	(143,578)	3,358	130,860	721	231,888	80,660	312,548
Balance at 1 April 2016		257,400	(6,084)	(32,963)	22,174	(143,578)	3,358	130,860	721	231,888	80,660	312,548
Total comprehensive income (loss) for the year:												
Profit for the year		–	–	–	–	–	–	3,488	–	3,488	11,357	14,845
Other comprehensive income (loss) for the year		–	–	–	–	(7,445)	–	(35)	298	(7,182)	(1,514)	(8,696)
Total		–	–	–	–	(7,445)	–	3,453	298	(3,694)	9,843	6,149
Transactions with owners, recognised directly in equity:												
Capital reductions to non-controlling interests		–	–	–	–	–	–	–	–	–	(885)	(885)
Liquidation of a subsidiary		–	–	–	–	–	–	1,168	–	1,168	(1,168)	–
Dividends paid	11(a)	–	–	–	–	–	–	(3,162)	–	(3,162)	–	(3,162)
Dividends paid to non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	–	(7,581)	(7,581)
Purchase of treasury shares	28	–	(4)	–	–	–	–	–	–	(4)	–	(4)
Total		–	(4)	–	–	–	–	(1,994)	–	(1,998)	(9,634)	(11,632)
Transfer to (from) reserves		–	–	–	330	–	–	(330)	–	–	–	–
Balance at 31 March 2017		**257,400**	**(6,088)**	**(32,963)**	**22,504**	**(151,023)**	**3,358**	**131,989**	**1,019**	**226,196**	**80,869**	**307,065**

[#] Comprises mainly goodwill arising from acquisition of subsidiaries and associates prior to 1 April 2001.

See accompanying notes to financial statements.

	Note	Share capital	Treasury shares	Retained profits	Translation reserve	Total
		S$'000	S$'000	S$'000	S$'000	S$'000
The Company						
Balance at 1 April 2015		257,400	–	9,372	(4,432)	262,340
Total comprehensive profit for the year:						
Profit for the year		–	–	3,456	–	3,456
Other comprehensive income for the year		–	–	–	1,960	1,960
Total		–	–	3,456	1,960	5,416
Transactions with owners, recognised directly in equity:						
Dividends paid	11(a)	–	–	(8,866)	–	(8,866)
Purchase of treasury shares	28	–	(6,084)	–	–	(6,084)
Total		–	(6,084)	(8,866)	–	(14,950)
Balance at 31 March 2016		257,400	(6,084)	3,962	(2,472)	252,806
Balance at 1 April 2016		257,400	(6,084)	3,962	(2,472)	252,806
Total comprehensive profit for the year:						
Profit for the year		–	–	4,028	–	4,028
Other comprehensive income for the year		–	–	–	(3,028)	(3,028)
Total		–	–	4,028	(3,028)	1,000
Transactions with owners, recognised directly in equity:						
Dividends paid	11(a)	–	–	(3,162)	–	(3,162)
Purchase of treasury shares	28	–	(4)	–	–	(4)
Total		–	(4)	(3,162)	–	(3,166)
Balance at 31 March 2017		**257,400**	**(6,088)**	**4,828**	**(5,500)**	**250,640**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	The Group	
	2017	2016
	S$'000	S$'000
Operating activities		
Profit before income tax	**29,215**	28,645
Adjustments for:		
Allowance for trade doubtful debts, net	**521**	(263)
Allowance for stock, net	**3,029**	2,806
Depreciation of property, plant and equipment	**18,486**	19,179
Dividend income from available-for-sale investments	**(5)**	–
Fair value gain on investment property	**(191)**	–
Finance costs	**6,761**	6,884
Gain on disposal of property, plant and equipment, net	**(10,634)**	(4,029)
Impairment loss on goodwill	**–**	2,935
Impairment loss on property, plant and equipment	**2,105**	4,479
Interest income	**(710)**	(1,494)
Property, plant and equipment written off	**1,063**	611
Realised (gain) loss on derivative financial instruments	**(207)**	387
Share of results of associates	**(6,813)**	(4,884)
Unrealised fair value loss on derivative financial instruments	**–**	302
Unrealised foreign exchange (gain) loss	**(3,049)**	2,387
Operating profit before working capital changes	**39,571**	57,945
Stocks	**4,341**	(14,638)
Debtors	**(17,041)**	1,559
Deposits and prepayments	**(4,390)**	(1,412)
Creditors and accrued charges	**22,108**	4,853
Cash generated from operations	**44,589**	48,307
Income tax paid	**(12,639)**	(9,672)
Net cash from operating activities	**31,950**	38,635
Investing activities		
Deposits received for disposal of property, plant and equipment	**9,359**	–
Deposits paid for purchase of property, plant and equipment	**(5,080)**	(3,051)
Dividends received from associates	**1,409**	1,193
Dividends received from available-for-sale investments	**5**	–
Interest received	**710**	1,494
Proceeds on disposal of property, plant and equipment	**12,187**	4,570
Purchase of available-for-sale investments	**–**	(712)
Purchase of property, plant and equipment (Note A)	**(34,762)**	(18,690)
Net cash used in investing activities	**(16,172)**	(15,196)

See accompanying notes to financial statements.

	The Group	
	2017	2016
	S$'000	S$'000
Financing activities		
Drawdown of term loans	**18,758**	89,710
Payment of front end fees	**–**	(2,125)
Repayment of term loans	**(30,008)**	(14,759)
Other short term bank loans obtained (paid)	**22,238**	(35,218)
Capital contributions from non-controlling shareholders	**–**	1,640
Capital reductions paid to non-controlling shareholders	**(885)**	–
Dividends paid	**(3,162)**	(8,866)
Dividends paid to non-controlling interests	**(7,581)**	(6,524)
Repayment of obligations under finance leases	**(120)**	(158)
Non trade balances due from associates	**231**	56
Non trade balances due to associates	**38**	293
Interest paid	**(6,327)**	(5,446)
Purchase of treasury shares	**(4)**	(6,084)
Net cash (used in) from financing activities	**(6,822)**	12,519
Net increase in cash and cash equivalents	**8,956**	35,958
Cash and cash equivalents at 1 April	**110,978**	81,042
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(4,767)**	(6,022)
Cash and cash equivalents at 31 March	**115,167**	110,978

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$37,933,000 (2016 : S$19,348,000) of which:

- S$111,000 (2016 : S$Nil) were acquired under finance leases;
- S$3,060,000 (2016: S$658,000) were transferred from deposits paid for property, plant and equipment; and
- S$34,762,000 (2016 : S$18,690,000) were acquired with cash.

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

1 GENERAL

The Company (Registration No. 199002111N) is incorporated in the Republic of Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited with its registered office and principal place of business at 3 Fusionopolis Link, #06-10 Nexus @one-north, Singapore 138543. The financial statements are expressed in Singapore dollars ("S$").

The principal activities of the Company are those of investment holding and the carrying out of functions as the regional headquarters of the Group.

The principal activities of its key subsidiaries are as disclosed in Note 31 to the financial statements.

The financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2017 were authorised for issue by the Board of Directors on 16 June 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS

The Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016. The adoption of these new/revised FRSs and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments* [1]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [1]
- FRS 116 *Leases* [2]
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]

[1] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

[2] Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

[3] Application has been deferred indefinitely, however early application is still permitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements for FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new FRS 109 may not result in any material changes to the accounting policies relating to financial instruments. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 may not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect of revenue and deferred revenue, including information about contracts with customers, contract balances and performance obligation. Management has commenced an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. The management does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A lease asset will be recognised on statement of financial position, representing the Group's right to use the leased asset over the lease term and, recognising corresponding liability to make lease payments. Additional disclosures may be made with respect of the Group's exposure to asset risk and credit risk, where the Group is the lessor. Management has commenced an assessment of the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

IFRS convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new Singapore financial reporting framework that is identical to International Financial Reporting Standards ("IFRS") for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending March 31, 2019, with retrospective application to the comparative financial year ending March 31, 2018 and the opening statement of financial position as at April 1, 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect material changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs, and the election of certain transition options available under IFRS 1.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year. Subsidiaries are entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

All significant inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instrument: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSOCIATES (cont'd)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used in line with those used by other members of the Group.

GOODWILL

Goodwill arising from a business combination is recognised as an asset (except for those arising prior to adoption of FRS 103 *Business Combinations*, which were adjusted to equity) at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

PROPERTY, PLANT AND EQUIPMENT

Freehold land is carried at historical cost or at its revalued amount, being the fair value on the basis of its existing use at the date of revaluation. In accordance with FRS 16 *Property, plant and equipment*, where one-off revaluation had been performed between 1 January 1984 and 31 December 1996 (both dates inclusive), the Group need not revalue these properties with sufficient regularities.

Leasehold land and leasehold improvements are carried at historical cost, less accumulated depreciation and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount. Buildings are carried at historical cost or at their revalued amounts, less accumulated depreciation and any accumulated impairment loss.

Machinery, moulds and equipment, furniture, fixtures and equipment and motor vehicles are carried at historical cost, less accumulated depreciation and any accumulated impairment loss.

Any revaluation surplus arising from the revaluation of freehold land and buildings is recognised in other comprehensive income and accumulated in property/asset revaluation reserve, except to the extent that it reverses a revaluation deficit for the same asset previously recognised as an expense, in which case the surplus is credited to profit or loss to the extent of the deficit previously charged. A decrease in carrying amount arising from the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property/asset revaluation reserve relating to a previous revaluation of that asset.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT (cont'd)

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Upon retirement or subsequent sale of a revalued asset, the attributable revaluation surplus included in property/asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the property/asset revaluation reserve to retained earnings except when an asset is derecognised.

Depreciation is charged so as to write off the cost/revalued amount of the properties over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	2% to 10% per annum
Leasehold improvements	-	3 to 10 years depending on lease terms
Leasehold land	-	over the respective lease periods

Freehold land is not depreciated.

Depreciation is charged using the straight-line method to write off the cost of the plant and equipment over their estimated useful lives, on the following bases:

Machinery, moulds and equipment	-	10% to 30% per annum
Furniture, fixtures and equipment	-	10% to 25% per annum
Motor vehicles	-	10% to 25% per annum

Assets under construction are carried at cost, less any recognised impairment loss and are not depreciated until they are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Fully depreciated assets still in use are retained in the financial statements.

IMPAIRMENT OF TANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 3.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Available-for-sale financial assets

Certain shares and debt securities held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 3. Gains and losses arising from changes in fair value are recognised directly in the other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income and accumulated in the fair value reserve is reclassified to profit or loss for the period. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

The investment in unquoted equity instruments whereby the fair value cannot be measured reliably is carried at cost less any accumulated impairment loss. Impairment loss is not reversed. Gain or loss on disposal is included in profit or loss.

Loans and receivables

Trade debtors and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term debtors when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade debtors, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the assets carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of debtors where the carrying amount is reduced through the use of an allowance account. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other creditors are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign exchange rates and raw material prices.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group does not designate any derivative for hedging purposes.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

STOCKS

Stocks consisting of raw materials, work in progress and finished goods are stated at the lower of cost (first-in, first-out method) and net realisable value. Cost of work in progress and finished goods include direct material costs, direct labour costs and overheads that have been incurred in bringing the work in progress and finished goods to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (cont'd)

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

LEGAL RESERVE

Legal reserve represents the amount transferred from profit after taxation of the subsidiaries incorporated in the People's Republic of China (excluding Hong Kong) (the "PRC") in accordance with the PRC legal requirement. The legal reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing capital.

TREASURY SHARES

When the Company purchases its own issued ordinary shares without immediately cancelling them, these shares are held as treasury shares. The consideration paid, including any directly attributable incremental costs is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued. When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account. When treasury shares are subsequently reissued pursuant to the employee Performance Share Plan scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Revenue from rendering of services is recognised when the services are completed.

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight-line basis.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of each reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from the settlement of monetary items, and from retranslation of monetary items are included in profit or loss for the period. Exchange differences arising from the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of each reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in translation reserve.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation (except for those arising prior to adoption of FRS 103 *Business Combinations*) are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of each reporting period:

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**262,062**	238,744	**102,870**	108,434
Available-for-sale financial assets	**6,291**	5,777	**–**	–

The following table sets out the financial instruments as at the end of each reporting period:

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Financial liabilities				
Derivative financial instruments	**–**	497	**–**	–
Payables at amortised cost	**356,376**	305,302	**216,587**	213,061

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives

The management monitors and manages the financial risks relating to the operations of the Group through analysing exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, interest rate risk and equity price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's major financial instruments include trade and other receivables, trade and other payables, bank balances and bank loans. Details of these financial instruments are disclosed in the respective notes. The Group enters into a variety of derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign exchange rates and raw material prices, including:

- non-deliverable commodity contracts of raw nickel to manage the risk arising from the fluctuations of nickel prices;
- forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods; and
- interest rate swaps to mitigate the risk of rising interest rates.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. In managing the Group's exposure to fluctuations in foreign exchange rate, and raw material prices, the Group will use forward contracts to hedge up to a maximum period of 12 months.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including the United States dollars, Hong Kong dollars, Chinese Renminbi, Japanese Yen and Euro and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	The Group				The Company			
	Liabilities		Assets		Liabilities		Assets	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
United States dollars	**193,555**	157,490	**127,254**	119,556	**60,722**	60,004	**32,383**	41,105
Chinese Renminbi	**76,790**	60,525	**68,667**	50,385	**876**	5	**8,534**	14,363
Hong Kong dollars	**83,981**	77,970	**62,506**	63,684	**27,956**	28,696	**47,276**	45,033
Japanese Yen	**1,738**	101	**–**	28	**–**	–	**–**	–
Euro	**3,778**	1,382	**520**	349	**35**	35	**–**	–

Certain companies in the Group use forward contracts to hedge their exposure to foreign currency risk in the local reporting currency.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Further details on the forward exchange derivative instruments are found in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the functional currency of each group entity against the relevant foreign currencies. 5% is the sensitivity rate used. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the functional currency of each group entity strengthens by 5% against the relevant foreign currency, impact on the profit before tax will be:

	The Group [(I)]		The Company [(II)]	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Gain (Loss):				
United States dollars impact	**3,315**	1,897	**1,417**	945
Chinese Renminbi impact	**406**	507	**(383)**	(718)
Hong Kong dollars impact	**1,074**	714	**(966)**	(817)
Japanese Yen impact	**87**	4	**–**	–
Euro impact	**163**	52	**2**	2

A 5% weakening of the functional currency of each group entity would have the equal but opposite effect of the above amount on the basis that all other variables remain constant.

(I) This is mainly attributable to the exposure on outstanding receivables, payables, bank loans and inter-company receivables and payables at the year end in the Group.

(II) This is mainly attributable to the exposure on outstanding inter-company receivables, payables and bank loans at the year end.

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (v) of this Note. The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings. The Group enters into interest rate swap to minimise its interest rate risk. The duration of such interest rate swaps does not exceed the tenure of the underlying debts. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity (cont'd)

If interest rates had been 50 basis points higher or lower and all other variables were held constant:

- the Group's profit for the year ended 31 March 2017 would decrease/increase by S$878,000 (2016 : S$807,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and
- the Company's S$597,000 (profit for the year ended 31 March 2017 would decrease/increase by S$563,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

(iii) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

Further details of these equity investments can be found in Note 17 to the financial statements.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

In respect of available-for-sale equity investments, if the equity price or valuation had been 5% higher/lower while all other variables were held constant, the Group's fair value reserves would increase/decrease by S$139,000 (2016 : increase/decrease by S$123,000).

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed regularly.

Trade debtors consist of a large number of customers spreading across diverse industries and geographical areas. Ongoing credit evaluation is performed and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are reputable financial institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and financial guarantee that the Group may be called upon, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other debtors are disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iv) Credit risk management (cont'd)

The credit risk for trade debtors based on the information provided to key management is as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Asia	**73,182**	70,139	**50,562**	51,004
North and South America	**24,233**	8,831	**–**	–
Europe and others	**26,612**	27,831	**–**	–
	124,027	106,801	**50,562**	51,004

(v) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, borrowings with different tenures and internally generated cash flows to finance their activities. The Group minimises liquidity risk by keeping committed credit lines available.

As at 31 March 2017, the Company's current liabilities exceeded its current assets by S$90,804,000 (2016 : S$61,063,000). The financial statements of the Company have been prepared on a going concern basis as the management is of the view that its major shareholder will continue to provide financial support to enable the Company to meet its financial obligations as and when they fall due. Its major shareholder has undertaken to provide the Company with sufficient liquidity to enable the Company to meet its funding needs.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	% p.a.	S$'000	S$'000	S$'000	S$'000
The Group					
2017					
Non-interest bearing	**–**	**180,551**	**–**	**–**	**180,551**
Finance lease liability (fixed rate)	**3.84**	**192**	**106**	**(117)**	**181**
Variable interest rate instruments	**3.30**	**148,474**	**32,929**	**(5,759)**	**175,644**
		329,217	**33,035**	**(5,876)**	**356,376**
2016					
Non-interest bearing	–	143,653	–	–	143,653
Finance lease liability (fixed rate)	5.28	211	81	(100)	192
Variable interest rate instruments	3.68	123,588	44,624	(6,755)	161,457
		267,452	44,705	(6,855)	305,302
The Company					
2017					
Non-interest bearing	**–**	**97,177**	**–**	**–**	**97,177**
Variable interest rate instruments	**3.32**	**96,372**	**26,683**	**(3,645)**	**119,410**
Financial guarantees	**–**	**274,922**	**–**	**(274,922)**	**–**
		468,471	**26,683**	**(278,567)**	**216,587**
2016					
Non-interest bearing	–	100,410	–	–	100,410
Variable interest rate instruments	3.76	73,045	44,624	(5,018)	112,651
Financial guarantees	–	235,258	–	(235,258)	–
		408,713	44,624	(240,276)	213,061

Derivative financial instruments

The liquidity analysis for derivative financial instruments is disclosed in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current debtors and creditors approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments measured at fair value

	Total	Level 1	Level 2	Level 3
	S$'000	S$'000	S$'000	S$'000
The Group				
2017				
Financial assets				
Available-for-sale investments	**2,770**	**2,770**	**–**	**–**

There were no transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

2016

Financial assets				
Available-for-sale investments	2,381	2,381	–	–
Financial liabilities				
Derivative financial instruments	497	–	497	–

The Company had no financial assets and liabilities carried at fair value.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 24 and 25 and equity attributable to equity holders of the Company, comprising issued capital as disclosed in Note 27, reserves and retained profits.

The Group's overall strategy remains unchanged from 2016.

4 REVENUE

Revenue relates to sales of batteries.

5 OTHER OPERATING INCOME

	The Group	
	2017	2016
	S$'000	S$'000
Dividend income from available-for-sale investments	**5**	–
Fair value gain on investment property	**191**	–
Gain on disposal of property, plant and equipment, net	**10,634**	4,029
Gain on foreign exchange	**7,422**	3,464
Government grant	**1,340**	1,923
Interest income	**710**	1,494
Rental income	**823**	815
Others	**1,583**	1,150
	22,708	12,875

6 OTHER OPERATING EXPENSES

		The Group	
	Note	**2017**	2016
		S$'000	S$'000
Closure costs of Shanghai factory [(i)]		**2,468**	–
Impairment loss on goodwill	18	**–**	2,935
Impairment loss on property, plant and equipment	14	**2,105**	4,479
Property, plant and equipment written off		**1,063**	611
Others		**2,444**	1,812
		8,080	9,837

[(i)] Closure costs were incurred in closing the Group's factory in Shanghai when the production facilities for primary button batteries in Shanghai were relocated to Ningbo.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

7 FINANCE COSTS

	The Group	
	2017	2016
	S$'000	S$'000
Interest expense on:		
Bank loans	**6,760**	6,867
Finance leases	**1**	17
	6,761	6,884

8 PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the consolidated statement of profit or loss, this item has been arrived at after charging (crediting):

		The Group	
	Note	**2017**	2016
		S$'000	S$'000
Allowance for trade doubtful debts charged (written back) [(a)]	20	**521**	(263)
Allowance for stock, net		**3,029**	2,806
Audit fees:			
Auditors of the Company		**394**	380
Other auditors		**580**	687
Non-audit fees:			
Auditors of the Company		**11**	24
Other auditors		**160**	227
Cost of inventories recognised as expense		**589,482**	587,601
Operating lease expense		**8,090**	8,954
Realised (gain) loss on derivative financial instruments [(b)]		**(207)**	387
Unrealised fair value loss on derivative financial instruments [(b)]		**–**	302

[(a)] Included in distribution expenses in the consolidated statement of profit or loss.
[(b)] Included in other operating expenses/other operating income in the consolidated statement of profit or loss.

9 STAFF COSTS

	The Group	
	2017	2016
	S$'000	S$'000
Directors' remuneration:		
Fees	**193**	193
Emoluments of the Company	**3,206**	2,964
Salaries and wages	**107,000**	114,578
Defined contribution plans	**4,795**	5,241
	115,194	122,976

10 INCOME TAX

	The Group	
	2017	2016
	S$'000	S$'000
Current income tax:		
Charge for current year	**11,718**	13,015
Overprovision in respect of prior years	**(904)**	(1,297)
Withholding tax on overseas income	**1,106**	1,027
	11,920	12,745
Deferred income tax:		
Charge (Write-back) for current year	**1,116**	(1,119)
Overprovision in respect of prior years	**(183)**	–
	933	(1,119)
Share of taxation of associates:		
Charge for current year	**1,517**	1,330
	14,370	12,956

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2016 : 17%) to profit before income tax as a result of the following differences:

	The Group	
	2017	2016
	S$'000	S$'000
Profit before income tax	**29,215**	28,645
Income tax expense at statutory rate	**4,967**	4,870
Add/(Less):		
Effect of different tax rates of overseas operations	**(548)**	(218)
Income not subject to tax	**(222)**	(296)
Utilisation of previously unrecognised deferred tax benefits	**(1,639)**	(1,479)
Overprovision in respect of prior years	**(1,087)**	(1,297)
Non-allowable items	**1,606**	3,313
Unrecognised deferred tax benefits	**10,187**	7,036
Withholding tax on overseas income	**1,106**	1,027
Income tax at effective tax rate	**14,370**	12,956

11 DIVIDENDS

a) Dividends paid during the financial year are as follows:

	The Group and the Company	
	2017	2016
	S$'000	S$'000
2015 final tax-exempt (1-tier) dividend of 2.5 Singapore cents ("S cents") per share	**–**	4,073
2016 interim tax-exempt (1-tier) dividend of 3.0 S cents per share	**–**	4,793
2016 final tax-exempt (1-tier) dividend of 1.0 S cents per share	**1,581**	–
2017 interim tax-exempt (1-tier) dividend of 1.0 S cents per share	**1,581**	–
	3,162	8,866

b) Proposed dividends at 31 March are as follows:

	The Group and the Company	
	2017	2016
	S$'000	S$'000
Final tax-exempt (1-tier) dividend of 1.5 S cents (2016 : 1.0 S cents) per share	**2,372**	1,581

The proposed dividends are subject to approval by the shareholders in the annual general meeting and hence not presented as liabilities as at year end.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

12 EARNINGS PER SHARE

The following data are used in computing basic and fully diluted earnings per share disclosed in the consolidated statement of profit or loss.

a) Earnings

	The Group	
	2017	2016
	S$'000	S$'000
Profit attributable to equity holders of the Company	**3,488**	2,397

b) Number of shares

	The Group	
	2017	2016
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**158,116,620**	161,266,258

13 INVESTMENT PROPERTY

	The Group	
	2017	2016
	S$'000	S$'000
At 1 April	**1,672**	1,747
Fair value gain	**191**	–
Currency realignment	**(72)**	(75)
At 31 March	**1,791**	1,672

The carrying amount of investment property is the fair value of the property as determined by an independent appraiser having appropriate recognised professional qualification and adequate experience in the location and category of the property being valued. Fair values were determined having regard to the existing use of the property, recent market transactions for similar properties in the same location as the property being valued.

The property rental income earned by the Group from its investment property which is leased out under operating leases, amounted to S$146,800 (2016 : S$200,000). Direct operating expenses arising from the investment property in the year amounted to S$32,800 (2016 : S$34,800).

Particulars of the investment property are as follows:

Description	Tenure	Fair value S$'000	Valuation Technique	Unobservable inputs	Range of unobservable inputs
Pao Lou Keng, Gu Tang Au, Huizhou City, Guangdong, China					
A 10,200 square metre plot of land with a single-storey godown, a 3-storey composite building, a 2-storey workshop and several single-storey industrial buildings with gross floor area of 4,720 square metres	47 years from 2004	1,791	Depreciated replacement cost method	Building construction cost	RMB1,200 to RMB1,500/ square metre (2016 : RMB1,000 to RMB1,500/ square metre)

The investment property categorised under Level 3 of the fair value hierarchy are generally sensitive to the unobservable input tabled above. A significant movement of input would result in significant change to the fair value of the investment property.

14 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Assets under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group							
Cost/Valuation:							
At 31 March 2015		24,183	142,305	402,707	11,207	44,809	625,211
Currency realignment		(1,414)	(7,605)	(18,516)	(663)	(1,657)	(29,855)
Transfer		–	808	6,376	(7,918)	734	–
Additions		–	1,724	5,124	9,834	2,666	19,348
Disposals and write-offs		(1,131)	(1,355)	(3,213)	(3)	(3,544)	(9,246)
At 31 March 2016		21,638	135,877	392,478	12,457	43,008	605,458
Currency realignment		(46)	(3,205)	4,048	(226)	665	1,236
Transfer		–	1,581	16,132	(18,813)	1,100	–
Additions		–	5,188	5,205	25,134	2,406	37,933
Disposals and write-offs		(676)	(3,937)	(59,811)	(14)	(3,891)	(68,329)
Assets reclassified as held for sale	36	–	(5,787)	–	–	–	(5,787)
At 31 March 2017		20,916	129,717	358,052	18,538	43,288	570,511
Represented by:							
At 31 March 2017							
Cost		15,458	129,717	358,052	18,538	43,288	565,053
Valuation		5,458	–	–	–	–	5,458
Total		20,916	129,717	358,052	18,538	43,288	570,511
At 31 March 2016							
Cost		15,678	135,877	392,478	12,457	43,008	599,498
Valuation		5,960	–	–	–	–	5,960
Total		21,638	135,877	392,478	12,457	43,008	605,458
Accumulated depreciation:							
At 31 March 2015		6,562	38,819	293,145	–	32,283	370,809
Currency realignment		(340)	(1,848)	(12,899)	–	(1,296)	(16,383)
Depreciation		274	3,530	12,839	–	2,536	19,179
Disposals and write-offs		(514)	(764)	(3,025)	–	(3,166)	(7,469)
At 31 March 2016		5,982	39,737	290,060	–	30,357	366,136
Currency realignment		173	(179)	3,435	–	126	3,555
Depreciation		199	4,317	11,702	–	2,268	18,486
Disposals and write-offs		(275)	(2,215)	(57,884)	–	(3,729)	(64,103)
Assets reclassified as held for sale	36	–	(4,730)	–	–	–	(4,730)
At 31 March 2017		6,079	36,930	247,313	–	29,022	319,344

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Note	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Assets under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group							
Impairment loss:							
At 31 March 2015		–	5,039	37,048	–	762	42,849
Currency realignment		–	(358)	(1,678)	–	(9)	(2,045)
Charge for the year		–	–	4,479	–	–	4,479
At 31 March 2016		–	4,681	39,849	–	753	45,283
Currency realignment		–	(394)	2,436	–	(113)	1,929
Charge for the year		–	–	2,010	–	95	2,105
At 31 March 2017		–	4,287	44,295	–	735	49,317
Carrying amount:							
At 31 March 2017		14,837	88,500	66,444	18,538	13,531	201,850
At 31 March 2016		15,656	91,459	62,569	12,457	11,898	194,039

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold Improvement	Machinery, moulds and equipment	Furniture, fixtures, equipment and motor vehicle	Total
	S$'000	S$'000	S$'000	S$'000
The Company				
Cost:				
At 31 March 2015	540	110	4,914	5,564
Currency realignment	(9)	–	(100)	(109)
Additions	282	10	510	802
Disposals	(403)	–	(27)	(430)
At 31 March 2016	410	120	5,297	5,827
Currency realignment	11	–	90	101
Additions	3,236	454	406	4,096
At 31 March 2017	3,657	574	5,793	10,024
Accumulated depreciation:				
At 31 March 2015	433	60	4,284	4,777
Currency realignment	(9)	–	(100)	(109)
Depreciation	50	15	363	428
Disposals	(397)	–	(14)	(411)
At 31 March 2016	77	75	4,533	4,685
Currency realignment	4	–	85	89
Depreciation	347	48	289	684
At 31 March 2017	428	123	4,907	5,458
Carrying amount:				
At 31 March 2017	3,229	451	886	4,566
At 31 March 2016	333	45	764	1,142

The carrying amount of property, plant and equipment includes an amount of S$216,000 (2016 : S$234,000) for the Group in respect of certain equipment and motor vehicles held under finance leases (Note 24).

The freehold land and buildings of the Group amounting to S$5,458,000 (2016 : S$5,960,000) stated at valuation were revalued by an independent professional valuer in March 1994 based on the open market value on a willing buyer and willing seller basis for existing use. In accordance with FRS 16 *Property, plant and equipment*, where a one-off revaluation had been performed between 1 January 1984 and 31 December 1996 (both dates inclusive), the Group need not revalue these properties with sufficient regularities. The resulting revaluation surpluses have been credited to the property revaluation reserve and the balance as at year end amounted to S$892,000 (2016 : S$892,000) for the Group in respect of the above assets.

If the cost method had been used, the carrying amount of freehold land and building of the Group would have been S$14,213,000 (2016 : S$14,981,000).

During the financial year, the Group carried out a review of the recoverable amount on certain property, plant and equipment. Arising from the review, an impairment loss of S$2,105,000 (2016 : S$4,479,000) was recognised to align the carrying amount of the plant and equipment to their recoverable amount. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 12% (2016 : 10.4%).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Particulars of major properties included in freehold land, leasehold land and buildings are as follows:

Location	Description	Tenure
China		
No. 128 Xinguang Road Ningbo Science and Technology Park Ningbo City, Zhejiang, China	A 147,282 square metre plot of land for factory and office building	50 years from 2005
365 Jingu Zhong Road (West) Yinzhou Investment and Business Centre Ningbo City, China	A 4-storey factory building with built-up area of 13,320 square metres	50 years from 2006
99 Dahetou Road Duantang, Ningbo, China	Four factory buildings and office building with built-up area of 33,266 square metres	50 years from 1998
Gu Tang Au Industrial Development District, Huizhou City, Guangdong, China	A 13,034 square metre plot of land with a factory building and staff quarters with total built-up area of 11,149 square metres	50 years from 1997
	A 2,461 square metre plot of land with a factory building with built-up area of 1,692 square metres	50 years from 2003
	A 13,590 square metre plot of land with factory building, warehouse and staff quarters with a total built-up area of 7,680 square metres	50 years from 1997
Malaysia		
No. 5, Jalan Tampoi Tujuh, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor, Malaysia	A 19,653 square metre plot of land with a factory building with built-up area of 6,450 square metres	Freehold
	A 18,110 square metre plot of land with a warehouse with built-up area of 2,106 square metres	Freehold
Lot 19737, Jalan Tampoi 7/4, Taman Mulia, 81200 Johor Bahru, Johor, Malaysia	A 7,589 square metre plot of land with an office building and factory building with total built-up area of 4,640 square metres	Freehold
Taiwan		
No. 211 Chung Cheng Road, Section 2 Hukow, Hsin-chu 30302, Taiwan	A factory building and warehouse with total built-up area of 6,823 square metres	Freehold
Vietnam		
Road N3, Area C, Hoamac Industrial Zone, Hoamac Town, Duy Tien District, Hanam Province, Vietnam	A factory and office building with total built-up area of 14,011 square metres	43 years from 2015

15 INTEREST IN SUBSIDIARIES

	The Company	
	2017	2016
	S$'000	S$'000
Unquoted equity shares, at cost	**222,972**	216,640
Less: Impairment loss	**(115,676)**	(115,356)
	107,296	101,284
Amounts due from subsidiaries (non-trade)	**231,400**	233,010
Financial guarantee contracts to subsidiaries	**2,749**	2,320
Total interest in subsidiaries	**341,445**	336,614

The amounts due from subsidiaries are interest free and form part of the Company's net investment in the subsidiaries. An amount of S$1,949,000 (2016 : S$3,760,000), included in the amounts due from subsidiaries, is interest bearing at interest rate of 5% per annum. These amounts are unsecured and there are no contractual obligations to repay the Company given that the eventual return of the capital contribution is at the discretion and ability of the subsidiaries.

Details of the subsidiaries are set out in Note 31 to the financial statements.

16 INTEREST IN ASSOCIATES

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Cost of investment	**47,080**	62,665	**16,382**	16,382
Loan to associate	**1,778**	13,884	**–**	7,349
Share of post-acquisition reserves, net of dividends received	**12,646**	(10,206)	**–**	–
	61,504	66,343	**16,382**	23,731
Accumulated impairment loss	**(8,782)**	(20,014)	**–**	(7,349)
Total	**52,722**	46,329	**16,382**	16,382

Details of the associates are set out in Note 32 to the financial statements.

17 AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2017	2016
	S$'000	S$'000
Equity shares:		
Quoted, at fair value	**2,770**	2,381
Unquoted, at cost	**3,521**	3,396
Total available-for-sale investments	**6,291**	5,777

The investments above include investments in equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair value of quoted securities was based on the quoted closing market prices on the last market day of the financial year.

The investment in unquoted equity shares represents investment in companies where the recoverability of investment is uncertain and dependent on the outcome of its activities. Certain investments in unquoted shares are carried at cost as the management is of the opinion that their fair values cannot be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

18 GOODWILL ON CONSOLIDATION

	The Group	
	2017	2016
	S$'000	S$'000
Cost:		
At 1 April	**18,151**	18,552
Currency realignment	**664**	(401)
At 31 March	**18,815**	18,151
Impairment:		
At 1 April	**6,603**	3,843
Currency realignment	**242**	(175)
Charge for the year	**–**	2,935
At 31 March	**6,845**	6,603
Carrying amount:		
At 31 March	**11,970**	11,548

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Goodwill acquired in a business combination allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination are as follows:

	The Group	
	Carrying amount	
	2017	2016
	S$'000	S$'000
Zhongyin (Ningbo) Battery Co. Ltd	**6,549**	6,318
Eastern Europe marketing and distribution network	**4,138**	3,992
GP Batteries (China) Limited	**1,275**	1,230
Others	**8**	8
	11,970	11,548

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following four years based on average growth rates of approximately -3.3% to 13.1% (2016 : Nil% to 17.6%). The rates used to discount the cash flow forecasts ranges from approximately 11.0% to 14.8% (2016 : 12.2% to 16.2%).

18 GOODWILL ON CONSOLIDATION (cont'd)

Sensitivity analysis

If management's estimate of discount rate increases or decreases by 1%, the impact on the value in use will be as follows:

	2017		2016	
	Increase by 1% S$'000	**Decrease by 1% S$'000**	Increase by 1% S$'000	Decrease by 1% S$'000
Zhongyin (Ningbo) Battery Co. Ltd	**(14,040)**	**16,809**	(12,052)	14,186
Eastern Europe marketing and distribution network	**(1,824)**	**2,128**	(1,331)	1,517
GP Batteries (China) Limited	**(1,115)**	**1,335**	(926)	1,088

As at March 31, 2017, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

During the year, the Group carried out a review of the recoverable amount of the CGUs. The review led to the recognition of an impairment loss on goodwill of S$Nil (2016 : S$2,935,000). Based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the recoverable amounts of the CGUs are appropriate. Accordingly, no allowance or further allowance impairment loss is required.

19 STOCKS

	The Group	
	2017 S$'000	2016 S$'000
Raw materials		
At cost	**21,866**	19,949
At net realisable value	**127**	99
Work in progress		
At cost	**37,544**	45,892
At net realisable value	**319**	–
Finished goods		
At cost	**46,241**	43,870
At net realisable value	**1,113**	543
	107,210	110,353

The cost of inventories recognised as an expense includes S$3,029,000 (2016 : S$2,922,000) in respect of write-downs of inventory to net realisable value, and has been reduced by S$Nil (2016 : S$116,000) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales price in certain markets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

20 DEBTORS

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**S$'000**	S$'000	**S$'000**	S$'000
Trade					
Outside parties		**123,386**	107,648	**–**	–
Amounts due from:					
Associates	32	**8,342**	6,671	**18**	17
Subsidiaries	31	**–**	–	**50,544**	50,987
Related parties	33	**13**	96	**–**	–
		131,741	114,415	**50,562**	51,004
Less:					
Allowance for doubtful debts					
Outside parties		**(7,714)**	(7,278)	**–**	–
Associates		**–**	(336)	**–**	–
		124,027	106,801	**50,562**	51,004
Non-trade					
Outside parties		**18,167**	12,504	**619**	304
Amounts due from:					
Associates	32	**659**	26,659	**306**	4,641
Subsidiaries	31	**–**	–	**82,918**	86,463
Related parties	33	**698**	42	**22**	2
		19,524	39,205	**83,865**	91,410
Less:					
Allowance for doubtful debts					
Associates		**(252)**	(22,521)	**(252)**	(4,558)
Subsidiaries		**–**	–	**(38,927)**	(37,808)
		19,272	16,684	**44,686**	49,044
Total		**143,299**	123,485	**95,248**	100,048

The amounts due from subsidiaries, associates and related parties are unsecured and repayable on demand. The average credit period on sale of goods ranges from 60 to 90 days (2016 : 60 to 90 days). Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

The Group and the Company closely monitor the credit quality of its debtors (both trade and non-trade) and consider the debtors that are neither past due nor impaired to be of a good credit quality. Based on the payment pattern of the Group and the Company, debtors that are past due but not impaired are generally collectible. Included in the Group's trade debtors are debtors with a carrying amount of S$28,302,000 (2016 : S$29,762,000) which are past due at the reporting date for which the Group has not made any allowance given that there has not been a significant change in credit quality and the amounts are still considered recoverable. The average past due of these receivables are 2 months (2016 : 2 months).

Included in allowance for doubtful debts were (a) specific allowance against trade debtors of S$809,000 and S$Nil for the Group and Company respectively (2016 : S$573,000 and S$Nil respectively); and (b) specific allowance against non-trade debtors of S$252,000 and S$39,179,000 for the Group and Company respectively (2016 : S$22,521,000 and S$42,366,000 respectively). Such balances were individually assessed either because they were significantly past due and the debtor did not respond to repayment demands, or there were circumstances that indicate a debtor may not be able to honour its obligations when the debt is due. The remaining allowance for doubtful debts arose from collective assessment.

As at 31 March 2017, there was an amount due from the non-controlling interest amounting to S$22,981,000 (2016:S$26,060,000) and an allowance for doubtful debts of S$4,445,000 (2016:S$4,580,000).

20 DEBTORS (cont'd)

Movements in the allowance for doubtful debts (trade):

	The Group	
	2017	2016
	S$'000	S$'000
Balance at 1 April	**7,614**	10,150
Currency realignment	**119**	(257)
Allowance utilised	**(540)**	(2,016)
Allowance write back	**(307)**	(388)
Charge for the year	**828**	125
Balance at 31 March	**7,714**	7,614

Movements in the allowance for doubtful debts (non-trade):

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 April	**22,521**	25,832	**42,366**	44,757
Currency realignment	**–**	(636)	**618**	(454)
Allowance utilised	**(22,269)**	(2,675)	**(4,376)**	(1,997)
Allowance write back	**–**	–	**(54)**	–
Charge for the year	**–**	–	**625**	60
Balance at 31 March	**252**	22,521	**39,179**	42,366

21 DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Deposits	**9,648**	7,376	**1,589**	4,635
Prepayments	**12,078**	6,623	**1,161**	396
	21,726	13,999	**2,750**	5,031

Presented in the statements of financial position as:

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Non-current assets	**6,052**	3,095	**952**	3,046
Current assets	**15,674**	10,904	**1,798**	1,985
	21,726	13,999	**2,750**	5,031

The fair value of the Group's and Company's deposits approximates their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

22 CREDITORS AND ACCRUED CHARGES

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**S$'000**	S$'000	**S$'000**	S$'000
Trade					
Outside parties		**108,894**	89,062	**–**	–
Amounts due to:					
Associates	32	**22,222**	20,590	**–**	–
Accrued charges		**25,454**	23,920	**2,367**	2,710
Other payables		**23,422**	6,398	**883**	739
Non-trade					
Amounts due to:					
Subsidiaries	31	**–**	–	**93,698**	96,864
Associates	32	**75**	3,274	**–**	–
Related parties	33	**484**	409	**229**	97
Total		**180,551**	143,653	**97,177**	100,410

The amounts due to subsidiaries, associates and related parties are unsecured, non-interest bearing and repayable on demand. The average credit period on purchases of goods ranges from 60 to 90 days (2016 : 60 to 90 days).

23 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group	
	2017	2016
	S$'000	S$'000
Commodity forward contracts	**–**	497

The Group uses commodity forward contracts to manage the risk arising from price fluctuation of its raw material.

As at 31 March 2016, major terms of these contracts were as follows:

Currency	Commodity	Quantity (in metric tonnes)	Maturity	Commodity forward price
USD	Nickel	7	July 2016	USD14,335/metric tonne
USD	Nickel	7	August 2016	USD14,335/metric tonne
USD	Nickel	7	September 2016	USD14,335/metric tonne
USD	Nickel	7	October 2016	USD14,335/metric tonne
USD	Nickel	10	October 2016	USD12,800/metric tonne
USD	Nickel	7	November 2016	USD14,335/metric tonne
USD	Nickel	10	November 2016	USD12,800/metric tonne
USD	Nickel	7	December 2016	USD14,335/metric tonne
USD	Nickel	10	December 2016	USD12,800/metric tonne

The Group did not adopt hedge accounting in respect of these commodity contracts. As at 31 March 2016, the fair values of these commodity contracts were estimated at a loss of S$497,000. The fair values were determined by reference to the forward price of related metals quoted from London Metal Exchange as at 31 March 2016. There are no outstanding commodity contracts as at 31 March 2017.

24 OBLIGATIONS UNDER FINANCE LEASES

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Total minimum lease payments		Present value of payments	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
The Group				
Within 1 year	**192**	211	**87**	113
Within 2 to 5 years	**106**	81	**94**	79
	298	292	**181**	192
Less: Future finance charges	**(117)**	(100)		
Present value of lease obligations	**181**	192		
Less: Amounts due within 1 year	**(87)**	(113)		
Amounts due within 2 to 5 years	**94**	79		

It is the Group's and Company's policy to lease certain of its equipment and motor vehicles under finance leases. The average lease term is 5 years. The effective interest rates are set out in Note 3 to the financial statements. Interest rates are fixed at the contract date, and thus expose the Group and Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's and Company's lease obligations approximates their carrying amount.

25 BANK LOANS AND OVERDRAFTS

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Unsecured:				
Bank loans	**154,379**	136,575	**119,410**	112,651
Import and export loans	**21,265**	24,882	**–**	–
	175,644	161,457	**119,410**	112,651
Carrying amount:				
Repayable within 12 months and contain a repayment on demand clause	**143,325**	115,317	**93,047**	66,511
Not repayable within 12 months but contain a repayment on demand clause	**8,951**	2,825	**4,462**	2,825
Under current liabilities	**152,276**	118,142	**97,509**	69,336
Repayable after 12 months under non-current liabilities	**23,368**	43,315	**21,901**	43,315
	175,644	161,457	**119,410**	112,651

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

25 BANK LOANS AND OVERDRAFTS (cont'd)

Bank loans are arranged at floating rates (with effective interest rates set out in Note 3 to the financial statements) and their carrying amounts approximate their fair values. Bank loan of the Company amounting to S$77,856,000 (2016 : S$95,078,000) have obligations performance guaranteed by certain subsidiaries. As at 31 March 2017, the Group has the following principal term loans:

a) A syndicated term loan of S$44.2 million (2016: S$51 million) with six banks at interest rates between 2.83% to 3.27%. Repayment commenced in October 2015, and is repayable over 11 quarterly instalments of S$6,800,000 each with a final instalment of S$10,200,000.

b) A loan of US$2.5 million with interest rate of 3.96%. Repayment commenced in December 2016, and is repayable over 12 quarterly instalments of US$250,000 each.

c) A loan of US$2.5 million with interest rate of 2.92%. Repayment will commence in April 2018, and is repayable over 5 half yearly instalments of US$500,000 each.

d) A loan of US$2.1 million with interest rate of 2.92%. Repayment commenced in June 2016, and is repayable over 5 half yearly instalments of US$500,000 each.

e) A loan of HKD25 million with interest rate of 2.97%. Repayment commenced in December 2016, and is repayable over 36 monthly instalments of HKD826,672 each.

26 DEFERRED TAX

Movements in the deferred tax liabilities and assets recognised by the Group are as follows:

	Accelerated tax depreciation	Revaluation of investment property	Tax losses	Foreign undistributed reserves	Others	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Deferred tax liabilities						
At 31 March 2015	1,903	114	–	922	378	3,317
Currency realignment	(131)	(3)	–	(30)	(43)	(207)
(Credit) Charge to profit or loss	(880)	–	–	308	(330)	(902)
At 31 March 2016	892	111	–	1,200	5	2,208
Currency realignment	(78)	4	–	48	19	(7)
(Credit) Charge to profit or loss	462	48	–	303	(95)	718
At 31 March 2017	1,276	163	–	1,551	(71)	2,919
Deferred tax assets						
At 31 March 2015	(1,421)	–	(178)	–	(2,062)	(3,661)
Currency realignment	90	–	2	–	57	149
Credit to profit or loss	–	–	(14)	–	(203)	(217)
At 31 March 2016	(1,331)	–	(190)	–	(2,208)	(3,729)
Currency realignment	45	–	–	–	(80)	(35)
Charge (credit) to profit or loss	294	–	(183)	–	104	215
At 31 March 2017	(992)	–	(373)	–	(2,184)	(3,549)

26 DEFERRED TAX (cont'd)

No deferred tax assets have been recognised on the following temporary differences due to uncertainty of its recoverability:

	The Group	
	2017	2016
	S$'000	S$'000
Unutilised tax losses	**290,825**	258,593
Difference in accounting and tax depreciation	**(63)**	(77)
	290,762	258,516

The use and expiry of these temporary differences are subject to the agreement of the relevant tax authorities and compliance with certain provisions of the tax legislation. Included in unutilised tax losses are losses of S$24,408,000 (2016 : S$12,755,000) for subsidiaries in the PRC that will expire within five years under the current PRC tax legislation.

27 SHARE CAPITAL

	The Group and the Company			
	2017	2016	**2017**	2016
	Number of ordinary shares		**S$'000**	S$'000
Issued and paid-up:				
At 1 April and 31 March	**164,806,752**	164,806,752	**257,400**	257,400

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

28 TREASURY SHARES

	The Group and the Company			
	2017	2016	**2017**	2016
	Number of ordinary shares		**S$'000**	S$'000
At 1 April	**6,685,200**	–	**6,084**	–
On-market purchases	**5,000**	6,685,200	**4**	6,084
At 31 March	**6,690,200**	6,685,200	**6,088**	6,084

The Company acquired 5,000 (2016: 6,685,200) of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was S$4,000 (2016: S$6,084,000) and has been deducted from the shareholders' equity. The shares are held as "treasury shares".

29 COMMITMENTS

As at the end of each reporting period, commitments of the Group and Company which have not been provided for in the financial statements are as follows:

a) Operating lease arrangements

The Group as lessee:

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Within 1 year	**7,583**	7,749	**3,690**	4,028
After 1 year and within 5 years	**22,547**	23,622	**12,428**	14,248
After 5 years	**2,400**	4,301	**–**	1,907
	32,530	35,672	**16,118**	20,183

Operating lease commitments are mainly in respect of non-cancellable leases for the rental of factory spaces, office premises and office equipment. Leases are negotiated for an average term of 1 to 15 years.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

29 COMMITMENTS (cont'd)

a) Operating lease arrangements (cont'd)

The Group as lessor:

The Group rents out its properties in the People's Republic of China, Hong Kong and Singapore under operating leases. All of the properties held have committed tenants as disclosed below:

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Within 1 year	**393**	950	**149**	1,446
After 1 year and within 5 years	**718**	1,894	**93**	4
After 5 years	**330**	661	**–**	–
	1,441	3,505	**242**	1,450

b) Capital expenditure commitments

	The Group	
	2017	2016
	S$'000	S$'000
Capital expenditure contracted but not provided for	**13,755**	3,318
Capital expenditure authorised but not contracted for	**1,168**	2,499
	14,923	5,817

c) Trust fund

In 2005, the Company established a "GP Batteries Industrial Safety Trust Fund" of HK$10 million to provide financial assistance and support to employees in Hong Kong and China who might have suffered from cadmium over-exposure or other occupational diseases related to battery production. This trust fund is monitored by an independent fund granting committee.

The aggregate amount of the trust fund is HK$10 million. The Group has contributed approximately HK$6 million up to 31 March 2006 and the balance of HK$4 million will be contributed in instalment when the net asset value of the trust fund falls below a certain level. As a result, this balance had not been provided for in the financial statements. Management is of the view that there is no likelihood that the balance needs to be provided for.

d) As at 31 March 2017 and 2016, the Company has undertaken to provide financial support to some of its subsidiaries.

30 CONTINGENT LIABILITIES - UNSECURED

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Guarantees given in respect of banking and other facilities granted to subsidiaries (Notes 15 and 31)	**–**	–	**274,922**	235,258
Others	**1,412**	26	**–**	–
	1,412	26	**274,922**	235,258

The maximum amount that the Company could be forced to settle under the financial guarantee contract if the full guaranteed amount is claimed by the counter-party to the guarantee is S$274,922,000 (2016 : S$235,258,000). The earliest period that the guarantee could be called is within one year (2016 : one year) from the end of the reporting period. The Company considers that it is more likely than not that no amount will be payable under the arrangement.

31 SUBSIDIARIES

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2017	2016
Investment holding	Hong Kong	**7**	7
Investment holding	Others	**2**	2
Manufacturing of batteries	Hong Kong	**2**	2
Manufacturing of batteries	Malaysia	**1**	1
Manufacturing of batteries	People's Republic of China	**7**	8
Marketing and trading in batteries	Hong Kong	**2**	2
Marketing and trading in batteries	Malaysia	**1**	1
Marketing and trading in batteries	People's Republic of China	**1**	1
Marketing and trading in batteries	Others	**5**	5
Others		**10**	12
		38	41

Principal activities	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2017	2016
Manufacturing of batteries	People's Republic of China	**3**	3
Manufacturing of batteries	Taiwan	**1**	1
Manufacturing of batteries	Vietnam	**1**	1
Marketing and trading in batteries	People's Republic of China	**2**	2
Marketing and trading in batteries	Others	**1**	1
Others		**–**	1
		8	9

Details of the principal subsidiary companies at 31 March 2017 are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017	2016	
		%	%	
Dongguan Chao Ba Batteries Co Ltd [(i) & (iv)]	People's Republic of China	**100**	100	Manufacturing of batteries
Gold Peak Industries (Taiwan) Limited [(iii)]	Taiwan	**80**	80	Manufacturing of batteries
GP Batteries (Americas) Inc [(i) & (v)]	United States of America	**100**	100	Marketing and trading in batteries
GP Batteries (China) Limited [(i)]	People's Republic of China	**100**	100	Manufacturing of batteries
GP Batteries (Malaysia) Sdn Bhd [(iii)]	Malaysia	**100**	100	Manufacturing of batteries

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

31 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017	2016	
		%	%	
GP Batteries (Shenzhen) Co., Ltd [(i) & (iv)]	People's Republic of China	**100**	100	Manufacturing of batteries
GP Batteries (U.K.) Limited [(i) & (v)]	United Kingdom	**100**	100	Marketing and trading in batteries
GP Batteries (Vietnam) Limited Liability Company [(iii)]	Vietnam	**79**	79	Manufacturing of batteries
GP Battery Marketing (H.K.) Limited [(i) & (iii)]	Hong Kong	**100**	100	Marketing and trading in batteries
GP Battery Marketing (Korea) Limited [(i) & (v)]	South Korea	**90**	90	Marketing and trading in batteries
GP Battery Marketing (Malaysia) Sdn Bhd [(v)]	Malaysia	**100**	100	Marketing and trading in batteries
GP Battery Marketing (Singapore) Pte Ltd [(ii)]	Singapore	**100**	100	Marketing and trading in batteries
GP Battery (Poland) Sp. z.o.o. [(i) & (v)]	Poland	**100**	100	Marketing and trading in batteries
GP Battery Technology (HK) Limited [(iii)]	Hong Kong	**100**	100	Investment holding
GPI International Limited [(iii)]	Hong Kong	**100**	100	Marketing and trading in batteries
Huizhou Chao Ba Batteries Co Ltd [(i) & (iv)]	People's Republic of China	**90**	90	Marketing and trading in batteries
Huizhou Modern Battery Limited [(i) & (iv)]	People's Republic of China	**100**	100	Manufacturing of batteries
Ningbo Fubang Battery Co Ltd [(vi)]	People's Republic of China	**72**	72	Manufacturing of batteries
Ningbo GP Energy Co., Ltd [(vi)]	People's Republic of China	**90**	90	Manufacturing of batteries
Sylva Industries (China) Limited [(i) & (iii)]	Hong Kong	**100**	100	Investment holding
Sylva Industries Limited [(iii)]	Hong Kong	**100**	100	Manufacturing of batteries

31 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017	2016	
		%	%	
Vectrix International Limited [(i) & (iii)]	Hong Kong	**100**	100 [Note 35]	Holding of intellectual properties
Whitehill Electrochemical Company Limited [(i) & (iii)]	Hong Kong	**100**	100	Investment holding and provision of logistic support
Zhongyin (Ningbo) Battery Co. Ltd [(iv)]	People's Republic of China	**70**	70	Manufacturing of batteries

(i) Held by subsidiaries of the Company

(ii) Audited by Deloitte & Touche LLP, Singapore

(iii) Audited by overseas practices of Deloitte Touche Tohmatsu Limited

(iv) Audited by overseas practices of Deloitte Touche Tohmatsu Limited for consolidation purposes

(v) Audited by other accounting firms as these subsidiaries are not significant

(vi) Audited by Grant Thornton Zhejiang Office for consolidation purposes

Details of non wholly-owned subsidiaries that have material non-controlling interests:

Name of subsidiaries	Country of incorporation and place of business	Proportion of ownership interest/ voting power held by the non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	**2017**	2016	**2017**	2016
		%	%	**S$'000**	S$'000	**S$'000**	S$'000
Ningbo Fubang Battery Co Ltd	People's Republic of China	**28**	28	**1,436**	1,562	**10,826**	9,713
Zhongyin (Ningbo) Battery Co. Ltd	People's Republic of China	**30**	30	**10,743**	9,769	**59,909**	58,279
Individually immaterial subsidiaries with non-controlling interests				**(822)**	1,961	**10,134**	12,668
				11,357	13,292	**80,869**	80,660

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

31 SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non- controlling interests is set out below:

	Zhongyin (Ningbo) Battery Co. Ltd		Ningbo Fubang Battery Co Ltd	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current assets	**152,517**	130,935	**41,654**	35,941
Non-current assets	**124,558**	127,624	**9,863**	10,983
Current liabilities	**(97,649)**	(85,454)	**(8,453)**	(7,838)
Equity attributable to owners of the Company	**119,517**	114,826	**32,238**	29,373
Non-controlling interests	**59,909**	58,279	**10,826**	9,713
Revenue	**371,086**	347,339	**50,202**	45,005
Expenses	**(49,321)**	(46,081)	**(3,671)**	(4,093)
Profit for the year	**35,811**	32,564	**5,130**	5,580
Profit attributable to:				
Owners of the Company	**25,068**	22,795	**3,694**	4,018
Non-controlling interests	**10,743**	9,769	**1,436**	1,562
Profit for the year	**35,811**	32,564	**5,130**	5,580
Other comprehensive income attributable to:				
Owners of the Company	**(3,615)**	(7,521)	**(829)**	(1,698)
Non-controlling interests	**(1,548)**	(3,221)	**(323)**	(622)
Other comprehensive income for the year	**(5,163)**	(10,742)	**(1,152)**	(2,320)
Total comprehensive income attributable to:				
Owners of the Company	**21,453**	15,274	**2,865**	2,320
Non-controlling interests	**9,195**	6,548	**1,113**	940
Total comprehensive income for the year	**30,648**	21,822	**3,978**	3,260
Dividends paid to non-controlling interests	**7,565**	6,524	**–**	–
Net cash inflow (outflow) from				
operating activities	**48,028**	53,555	**2,726**	6,958
investing activities	**(8,690)**	(5,736)	**(329)**	(1,873)
financing activities	**(23,365)**	(30,181)	**–**	–
Net cash inflow (outflow)	**15,973**	17,638	**2,397**	5,085

32 ASSOCIATES

Details of the principal associate companies at 31 March 2017 are as follows:

Name of associates	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017	2016	
		%	%	
AZ Limited [(i) & (vi)]	Russia	**40**	40	Marketing and trading in batteries
Changzhou Lithium Batteries Ltd [(i) & (iv)]	People's Republic of China	**40**	40	Manufacturing of batteries
Ningbo Fengyin Battery Co., Ltd [(i) & (iv)]	People's Republic of China	**32**	32	Manufacturing and trading of battery materials
Gold Yi Industry Company Limited [(i) & (iv)]	People's Republic of China	**30**	30	Marketing and trading in batteries
GP Battery Marketing (Germany) GmbH [(i) & (iii)]	Germany	**50**	50	Marketing and trading in batteries
GP Battery Marketing (Middle East) Limited (FZC) [(i) & (iv)]	United Arab Emirates	**50**	50	Marketing and trading in batteries
GP Battery Marketing (Thailand) Co Ltd [(i) & (iv)]	Thailand	**49**	49	Marketing and trading in batteries
GWA Energy, Inc [(i) & (iv)]	Taiwan	**41**	41	Marketing and trading in batteries
Hanoi Battery Joint Stock Company [(iv)]	Vietnam	**30**	30	Manufacturing of batteries
Lichton International Limited [(i) & (iv)]	Hong Kong	**33.33**	33.33	Marketing and trading in lighting products
STL Technology Co., Ltd [(i) & (iii)]	Taiwan	**34.46**	34.46	Manufacturing of battery packs and products
STL Technology (SIP) Co., Ltd [(ii) & (v)]	People's Republic of China	**34.46**	34.46	Manufacturing of battery packs and products
T.G. Battery Co (China) Ltd [(ii) & (v)]	People's Republic of China	**42.5**	42.5	Manufacturing of batteries
T.G. Battery Co (Hong Kong) Limited [(iii)]	Hong Kong	**50**	50	Investment holding and provision of logistic support

(i) Held by subsidiaries of the Company

(ii) Held by associates of the Company

(iii) Audited by overseas practices of Deloitte Touche Tohmatsu Limited

(iv) Audited by other accounting firms as these associates are not significant

(v) The results of the associates which are included in the audited consolidated financial statements of their respective holding companies are not separately audited as it is not significant

(vi) Audited by Nexia Finance Group, Moscow for consolidation purposes

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

32 ASSOCIATES (cont'd)

Summarised financial information in respect of each of the Group's material associates is set out below:

	AZ Limited	
	2017	2016
	S$'000	S$'000
Current assets	**49,567**	33,632
Non-current assets	**7,594**	6,294
Current liabilities	**(26,665)**	(20,013)
Revenue	**71,492**	63,753
Profit for the year	**4,774**	1,645
Other comprehensive income (loss) for the year	**5,809**	(3,633)
Total comprehensive income (loss) for the year	**10,583**	(1,988)
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	AZ Limited	
	2017	2016
	S$'000	S$'000
Net assets of the associate	**30,496**	19,913
Proportion of the Group's ownership	**40%**	40%
Share of net assets of the associate	**12,198**	7,965
Others	**(390)**	(191)
Carrying amount of the Group's interest	**11,808**	7,774

	STL Technology Co., Ltd & its subsidiaries	
	2017	2016
	S$'000	S$'000
Current assets	**52,004**	38,131
Non-current assets	**7,019**	7,502
Current liabilities	**(23,425)**	(15,136)
Non-current liabilities	**(63)**	(42)
Revenue	**79,321**	73,781
Profit for the year	**2,055**	2,804
Other comprehensive income (loss) for the year	**3,025**	(1,280)
Total comprehensive income for the year	**5,080**	1,524
Dividends received from the associate during the year	**–**	–

32 ASSOCIATES (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	STL Technology Co., Ltd & its subsidiaries	
	2017	2016
	S$'000	S$'000
Net assets of the associate	**35,535**	30,455
Proportion of the Group's ownership	**34.46%**	34.46%
Share of net assets of the associate	**12,245**	10,495
Others	**(131)**	(38)
Carrying amount of the Group's interest	**12,114**	10,457

	T.G. Battery Co (Hong Kong) Limited & its subsidiary	
	2017	2016
	S$'000	S$'000
Current assets	**60,030**	59,297
Non-current assets	**6,072**	5,786
Current liabilities	**(30,674)**	(31,382)
Revenue	**122,803**	122,638
Profit for the year	**3,520**	2,355
Other comprehensive loss for the year	**(575)**	(1,861)
Total comprehensive income for the year	**2,945**	494
Dividends received from the associate during the year	**609**	888

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	T.G. Battery Co (Hong Kong) Limited & its subsidiary	
	2017	2016
	S$'000	S$'000
Net assets of the associate	**35,428**	33,701
Proportion of the Group's ownership	**50%**	50%
Share of net assets of the associate	**17,714**	16,851
Others	**11**	512
Carrying amount of the Group's interest	**17,725**	17,363

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

32 ASSOCIATES (cont'd)

	2017	2016
	S$'000	S$'000
Aggregate information of associates that are not individually material:		
The Group's share of		
Profit for the year	**919**	753
Other comprehensive loss	**(381)**	(552)
Total comprehensive income	**538**	201
Aggregate carrying amount of the Group's interests in these associates	**11,075**	10,735
Unrecognised share of profits (losses) of associates:		
Share of unrecognised profits (loss) for the year	**4,587**	(26)
Cumulative share of loss	**(208)**	(4,795)

33 RELATED PARTY TRANSACTIONS

The Company's immediate holding company is GP Industries Limited. Gold Peak Industries (Holdings) Limited is the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate and immediate holding companies' group of companies. The amounts due from or to related parties are unsecured, non-interest bearing and repayable on demand unless otherwise indicated. The Group has transactions with related parties as follows:

	The Group	
	2017	2016
	S$'000	S$'000
Ultimate holding company		
Rental income and other services received	**(86)**	(17)
Rental and other services paid	**–**	2,605
Immediate holding company		
Other services received	**(18)**	(18)
Rental and other services paid	**222**	224
Related companies		
Sales	**(31)**	(398)
Rental income received	**(222)**	(102)
Purchases	**–**	4
Design fee paid	**129**	130
Other services paid	**71**	593

33 RELATED PARTY TRANSACTIONS (cont'd)

	The Group	
	2017	2016
	S$'000	S$'000
Associates		
Sales	**(26,748)**	(23,295)
Purchases	**88,353**	87,492
Commission expenses	**142**	–
Outsourcing fee	**365**	249
Dividend income	**(1,409)**	(1,194)
Interest income	**(42)**	(110)
Management fee income	**(220)**	(238)
Rental income	**(371)**	(333)
Royalty income	**(163)**	(171)
Sundry income	**–**	(166)
The remuneration of key management personnel are as follows:		
Short-term benefits	**3,399**	3,157

34 SEGMENT INFORMATION

Reportable operating segment information

The Group operates in only one main operating segment which focuses on the development, manufacturing, distribution and trading in batteries and battery related products. This operating segment has been identified on the basis of internal management reports that are regularly reviewed by the Executive Directors of the Group who are the chief operating decision makers. The Executive Directors of the Group review the overall results of the Group as a whole to make decisions about resource allocation. Accordingly, no further analysis of this single reporting segment has been prepared. The accounting policies of this reportable segment are the same as the Group's accounting policies described in Note 2.

Geographical information

The Group's revenue and information about its non-current assets by geographical locations are detailed below:

	Revenue from external customers		Non-current assets	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Asia				
PRC (including Hong Kong)	**347,720**	351,930	**198,745**	208,804
Other parts of Asia	**92,998**	99,799	**64,191**	39,770
	440,718	451,729	**262,936**	248,574
North and South America	**114,907**	151,846	**91**	404
Europe and others	**204,217**	161,679	**17,649**	13,482
	759,842	765,254	**280,676**	262,460

The Group's activities are primarily based in the People's Republic of China (including Hong Kong) and other Asian countries. Revenue is based on the country in which the customer is located. Non-current assets are shown by the geographical areas in which these assets are located. Deferred tax assets are excluded for the purpose of the above presentation.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

34 SEGMENT INFORMATION (cont'd)

Other information

	The Group	
	2017	2016
	%	%
Revenue by products		
Primary cylindrical	**58.9**	57.4
Primary specialty	**21.8**	21.7
Rechargeable	**17.4**	19.3
Others	**1.9**	1.6
	100.0	100.0

There are no customers contributing more than 10 percent of the revenue of the Group.

35 ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

During the financial year ended 31 March 2016, the Group acquired 30,000 ordinary shares in the capital of Vectrix International Limited ("Vectrix International"), representing the entire issued share capital of Vectrix International, from Vectrix Holdings Limited, an associated company of the Group, for a nominal consideration of HK$1. As a result of the acquisition, Vectrix International became an indirect wholly-owned subsidiary of the Group.

36 ASSET HELD FOR SALE

		The Group	
	Note	**2017**	2016
		S$'000	S$'000
Reclassified from property, plant and equipment	14	**1,057**	–

During the financial year ended 31 March 2017, the Group entered into a Sales and Purchase Agreement to dispose of a property in the People's Republic of China for a consideration of RMB105 million (approximately S$21 million). The disposal is expected to complete in the next financial year.

37 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in the consolidated statement of profit or loss and consolidated statement of cash flows, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The following tables set out the restated balances in the consolidated statement of profit or loss, consolidated statement of cash flows.

	March 31, 2016	
	Previously reported	**After classification**
	S$'000	**S$'000**
Consolidated statement of profit or loss		
Administrative expenses	(88,974)	(88,443)
Finance costs	(6,353)	(6,884)
Consolidated statement of cash flows		
Finance costs	6,353	6,884
Other short-term bank loans obtained (paid)	(34,687)	(35,218)

38 EVENTS AFTER REPORTING PERIOD

Subsequent to year end, the Company's 70%-owned subsidiary, Zhongyin (Ningbo) Battery Co., Ltd ("ZYNB"), has incorporated a wholly-owned subsidiary, Ningbo GP Pairdeer Batteries Co. Ltd in China, with a registered capital of RMB500 million (approximately S$101 million), in connection with an intended internal corporate restructuring of ZYNB and its subsidiaries.

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Apart from those involving estimations (see below), management is of the view that there are no critical judgements that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of the goodwill at the end of each reporting period is disclosed in Note 18 to the financial statements.

(b) Impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimation of the recoverable amount of the property, plant and equipment. In determining the recoverable amount, management will calculate the value in use by estimating the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows as well as obtaining market value of the property, plant and equipment.

The impairment and carrying amount of property, plant and equipment at the end of each reporting period are disclosed in Note 14 to the financial statements.

(c) Depreciation of property, plant and equipment

The management exercises their judgement in estimating the useful lives of the depreciable assets. Depreciation is provided to write off the cost or valuation of property, plant and equipment over the estimated useful lives, using the straight-line method or reducing balance method.

The carrying amount of property, plant and equipment at the end of each reporting period is disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

(d) Allowances for bad and doubtful debts

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables when events or changes in circumstances indicate that the balance may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and doubtful debts expenses in the period in which such estimate has been changed.

The allowances and carrying amount of doubtful receivables at the end of each reporting period are disclosed in Notes 16 and 20 to the financial statements.

(e) Impairment of investments in subsidiaries and associates

Determining whether investments in subsidiaries and associates are impaired requires an estimation of the recoverable amount assessed to be the higher of fair value less cost to sell and value in use. Management has evaluated the recoverability of these investments based on such estimates. The carrying value of the investments in subsidiaries and associates are set out in Notes 15 and 16 to the financial statements.

(f) Allowance for stocks

The carrying amount of stocks is progressively reduced based on the age and type of stocks. These estimates of realisable values are made by management after taking into account historical and forecast selling prices. The carrying amount of stocks of the Group is set out in Note 19 to the financial statements.

GP Batteries International Limited
(Incorporated in the Republic of Singapore)
Co. Reg. No. 199002111N

First Quarter Financial Statements For the Financial Period Ended 30 June 2017

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group income statement for the first quarter ("Q1") ended 30 June 2017. These figures have not been audited.

	Note	Q1 ended 30 June 2017 S$'000	Q1 ended 30 June 2016 S$'000	Change %
Revenue		207,247	177,389	16.8
Cost of sales		(158,836)	(139,464)	13.9
Gross profit		48,411	37,925	27.6
Other operating income & expenses		(725)	2,916	n/m
Distribution expenses		(16,185)	(13,875)	16.6
Administrative expenses		(22,017)	(20,119)	9.4
Finance costs		(1,819)	(1,715)	6.1
Profit before share of results of associates		7,665	5,132	49.4
Share of results of associates		898	1,666	(46.1)
Profit before income tax	A	8,563	6,798	26.0
Income tax	B	(2,675)	(2,947)	(9.2)
Profit after income tax		5,888	3,851	52.9
Attributable to:				
Equity holders of the Company		3,099	1,235	150.9
Non-controlling interests		2,789	2,616	6.6
		5,888	3,851	52.9
Gross profit margin		23.4%	21.4%	

n/m denotes "not meaningful"

The Group	Q1 ended 30 Jun 2017 S$'000	Q1 ended 30 Jun 2016 S$'000
Statement of Comprehensive Income		
Profit for the period	5,888	3,851
Other comprehensive income:		
Items that may be subsequently reclassified to Profit or Loss:		
Translation differences arising from consolidation of foreign operations	1,131	(8,348)
Fair value gain (loss) on available-for-sale financial assets	0	203
Other comprehensive income (loss) for the period	1,131	(8,145)
Total comprehensive income for the period	7,019	(4,294)
Total comprehensive income for the period attributable to:		
Equity holders of the Company	4,322	(5,263)
Non-controlling interests	2,697	969
	7,019	(4,294)

Notes to the Income Statement

(A)	Profit before taxation is arrived at after crediting (charging) the following:		
	Depreciation	(4,611)	(4,319)
	Gain (Loss) on foreign exchange[(i)]	(1,728)	1,981
	Gain on disposal of property, plant and equipment, net [(i)]	102	61
	Government grant [(i)]	566	409
	Property, plant and equipment written off [(i)]	(259)	(117)
(B)	Income tax is inclusive of:		
	Overprovision in respect of prior years' taxation	23	520

[(i)] Included in other operating income/other operating expenses in the consolidated statement of profit or loss

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

		The Group		The Company	
	Note	30 Jun 2017	31 Mar 2017	30 Jun 2017	31 Mar 2017
		S$'000	S$'000	S$'000	S$'000
Non-current assets					
Investment property	A	0	1,791	0	0
Property, plant & equipment	B	226,900	201,850	4,728	4,566
Interest in subsidiaries		0	0	341,420	341,445
Interest in associates		52,392	52,722	16,382	16,382
Available-for-sales investments		6,214	6,291	0	0
Deferred tax assets		3,646	3,549	0	0
Goodwill on consolidation		11,823	11,970	0	0
Deposits and prepayments		3,533	6,052	951	952
Total non-current assets		304,508	284,225	363,481	363,345
Current assets					
Stocks	C	120,969	107,210	0	0
Debtors		144,326	143,299	85,956	95,248
Tax recoverable		2,615	2,356	0	0
Deposits and prepayments		15,907	15,674	1,676	1,798
Bank balances and cash		102,457	115,167	10,512	6,985
		386,274	383,706	98,144	104,031
Assets held for sale	D	10,091	1,057	0	0
Total current assets		396,365	384,763	98,144	104,031
Current liabilities					
Creditors and accrued charges		190,461	180,551	107,369	97,177
Obligations under finance leases		67	87	0	0
Income tax payable		2,259	2,628	152	149
Bank loans and overdrafts	E	178,260	152,276	96,145	97,509
Total current liabilities		371,047	335,542	203,666	194,835
Net current assets (liabilities)		25,318	49,221	(105,522)	(90,804)
Non-current liabilities					
Bank loans	E	16,735	23,368	14,278	21,901
Obligations under finance leases		84	94	0	0
Deferred tax liabilities		2,977	2,919	0	0
Total non-current liabilities		19,796	26,381	14,278	21,901
Net assets		310,030	307,065	243,681	250,640
Represented by:					
Issued capital		257,400	257,400	257,400	257,400
Treasury shares		(6,088)	(6,088)	(6,088)	(6,088)
Reserves		(20,794)	(25,116)	(7,631)	(672)
Attributable to equity holders of the Company		230,518	226,196	243,681	250,640
Non-controlling interests		79,512	80,869	0	0
		310,030	307,065	243,681	250,640

Explanatory Notes to the Statement of Financial Position

(A) Investment property
The investment property, a property in Huizhou, People's Republic of China, has been reclassified to Asset Held for Sale (See Note (D) below).

(B) Property, plant & equipment
Increase in property, plant & equipment was mainly due to acquisition of land for construction of factory building by Ningbo GP Pairdeer Batteries Co. Ltd, the Group's 70%-owned subsidiary. Details are set out in announcement of award of land tender on 17 May 2017.

(C) Stocks
Increase in stocks was mainly due to increase in turnover.

(D) Assets Held for Sale
Increase in assets held for sale was due to the reclassification of 3 properties from property, plant and equipment and investment property (See Note (A) above). The properties are located in Huizhou, PRC and Hsin-Chu, Taiwan.

(E) Bank loans and overdrafts
Increase in total bank loans was mainly due to the financing of capital expenditure for the land acquisition in Ningbo, PRC as mentioned in note A above, as well as to finance the expansion of the facilities in Malaysia.

GP Batteries International Limited
30 June 2017

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	As at 30 Jun 2017 S$'000	As at 31 Mar 2017 S$'000
Amount repayable in one year or less, or on demand		
Unsecured:		
Long term bank loans		
- scheduled repayments within 12 months	34,837	32,226
- not repayable within 12 months but contain a repayment on demand clause	12,113	8,951
Short term bank loans	110,186	89,834
Import and export loans	21,124	21,265
	178,260	152,276
Secured:		
Obligations under finance leases	67	87
Amount repayable after one year		
Unsecured:		
Long term bank loans	16,735	23,368
Secured:		
Obligations under finance leases	84	94

Details of any collateral

Carrying amount of fixed assets in respect of certain motor vehicles held under finance leases:

As at 30 Jun 2017		As at 31 Mar 2017	
The Group S$'000	**The Company S$'000**	**The Group S$'000**	**The Company S$'000**
229	NIL	216	NIL

Other comments to paragraph 1(b) (ii)
Not applicable.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q1 30 Jun 2017 S$'000	Q1 30 Jun 2016 S$'000
Operating activities		
Profit before income tax	8,563	6,798
Adjustments for:		
Allowance for doubtful debts (trade)	25	33
Allowance for stock, net	165	445
Depreciation of property, plant and equipment	4,611	4,319
Finance costs	1,819	1,715
Interest income	(286)	(190)
Gain on disposal of property, plant and equipment, net	(102)	(61)
Property, plant and equipment written off	259	117
Share of results of associates	(898)	(1,666)
Unrealised fair value gain on derivative financial instruments	0	(166)
Unrealised foreign exchange loss (gain)	758	(2,124)
Operating profit before working capital changes	14,914	9,220
Stocks	(15,241)	6,758
Debtors	(1,494)	(7,467)
Deposits and prepayments	(2,722)	(165)
Creditors and accrued charges	12,194	4,601
Cash generated from operations	7,651	12,947
Income tax paid	(2,794)	(2,530)
Net cash generated from operating activities	4,857	10,417

	Q1 30 Jun 2017 S$'000	Q1 30 Jun 2016 S$'000
Investing activities		
Deposits paid for purchase of property, plant and equipment	(1,675)	(1,737)
Dividends received from associates	0	93
Interest received	286	190
Proceeds on disposal of property, plant and equipment	3,245	501
Purchase of property, plant and equipment	(34,303)	(4,422)
Net cash used in investing activities	(32,447)	(5,375)
Financing activities		
Drawdown of term loans	7,758	0
Repayment of term loans	(8,518)	(7,744)
Other short term bank loans obtained	20,970	1,834
Interest paid	(1,763)	(1,774)
Dividends paid to non-controlling interests	(4,054)	(6,349)
Non trade balances due from associates	(19)	(438)
Non trade balances due to associates	76	9
Purchase of treasury shares	0	(4)
Repayment of obligations under finance leases	(60)	(9)
Net cash from (used in) financing activities	14,390	(14,475)
Net decrease in cash and cash equivalents	(13,200)	(9,433)
Cash and cash equivalents at beginning of period	115,167	110,978
Effect of exchange rate changes on the balance of cash held in foreign currencies	490	(1,655)
Cash and cash equivalents at end of period	102,457	99,890

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Share capital S$'000	Treasury shares S$'000	Capital reserve S$'000	Legal reserve S$'000	Translation reserve S$'000	Property/ asset revaluation reserve S$'000	Retained profits S$'000	Fair value reserve S$'000	Sub Total S$'000	Non-controlling interests S$'000	Total S$'000
Balance at 1 Apr 2017	257,400	(6,088)	(32,963)	22,504	(151,023)	3,358	131,989	1,019	226,196	80,869	307,065
Total comprehensive income:											
Profit for the year	0	0	0	0	0	0	3,099	0	3,099	2,789	5,888
Other comprehensive income for the period	0	0	0	0	1,223	0	0	0	1,223	(92)	1,131
Total	0	0	0	0	1,223	0	3,099	0	4,322	2,697	7,019
Transactions with owners, recognised directly in equity:											
Dividends paid to non-controlling interests	0	0	0	0	0	0	0	0	0	(4,054)	(4,054)
Total	0	0	0	0	0	0	0	0	0	(4,054)	(4,054)
Balance at 30 Jun 2017	257,400	(6,088)	(32,963)	22,504	(149,800)	3,358	135,088	1,019	230,518	79,512	310,030

The Group	Share capital S$'000	Treasury shares S$'000	Capital reserve S$'000	Legal reserve S$'000	Translation reserve S$'000	Property/ asset revaluation reserve S$'000	Retained profits S$'000	Fair value reserve S$'000	Sub Total S$'000	Non-controlling interests S$'000	Total S$'000
Balance at 1 Apr 2016	257,400	(6,084)	(32,963)	22,174	(143,578)	3,358	130,860	721	231,888	80,660	312,548
Total comprehensive income:											
Profit for the year	0	0	0	0	0	0	1,235	0	1,235	2,616	3,851
Other comprehensive income for the period	0	0	0	0	(6,701)	0	0	203	(6,498)	(1,647)	(8,145)
Total	0	0	0	0	(6,701)	0	1,235	203	(5,263)	969	(4,294)
Transactions with owners, recognised directly in equity:											
Purchase of treasury shares	0	(4)	0	0	0	0	0	0	(4)	0	(4)
Dividends paid to non-controlling interests	0	0	0	0	0	0	0	0	0	(6,349)	(6,349)
Total	0	(4)	0	0	0	0	0	0	(4)	(6,349)	(6,353)
Transfer to (from) reserves	0	0	0	80	0	0	(80)	0	0	0	0
Balance at 30 Jun 2016	257,400	(6,088)	(32,963)	22,254	(150,279)	3,358	132,015	924	226,621	75,280	301,901

The Company	Share capital S$'000	Treasury shares S$'000	Retained profits S$'000	Translation reserve S$'000	Total S$'000
Balance at 1 Apr 2017	257,400	(6,088)	4,828	(5,500)	250,640
Total comprehensive income					
Loss for the period	0	0	(8,209)	0	(8,209)
Other comprehensive income	0	0	0	1,250	1,250
	0	0	(8,209)	1,250	(6,959)
Balance at 30 Jun 2017	257,400	(6,088)	(3,381)	(4,250)	243,681

The Company	Share capital S$'000	Treasury shares S$'000	Retained profits S$'000	Translation reserve S$'000	Total S$'000
Balance at 1 Apr 2016	257,400	(6,084)	3,962	(2,472)	252,806
Total comprehensive income					
Loss for the period	0	0	(5,611)	0	(5,611)
Other comprehensive income	0	0	0	(194)	(194)
	0	0	(5,611)	(194)	(5,805)
Transactions with owners, recognised directly in equity:					
Purchase of treasury shares	0	(4)	0	0	(4)
Balance at 30 Jun 2016	257,400	(6,088)	(1,649)	(2,666)	246,997

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the share capital of the Company from 31 March 2017 to 30 June 2017. There were no shares that may be issued on conversion of any outstanding convertibles as at 30 June 2017 and 30 June 2016.

As at 30 June 2017, the Company held 6,690,200 (30 June 2016: 6,690,200) of its issued shares as treasury shares. The treasury shares held represents 4.23% (30 June 2016: 4.23%) of the total number of issued shares (excluding treasury shares). The Company has no subsidiary holdings or other convertibles as at 30 June 2017 and 30 June 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at	**30 June 2017**	**31 Mar 2017**
Total number of issued shares	164,806,752	164,806,752
Less: Number of treasury shares	(6,690,200)	(6,690,200)
Total number of issued shares excluding treasury shares	158,116,552	158,116,552

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

As at 30 June 2017, there were no sales, transfers, cancellation and/or use of treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidiary holdings during and as at the end of the financial period ended 30 June 2017.

GP Batteries International Limited
30 June 2017

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Other than the adoption of certain revisions to various existing Financial Reporting Standards ("FRS"), the new FRS and Interpretations of FRS ("INT FRS") that are mandatory on the Group for its financial year commenced on 1 April 2017, the Group has adopted the same accounting policies and methods of computation for the current financial period as those adopted for the audited financial statements for the financial year ended 31 March 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the various revised FRS, new FRS and INT FRS effective for the Company's financial year commencing on 1 April 2017 does not have a material financial effect on the Group and the Company.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Q1 ended 30 June 2017	**Q1 ended 30 June 2016**
Earnings per share ("EPS") in cents Basic & Diluted	1.96	0.78
Number of shares: Weighted average number of ordinary shares used in calculating basic & diluted EPS	158,116,552	158,116,827

GP Batteries International Limited
30 June 2017

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	30 Jun 2017	**31 Mar 2017**	**30 Jun 2017**	**31 Mar 2017**
Net asset value per ordinary share	S$1.46	S$1.43	S$1.54	S$1.59

Net asset value per ordinary share as at 30 June 2017 and 31 March 2017 were computed based on 158,116,552 and 158,116,552 ordinary shares respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover for the three months ended 30 June 2017 was S$207.2 million, an increase of 16.8% over the corresponding period last year. Sales of primary batteries and rechargeable batteries increased by 18.6% and 11.3% respectively over the corresponding period last year.

Sales increased across all regions. Sales in both the Americas and Europe increased by 45.7% over the corresponding period last year.

Profit before income tax for the three months ended 30 June 2017 was S$8.6 million as compared to S$6.8 million over the corresponding period last year. Gross margin was 23.4% as compared to 21.4% in the corresponding period last year. The increase in gross margin was mainly due to the increase in sales of rechargeable batteries which contributed a higher gross margin.

Distribution expenses for the three months ended 30 June 2017 were S$16.2 million as compared to S$13.9 million in the corresponding period last year mainly due to increase in turnover.

Administrative expenses for the three months ended 30 June 2017 were S$22.0 million as compared to S$20.1 million in the corresponding period last year mainly due to the increase in staff costs.

Finance costs for the three months ended 30 June 2017 were S$1.8 million as compared to S$1.7 million in the corresponding period last year mainly due to increase in borrowings for the land acquisition in Ningbo, PRC as well as to finance the new production facilities in Malaysia and Vietnam.

Share of profit of associates for the three months ended 30 June 2017 was S$0.9 million as compared to S$1.7 million in the corresponding period last year mainly due to lower profit contributions from STL Group and T.G. Battery.

GP Batteries International Limited
30 June 2017

Net other operating expenses for the three months ended 30 June 2017 were S$0.7 million as compared to a net other operating income of S$2.9 million in the corresponding period last year mainly due to a foreign exchange loss of S$1.7 million which was recorded this year as compared to a foreign exchange gain of S$2.0 million last year.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group is expected to grow its business during the coming period in spite of the rise in commodity price and keen competition in the industry, as the expected new production capacity in Malaysia will continue contributing to the business growth.

Global demands for primary batteries and Nickel Metal Hydride rechargeable batteries are expected to be slow growing. The Group will continue to focus on brand building and distribution network expansion in selected markets.

The Group's strategy is to continue to consolidate the smaller factories in China and Taiwan into larger ones to benefit from economies of scale for future competitiveness. The Group understands that the older sites in Huizhou could be rezoned by the local government as non-industrial sites and is therefore actively seeking buyers to dispose of those sites. The Taiwan plant has ceased production for about 1 year and will also be disposed of. Accordingly, these properties have been reclassified as assets held for sale in the statement of financial position.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

GP Batteries International Limited
30 June 2017

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a shareholders' mandate for IPT.

14. Confirmation by the Board Pursuant to Rule 705(5)

We, Richard Ku Yuk Hing and Leung Pak Chuen, being two directors of GP Batteries International Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for first quarter ended 30 June 2017 to be false or misleading in any material aspect.

GP Batteries International Limited
30 June 2017

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720 (1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1) of the Listing Manual.

BY ORDER OF THE BOARD

Richard Ku Yuk Hing
Vice Chairman

Leung Pak Chuen
Director

8 August 2017

GP Batteries International Limited
30 June 2017

The provisions in the Constitution relating to rights of Shareholders in respect of capital, dividends and voting are reproduced below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution and/or the Companies Act, a copy of which is available for inspection at the registered office of the Company at 3 Fusionopolis Link, #06-11 Nexus @one-north, Singapore 138543, during normal business hours until the Closing Date.

(A) RIGHTS IN RESPECT OF CAPITAL

SHARES

3. **ISSUE OF SHARES**. The shares taken by the subscribers to the Memorandum of Association shall be issued by the Directors. Subject as aforesaid and to the Act and these Articles relating to authority, preemption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all new shares shall be under the control of the Directors, who may allot and issue, grant options over or otherwise dispose of the same to such persons on such terms and conditions and at such times as the Directors think fit.

4. **TREASURY SHARES.** The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

5. **SPECIAL RIGHTS**. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by Ordinary Resolution determine. Provided always that preference shares may be issued subject to such limitation thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed.

6. **REDEEMABLE PREFERENCE SHARE**. Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall also have the power to issue further preference shares ranking equally with or in priority to any preference shares already issued.

7. **RIGHTS OF PREFERENCE SHAREHOLDERS**. Holders of preference shares shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending General Meetings of the Company. They shall have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividends on the preference shares are in arrears more than six months.

8. **RIGHTS NOT VARIED BY ISSUE OF ADDITIONAL SHARES**. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the issue of further shares ranking *pari passu* therewith.

9. **MODIFICATION OF RIGHTS.** Whenever the share capital is divided into different classes of shares, subject to the provisions of the Act, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be modified, altered or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or the sanction of a Special Resolution passed at a separate meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, modified, affected, altered or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy not less than one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him. Provided always that

where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

10. **COMMISSION OR BROKERAGE ON SUBSCRIPTION**. The Company may pay commissions or brokerage to any person in consideration of his subscribing or agreeing to subscribe, whether-absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

11. **NO TRUSTS RECOGNISED**. Except only as by these Articles otherwise provided for or as required by the Statutes or pursuant to any order of Court, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the person other than the Depository or its nominee (as the case may be) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.

12. **OFFER OF NEW SHARES**.

(1) Subject to any direction to the contrary that may be given by the Company in General Meeting, or except as permitted by the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined and, after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 12(1).

(2) Notwithstanding Article 12(1), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

(a) (i) issue shares whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

provided that:

(A) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited);

(B) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and these Articles; and

(C) (unless previously revoked or varied by the Company in General Meeting), the authority conferred by the Ordinary Resolution shall not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

(3) Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by any stock exchange upon which the shares in the Company may be listed) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(4) Except so far as otherwise provided by the conditions of issue or by these Articles, all new shares shall be subject to the provisions of the Act and of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

13. **SHARE CERTIFICATES**. Every person whose name is entered as a Member in the Register of Members shall be entitled to receive within ten Market Days (or such other period as may be approved by any stock exchange upon which the shares in the Company may be listed) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer, one certificate for all of his shares of any one class or several certificates in reasonable denominations, each for part only of his shares in any one class so allotted or transferred. Where a Member transfers part only of the shares comprised in a certificate, the old certificate shall be cancelled and a new certificate or certificates issued for the balance of such shares in lieu thereof. Such Member shall prior to delivery thereof, pay a fee of $2.00 (or such other sum as the Directors shall from time to time determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares in the Company may be listed) for every certificate after the first. Provided that:

(a) every certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid and amount (if any) unpaid thereon;

(b) no certificate shall be issued representing shares of more than one class; and

(c) the Company shall not be bound to register more than three persons as the holders of any share except in the case of executors or administrators of the estate of a deceased Member. In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor, and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.

14. **RENEWAL OF CERTIFICATES**.

(1) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.

(2) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is

waived by the Directors) pay a fee not exceeding $2.00 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed.

(3) Subject to the Act, if any share certificate is worn out, defaced, destroyed, lost or stolen, it may be renewed on payment of such fee not exceeding $2.00 or in the event of the Company being listed on the Singapore Exchange Securities Trading Limited, such other sum as may from time to time be prescribed by the Singapore Exchange Securities Trading Limited and on such terms, if any, as to evidence and indemnity and the payment of out-of-pocket expenses of the Company of investigating evidence as the Directors think fit and, in the case of defacement or wearing out, on delivery up of the old certificate.

(4) In the case of shares registered jointly in the names of several persons any such request may be made by any one of the registered joint holders.

LIEN

15. **COMPANY TO HAVE LIEN ON SHARES AND DIVIDENDS**. The Company shall have a lien on every share (not being a fully-paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of that share, and for all monies as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Company's lien, if any, on a share shall extend to all dividends payable thereon. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.

16. **LIEN MAY BE ENFORCED BY SALE OF SHARES**. The Directors may sell any shares subject to such lien at such time or times and in such manner as they think fit, but no sale shall be made until such time as the moneys in respect of which such lien exists or some part thereof are or is presently payable or a liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, and until a demand and notice in writing stating the amount due or specifying the liability or engagement and demanding payment or fulfilment or discharge thereof, and giving notice of intention to sell in default, shall have been served on such Member or the persons (if any) entitled by transmission to the shares, and default in payment, fulfilment or discharge shall have been made by him or them for seven days after such notice.

17. **DIRECTORS MAY AUTHORISE TRANSFER AND ENTER PURCHASER'S NAME IN REGISTER**. To give effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser and the Directors may enter the purchaser's name in the Register of Members as the holder of the shares or (where the purchaser is a Depositor) may request the Depository to enter the purchaser's name in the Depository Register as the holder thereof and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

18. **APPLICATION OF PROCEEDS OF SALE**. The net proceeds of sale whether of a share forfeited by the Company or of a share over which the Company has a lien, shall be applied in or towards satisfaction of the amount due to the Company, or of the liability or engagement, as the case may be, and the balance (if any) shall be paid to the Member whose shares have been sold or to the person (if any) entitled by transmission to the shares so sold.

19. **MEMBER NOT ENTITLED TO PRIVILEGES OF MEMBERSHIP UNTIL ALL CALLS PAID**. No Member shall be entitled to receive any dividend or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

CALLS ON SHARES

20. **DIRECTORS MAY MAKE CALLS**. The Directors may from time to time make such calls as they think fit upon the Members in respect of any moneys unpaid on their shares and not by the terms of issue thereof made payable at fixed times, provided that fourteen days' notice at least is given of each call and each Member shall be liable to pay the amount of every call so made upon him to the persons, by the instalments (if any) and at the times and places appointed by the Directors.

21. **WHEN CALL DEEMED TO HAVE BEEN MADE**. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

22. **LIABILITY OF JOINT HOLDERS**. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments and interest due in respect thereof.

23. **INTEREST ON UNPAID CALL**. If before or on the day appointed for payment thereof a call or instalment payable in respect of a share is not paid, the person from whom the same is due shall pay interest on the amount of the call or instalment at such rate as the Directors shall fix from the day appointed for payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part.

24. **PAYMENTS IN ADVANCE OF CALLS**. Any Member may pay to the Company and the Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the monies for the time being remaining uncalled on his shares but the monies so paid in advance shall not confer a right to participate in the profits of the Company.

25. **MONIES PAID IN ADVANCE OF CALLS**. In respect of any monies paid in advance of any call, or so much thereof as exceeds the amount for the time being called up on the shares in respect of which such advance has been made, the Directors may pay or allow such interest as may be agreed between them and such Member, in addition to the dividend payable upon such part of the share in respect of which such advance has been made as is actually called up.

26. **SUM PAYABLE ON ALLOTMENT DEEMED TO BE A CALL**. Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, shall, for all purposes of these Articles, be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all the relevant provisions of these Articles, shall apply as if such sum were a call duly made and notified as hereby provided.

27. **DIFFERENCE IN CALLS**. The Directors may, from time to time, make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.

TRANSFER OF SHARES

28. **TRANSFER OF SHARES**.

(1) There shall be no restriction on the transfer of fully paid shares (except where required by law or the listing rules of, or bye laws or rules governing any stock exchange upon which the shares in the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within one month, or (in the event of the Company being listed on a stock exchange) within ten Market Days (or such other period as may be approved by the stock exchange upon which the shares in the Company are listed) beginning with the day on which the application for such transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Act.

(2) Every transfer of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the usual common form or such other form as the Directors may accept or (in the event of the Company being listed on a stock exchange) such form for the time being approved by any stock exchange upon which the Company may be listed.

29. **TRANSFERS TO BE EXECUTED BY BOTH PARTIES**. The instrument of transfer of the legal title in any share shall be executed by or on behalf of both the transferor and the transferee and be witnessed provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be), and provided further that, at the discretion of the Directors, the signature of any other transferee or witness may be dispensed with. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

30. **TRANSFER FEE**. The Company shall be entitled to charge a fee not exceeding $2.00 for each instrument of transfer (or such other sum as the Directors may from time to time require having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares in the Company may be listed) on the registration of every transfer.

31. **REGISTRATION OF TRANSFERS**.

(1) The Directors may in their sole discretion decline to register any instrument of transfer of shares unless:

(a) such fee for the registration of the transfer is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

All instruments of transfer which are registered may be retained by the Company but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.

(2) The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year. The Company shall give prior notice of such closure as may be required by any stock exchange on which the shares in the Company may be listed, stating the period of closure and the purpose or purposes of such closure.

TRANSMISSION OF SHARES

32. **ON DEATH OF MEMBER, SURVIVOR OR EXECUTOR ONLY RECOGNISED**.

(1) In the case of the death of a Member whose name is registered in the Register of Members, the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares.

(2) In the case of the death of a Member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(3) Nothing in Article 32(1) or Article 32(2) shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

33. **PERSON ENTITLED MAY RECEIVE DIVIDENDS WITHOUT BEING REGISTERED AS A MEMBER, BUT MAY NOT EXERCISE OTHER RIGHTS**.

(1) Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying the Company with such evidence as the Directors may reasonably require to show his legal title to the share, either be registered himself as the holder of the share upon giving to the Company notice in writing of such his desire, or transfer such share to some other person. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a notice or transfer executed by such person.

(2) Save as otherwise provided by or in accordance with these Articles, a person entitled to a share pursuant to Article 32 or Article 33(1) shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of it to receive notice of or to attend or vote at meetings of the Company or, save as aforesaid, to exercise any of the rights or privileges as a Member unless and until he shall become a Member in respect of the share.

(3) There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney, stop notice or other document relating to or affecting the title to any shares, such fee, not exceeding $2.00 as the Directors may from time to time require or prescribe.

FORFEITURE OF SHARES

34. **PAYMENT OF CALL WITH INTEREST AND EXPENSES**. If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment thereof, the Directors may at any time thereafter, during such time as the call or instalment or any part thereof remains unpaid, serve a notice on him or on the person entitled to the share by transmission requiring him to pay such call or instalment or such part thereof as remains unpaid, together with interest at such rate as the Directors shall determine, and any expenses that may have accrued by reason of such non-payment.

35. **NOTICE REQUIRING PAYMENT TO CONTAIN CERTAIN PARTICULARS**. The notice shall name a further day (not earlier than the expiration of seven days from the date of the notice) on or before which such call or instalment, or such part as aforesaid, and all interest and expenses that have accrued by reason of such non-payment, are to be paid. It shall also name the place where payment is to be made, and shall state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made will be liable to be forfeited.

36. **ON NON-COMPLIANCE WITH NOTICE SHARES FORFEITED ON RESOLUTION OF DIRECTORS**. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice bas been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture notwithstanding that they shall have been declared.

37. **NOTICE OF FORFEITURE TO BE GIVEN**. When any share has been forfeited in accordance with these Articles, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members opposite to the shares or (as the case may be) the Directors shall procure that such an entry be made in the Depository Register; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

38. **DIRECTORS MAY ANNUL FORFEITURE UPON TERMS**. Notwithstanding any such forfeiture as aforesaid the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit to impose.

39. **DIRECTORS MAY DISPOSE OF FORFEITED SHARES**. Every share so forfeited shall become the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the person who was before forfeiture the holder thereof or entitled thereto, or to any other person upon such terms and in such manner as the Directors shall think fit, and the Directors may, if necessary, authorise some person to transfer or effect the transfer of the same to such other person as aforesaid.

40. **FORMER HOLDER OF FORFEITED SHARES LIABLE FOR CALL MADE BEFORE FORFEITURE**. A shareholder whose shares have been forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls made and not paid on such shares at the time of forfeiture, and interest thereon to the date of payment, in the same manner in all respects as if the shares had not been forfeited, and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture, without any deduction of allowance for the value of the shares at the time of forfeiture.

41. **CONSEQUENCES OF FORFEITURE**. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interests in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved or as are by the Statutes given or imposed in the case of past Members.

42. **TITLE TO FORFEITED SHARE**. A statutory declaration in writing that the declarant is a Director or Secretary of the Company and that a share has been duly forfeited in pursuance of these Articles and stating the date upon which it was forfeited shall, as against all persons claiming to be entitled to the share adversely to the forfeiture thereof, be conclusive evidence of the facts therein stated, and such declaration, together with the receipt of the Company for the consideration (if any) given for the share on the sale or disposition thereof, and a certificate of proprietorship of the share under the Seal delivered to the person to whom the same is sold or disposed of, or where such person is a Depositor, to the Depository or its nominee (as the case may be), shall constitute a good title to the share, and (subject to the execution of any necessary transfer) such person shall be registered in the Register of Members or (where such person is a Depositor) the Company will procure that his name be entered in the Depository Register as the holder of the share and shall be discharged from all calls made prior to such sale or disposition, and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

CONVERSION OF SHARES INTO STOCK

43. **POWER TO CONVERT INTO STOCK**. The Company may by Ordinary Resolution passed at a General Meeting convert any paid up shares into stock and reconvert any stock into paid up shares.

44. **TRANSFER OF STOCK**. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but no stock shall be transferable except in such units as the Directors may from time to time determine.

45. **RIGHTS OF STOCKHOLDERS**. The holders of stock shall according to the number of stock units held by them have the same rights privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by the number of stock units which would not, if existing in shares, have conferred that privilege or advantage.

46. **INTERPRETATION**. Such of the provisions of these Articles as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and stockholder".

ALTERATION OF CAPITAL

47. **COMPANY MAY ALTER ITS CAPITAL**. The Company may by Ordinary Resolution:

(a) consolidate and divide all or any of its shares; or

(b) sub-divide its existing shares, or any of them, (subject, nevertheless, to the provisions of the Statutes) and so that as between the resulting shares, one or more of such shares may by the resolution by which such subdivision is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over, or may have such deferred rights or be subject to such restrictions as compared to, the others or any other of such shares; or

(c) subject to the Statutes, convert any class of shares into any other class of shares.

48. **COMPANY MAY REDUCE ITS CAPITAL**. The Company may reduce its share capital and any undistributable reserve in any manner authorised, and subject to any conditions prescribed, by the Statutes.

49. **REPURCHASE OF COMPANY'S SHARES**. Subject to and in accordance with the provisions of the Act, the Company may purchase or otherwise acquire its issued shares on such terms as the Company may think fit and in the manner prescribed by the Act. If required by the Act, any share which is so purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

83. **DIRECTORS' BORROWING POWERS**. The Directors may borrow or raise from time to time for the purposes of the Company or secure the payment of such sums as they may think fit, and may secure the repayment or payment of any such sums by mortgage or charge upon all or any of the property or assets of the Company or by the issue of debentures or otherwise as they may think fit.

BONUS SHARES AND CAPITALISATION OF PROFITS AND RESERVES

113. **COMPANY MAY ISSUE BONUS SHARES AND CAPITALISE PROFITS AND RESERVES**.

(1) The Directors may, with the sanction of an Ordinary Resolution (including any Ordinary Resolution passed pursuant to Article 12(2)):

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Article 12(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

(b) capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account or otherwise available for distribution (provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend) by appropriating such sum to be capitalised to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register as at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Article 12(2)) on such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up any amounts for the time being unpaid on any shares held by them or respectively or paying up in full any new shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst them in the proportions aforesaid or partly in the one way and partly in the other.

(2) The Directors may do all acts and things required to give effect to any such bonus issue and/or capitalisation under Article 113(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for any such bonus issue and/or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all such Members.

(3) In addition and without prejudice to the powers provided for by Articles 113(1) and 113(2), the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit.

(B) RIGHTS IN RESPECT OF VOTING

GENERAL MEETINGS

50. **ANNUAL GENERAL MEETINGS**. Subject to the provisions of the Act, an Annual General Meeting shall be held once in every calendar year, at such time and place as may be determined by the Directors, but so that not more than fifteen months shall elapse between the date on one Annual General Meeting and the next.

51. **EXTRAORDINARY GENERAL MEETINGS**. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

52. **CALLING OF EXTRAORDINARY MEETINGS**. The Directors may call an Extraordinary General Meeting whenever they think fit, and Extraordinary General Meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Act.

53. **NOTICE OF GENERAL MEETING**.

(1) Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Act) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice at least and an Annual General Meeting or any other Extraordinary General Meeting by fourteen days' notice at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held, and shall be given in the manner hereinafter mentioned to such persons as are under the provisions of these Articles and the Act entitled to receive notices of General Meetings from the Company. Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above, shall be deemed to have been duly called if it is so agreed by:

(a) in the case of an Annual General Meeting, by all the Members entitled to attend and to vote thereat; and

(b) in the case of an Extraordinary General Meeting by that number or majority in number of the Members having a right to attend and vote thereat as is required by the Act.

The accidental omission to give such notice to, or the non-receipt of such notice by, any such person shall not invalidate the proceedings or any resolution passed at any such meeting.

(2) So long as the shares in the Company are listed on a stock exchange, at least fourteen days' notice of every such meeting shall be given by advertisement in the daily press and in writing to such stock exchange on which the Company is listed.

54. **CONTENTS OF NOTICE.**

(1) Every notice calling a General Meeting shall specify the place and the day and the hour of meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.

(2) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

(3) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of the business, and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.

(4) Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

55. **ROUTINE AND SPECIAL BUSINESS**. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say, declaring dividends, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, and any other documents annexed to the balance sheets, the election of Directors in the place of those retiring at the meeting whether by rotation or otherwise, the fixing of the remuneration of the Directors, and the appointment and fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed. All business that is transacted at an Extraordinary General Meeting shall be deemed to be special business, and also all that is transacted at an Annual General Meeting other than routine business.

PROCEEDINGS AT GENERAL MEETINGS

56. **NO BUSINESS TO BE TRANSACTED UNLESS QUORUM PRESENT**. No business (other than the appointment of a chairman) shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. Save as otherwise provided in these Articles, the quorum at any General Meeting shall be two Members personally present or represented by proxy. Provided that (a) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (b) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.

57. **IF NO QUORUM MEETING ADJOURNED OR DISSOLVED**. If within half an hour from the time appointed for the holding of a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, any one or more Members present in person or by proxy shall be a quorum.

58. **CHAIRMAN OF BOARD TO PRESIDE AT ALL MEETINGS**. The Chairman of the Directors shall preside as Chairman at every General Meeting, and in his absence, the Deputy Chairman, and in the absence of both the Chairman and the Deputy Chairman, the Vice-Chairman shall preside as chairman at every General Meeting. If at any meeting the Chairman, the Deputy Chairman or the Vice-Chairman are not present within fifteen minutes after the time appointed for holding the meeting or are unwilling to act, the Directors present shall choose one of their number (or if no Director is present or if all the Directors present decline to take the chair, the Members shall choose one of their number present) to be chairman of the meeting.

59. **NOTICE OF ADJOURNED MEETINGS**. The chairman of any General Meeting at which a quorum is present may, with the consent of the meeting (and shall, if so directed by the meeting), adjourn the meeting from time to time and from place to place or *sine die*, but no business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. Whenever a meeting is adjourned for 30 days or more or *sine die*, not less than seven days' notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting. Save as aforesaid, no Member shall be entitled to any notice of any adjournment or of the business to be transacted at an adjourned meeting.

60. **AMENDMENT OF RESOLUTIONS.** If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

61. **HOW RESOLUTION DECIDED**. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands a poll is demanded by:

(a) the chairman of the meeting; or

(b) not less than two Members present in person or by proxy and entitled to vote at the meeting; or

(c) a Member present in person or by proxy and representing not less than onetenth of the total voting rights of all the Members having the right to vote at the meeting; or

(d) a Member present in person or by proxy and holding not less than 10 per cent. of the total number of paid-up shares of the Company (excluding treasury shares),

and, unless a poll is so demanded (and the demand is not withdrawn) a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or carried by a particular majority, or lost, shall be conclusive, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against such resolution. A demand for a poll may be withdrawn.

62. **HOW POLL TO BE TAKEN**. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place, and in such manner as the chairman of the meeting directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman may (and if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. Any business other than that upon which a poll has been demanded may be proceeded with at a meeting pending the taking of the poll.

63. **CHAIRMAN TO HAVE CASTING VOTE**. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or the poll is demanded shall be entitled to a second or casting vote.

VOTES OF MEMBERS

64. **NUMBER OF VOTES**. Subject to any rights or restrictions for the time being attached to any class or classes of shares and to Article 4, every Member entitled to vote at a General Meeting may vote in person or by proxy. On a show of hands every Member present in person or by proxy shall have one vote (provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll, every Member who is present in person or by proxy shall have one vote for each share which he holds or represents. For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

65. **SPLIT VOTES**. On a poll, a Member or proxy entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

66. **VOTES OF JOINT HOLDERS OF SHARES**. In the case of joint holders of a share, any one of such persons may vote, but if more than one of such persons are present at a meeting, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of that joint holding.

67. **VOTES OF LUNATIC MEMBER**. A person of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, *curator bonis*, or other legal curator (provided that such evidence of the appointment as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than 48 hours before the time appointed for holding the meeting) and such last-mentioned persons may give their votes either personally or by proxy.

68. **MEMBERS INDEBTED TO COMPANY IN RESPECT OF SHARES NOT ENTITLED TO VOTE**. No Member shall (unless the Directors otherwise determine) be entitled to vote at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company unless all calls or other sums presently payable by him in respect of shares held by him in the Company, and whether alone or jointly with any other person, have been paid.

69. **APPOINTMENT OF PROXIES**.

(1) A Member may appoint more than two proxies to attend at the same General Meeting. provided that if the member is a Depositor, the Company shall be entitled and bound:

(a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(2) Where a Member appoints more than one proxy to attend and vote at the same General Meeting, he shall specify on the instrument of proxy the proportion of his shareholdings to be represented by each proxy failing which, the appointment shall be deemed to be in the alternative.

(3) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

(4) A proxy need not be a Member.

(5) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll, to move any resolution or any amendment thereto, and to speak at the meeting.

70. **INSTRUMENT APPOINTING A PROXY TO BE LEFT AT THE OFFICE**.

(1) The instrument appointing a proxy shall be deposited at the Office or such other place (if any) as is specified for that purpose in the notice convening the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

(2) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) at least 48 hours before the commencement of the meeting or adjourned meeting (or in the case of a poll taken otherwise than at or on the same day as the meeting of adjourned meeting) before the time appointed for the taking of the poll at which the proxy is used.

71. **FORM OF PROXY**.

(1) An instrument appointing a proxy shall be in writing in the common form or any other form approved by the Directors and:

(a) in the case of an individual, shall be signed by the appointor or by his attorney; and

(b) in the case of a corporation, shall be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

The signature on such instrument need not be witnessed. Where an instrument of proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney evidencing the authority of any such attorney or a duly certified copy thereof must (if not previously registered with the Company) be lodged with the instrument of proxy pursuant to Article 72, failing which the instrument may be treated as invalid.

(2) In the event that forms of proxy are sent to Members of the Company together with any notice of meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by any person entitled to receive a notice of meeting shall not invalidate any resolution passed or any proceeding at any such meeting.

72. **OBJECTIONS.** No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

73. **CORPORATION ACTING BY REPRESENTATIVES AT MEETING**. Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company, and such corporation shall for the purposes of these Articles (but subject to the Act) be deemed to be present in person at any such Meeting if a person so authorised is present thereat.

NOTICES

118. **SERVICE OF NOTICES**.

(1) Any notice or other document (including a share certificate) may be served by the Company upon any Member either personally or by sending it through the post in a prepaid letter addressed to such Member at his registered address as appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore as may be notified by him to the Company, or as the case may be, the Depository for the service of notices. All notices directed to be given to the members shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register of Members or (as the case may be) the Depository Register, and any notice so given shall be sufficient notice to all the holders of such share. For such purpose, a joint holder having no registered address within Singapore for the service of notices shall be disregarded.

(2) Without prejudice to the provisions of Article 118(1), any notice or document (including, without limitation, any accounts, balance-sheet or report) which is required or permitted to be given, sent or served under the Act or under these Articles by the Company, or by the Directors, to a Member or an officer or Auditor of the Company may be given, sent or served using electronic communications to the current address of that person in accordance with the provisions of, or as otherwise provided by, the Act and/or any other applicable regulations or procedures. Such notice or document shall be deemed to have been duly given, sent or served upon transmission of the electronic communication to the current address of such person or as otherwise provided under the Act and/or any other applicable regulations or procedures.

119. **SERVICE OF NOTICES AND DOCUMENTS OUTSIDE SINGAPORE**. Any Member whose registered address is outside Singapore who has not supplied an address within Singapore for the service of notices and documents shall not be entitled to receive any such notices or documents from the Company.

120. **NOTICES IN CASE OF DEATH OR BANKRUPTCY**. A notice may be given by the Company to a person entitled to any share in consequence of the death or bankruptcy of a Member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also to the Company or (as the case may be) the Depository an address within Singapore for the service of notices) by sending it through the post in a prepaid letter addressed to him by name or by the title of representative or trustee of such deceased or bankrupt member, at the address (if any) supplied for the purpose by such person as aforesaid, or (until such an address has been supplied) by giving or serving the notice in the manner in which the same would have been given if the death or bankruptcy had not occurred.

121. **WHEN SERVICE DEEMED EFFECTED**. Any notice or other document, if served or sent by post, shall be deemed to have been served or delivered at the time when the letter containing the same is put into the post, and in proving such service or sending it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office as a prepaid letter.

(C) RIGHTS IN RESPECT OF DIVIDENDS

DIVIDENDS

107. **DISTRIBUTION OF PROFITS.** Subject to any preferential or other special rights or restrictions for the time being attached to any shares or class of shares, and except as otherwise permitted by the Act:

(a) all dividends in respect of shares shall be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

108. **DECLARATION OF DIVIDENDS**. The Company may by Ordinary Resolution, from time to time declare dividends, but no such dividend shall be in excess of the amount recommended by the Directors. The Directors may, if they think fit, from time to time declare and pay to the Members such interim dividends as appear to them to be justified by the position of the Company, and may also from time to time if in their opinion such payment is so justified, pay any preferential dividends which by the terms of issue of any shares are made payable on fixed dates. No dividend shall be payable except out of the profits available for distribution under the provisions of the Statutes, and the declaration of the Directors as to the amount of the net profits shall be conclusive. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend of transferors and transferees of any such shares.

109. **DEDUCTION FROM DIVIDEND**.

(1) The Directors may:

(a) deduct from any dividend or other monies payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company;

(b) retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists; and

(c) retain the dividends payable on shares in respect of which any person is under these Articles, as to the transmission of shares, entitled to become a Member, or which any person under those provisions is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

(2) No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

110. **PAYMENT OF DIVIDEND *IN SPECIE***. The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

110A. **SCRIP DIVIDEND.**

(1) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

(a) the basis of any such allotment shall be determined by the Directors;

(b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same, and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article 110A;

(c) the right of election may be exercised in respect of the whole or that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion;

(d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose, the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

(2) The ordinary shares allotted pursuant to the provisions of Article 110A(1) shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

(3) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalization pursuant to the provisions of Article 110A(1), with full power to make such provisions as they think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or are aggregated and sold and the net proceeds distributed to those entitled, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned).

(4) The Directors may, on any occasion when they resolve as provided in Article 110A(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Article 110A shall be read and construed subject to such determination.

(5) The Directors may, on any occasion when they resolve as provided in Article 110A(1), further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

(6) Notwithstanding the foregoing provisions of this Article 110A, if at any time after the Directors' resolution to apply the provisions of Article 110A(1) in relation to any dividend but prior to the allotment of ordinary shares, pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of Article 110A(1).

111. **DIVIDEND WARRANTS AND UNCLAIMED DIVIDENDS**.

(1) Any dividend or other monies payable in cash or in respect of a share may be paid by cheque or warrant sent by post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto (or, if several persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such Member or person or persons entitled to the share may be writing direct. Every such cheque or warrant if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

(2) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividends or money so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys were first payable.

RESERVES

112. **DIRECTORS MAY FORM RESERVE FUND AND INVEST.** The Directors may, from time to time, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves, which shall at the discretion of the Directors be applicable for meeting contingencies, or for repairing or maintaining any works connected with the business of the Company, or for equalising dividends, or for distribution by way of special dividend or bonus, or may be applied for such other purposes for which the profits of the Company may lawfully be applied as the Directors may think expedient in the interests of the Company, and pending such application the Directors may employ the sums from time to time so set apart as aforesaid in the business of the Company or invest the same in such securities, other than the shares of the Company, as they may select. The Directors may also from time to time carry forward such sums as they may deem expedient in the interests of the Company.

永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

T +852 3408 3188
F +852 2736 9284

Room 1010, 10/F, Star House,
Tsimshatsui, Hong Kong

Our ref : PRC/O/6295/17
Date : 12 October 2017

The Board of Directors
GP Batteries International Limited
7/F Building 16W,
16 Science Park West Avenue,
Hong Kong Science Park,
N.T.,
Hong Kong

Dear Sirs,

Re: Letter of Opinion on the Market Value of a portfolio of various properties located in the PRC, Taiwan, Vietnam and Malaysia (the "Properties")

In accordance with your instructions for us to assess the Market Value of the Properties held by **GP Batteries International Limited** (the "Company") and its subsidiaries (together, the "Group") located in the People's Republic of China (the "PRC"), Taiwan, Vietnam and Malaysia, we confirm that we have carried out inspection of the Properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the Market Value of the Properties as at 30 September 2017 (the "Valuation Date") for public disclosure purpose.

"Market Value" is intended to mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

We have estimated the value of an asset or liability without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the market value of the Properties Nos.5-8 and No.12, direct comparison method is adopted based on the principle of substitution, where comparison is made based on prices realized on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

In valuing the market value of the Properties Nos.1-4, Nos. 9-11 and Nos. 13-15, due to the nature of buildings and structures, and absence of sufficient market data, the Depreciated Replacement Cost ("DRC") approach is adopted. DRC is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements less allowance for physical deterioration and all relevant forms of obsolescence and optimization.

In forming our opinion of the Market Value, unless otherwise stated, we have assumed that:

a. all necessary statutory approvals for the Properties or the subject building of which the Properties form part of their use have been obtained;
b. transferable land use rights in respect of the Properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;
c. the owners of the Properties have enforceable titles to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the respective unexpired terms as granted
d. no deleterious or hazardous materials or techniques have been used in the construction of the Properties;
e. the Properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown; and
f. the Properties are connected to main services and sewers which are available on normal terms.

We have not carried out detailed on-site measurements to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the documents are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations.

In valuing the Properties, we have highly relied on the information provided by the Group. We have had no reason to doubt the truth and accuracy of the information and data provided to us by the Group. We have been also advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach our best estimation and informed view, and we have no reason to suspect that any material information has been withheld.

Having considering the supplied information, a summary of our opinion on the Market Value of the Properties as at the Valuation Date is attached on the *Appendix.*

Should you have any further queries, please do not hesitate to contact us.

Yours faithfully,
For and on behalf of
RHL Appraisal Limited

Serena S. W. Lau
FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)
Managing Director

Jessie X. Chen
MRICS, MSc (Real Estate), BEcon
Associate Director

SWL/JE/ws

Encl.

APPENDIX - **SUMMARY OF VALUES**

APPENDIX

Summary of Values

No.	Property	Region	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Tenure	Market Value (USD) as at 30 September 2017
1.	A factory known as GP Batteries (Vietnam) LLC factory located at N3 Road, Lot C, Hoa Mac Industrial Park, Hoa Mac Commune, Duy Tien District, Ha Nam Province, Vietnam	Vietnam	29,379.00	13,921.70	Expiring on 3rd July 2058	3,600,000
					Total (Property No. 1):	**3,600,000**

No.	Property	Region	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Tenure	Market Value (RM) as at 30 September 2017
2.	A factory erected on Lot 530 located at No.5, Jalan Tempoi 7, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor Darul Takzim, Malaysia	Malaysia	19,652.57	6,990.71	Freehold	16,000,000
3.	A warehouse erected on Lot 307 located at No.5, Jalan Tempoi 7, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor Darul Takzim, Malaysia	Malaysia	18,109.00	2,106.02	Freehold	10,900,000
4.	A factory located at PTB 19737, Jalan Tampoi 7/4, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor Darul Takzim, Malaysia	Malaysia	7,588.88	4,477.04	Freehold	10,500,000
5.	Unit TF-03, Pangsapuri Puteri Indah, Jalan Indera Putra, 80300 Johor Bahru, Johor, Malaysia	Malaysia	NA	128.00	Freehold	460,000
6.	Unit TF-04, Pangsapuri Puteri Indah, Jalan Indera Putra, 80300 Johor Bahru, Johor, Malaysia	Malaysia	NA	128.00	Freehold	460,000
7.	Unit A3-03, Pangsapuri Puteri Indah, Jalan Indera Putra, 80300 Johor Bahru, Johor, Malaysia	Malaysia	NA	128.00	Freehold	470,000
8.	Unit A3-04, Pangsapuri Puteri Indah, Jalan Indera Putra, 80300 Johor Bahru, Johor, Malaysia	Malaysia	NA	128.00	Freehold	470,000
					Total (Properties No. 2-8):	**39,260,000**

To be continued

No.	Property	Region	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Tenure	Market Value (NTD) as at 30 September 2017
9.	A factory located at No.211 Chung Cheng Road, Section 2, Hukow, Hsin-chu 30302, Taiwan	Taiwan	7,527.83	6,653.98	Freehold	236,900,000
					Total (Property No. 9):	**236,900,000**

No.	Property	Region	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Tenure	Market Value (RMB) as at 30 September 2017
10.	A factory located at No.128 Xingguan Road, Hi-Tech Park, Yinzhou District, Ningbo City, Zhejiang Province, the PRC	The PRC	147,282.00	123,282.25	Expiring on 14th December 2055	446,000,000
11.	A factory located at No.99 Dahetou Road, Duantang, Haishu District, Ningbo City, Zhejiang Province, the PRC	The PRC	NA	9,393.74	Please refer to Note.1 below	No commercial value(1)
12.	A parcel of industrial land located at No. 6 East Mingfeng Road, Jiangbei Gaoxin Park, Ningbo City, Zhejiang Province, the PRC	The PRC	131,838.00	NA	Expiring on 16th July 2067	102,000,000(2)
13.	A factory located at No.365 Jingu Zhong Road (West), Yinzhou Investment & Business Centre, Ningbo City, Zhejiang Province, the PRC	The PRC	13,779.10	15,224.46	Expiring from 29th May 2057 to 9th June 2058	44,500,000
14.	A factory known as 金山電化工業(惠州)有限公司 located at Gu Tong Au, Huihuan Town, Huizhou City, Guangdong Province, the PRC	The PRC	17,503.40	17,325.57	Expiring from 10th November 2047 to 16th May 2053	31,500,000
15.	A factory known as 惠州時代電池有限公司 located at Pao Lou Keng, Gu Tang Ao, Huihuan Town, Huizhou City, Guangdong Province, the PRC	The PRC	29,953.00	11,399.99	Expiring from 6th March 2047 to 14th November 2051	29,600,000
					Total (Property No. 10-15):	**653,600,000**

Notes:

1. *As advised by the Group, the land use rights of property No.11 have not been obtained by the Group. However, pursuant to the Building Ownership Certificates provided, the building ownership of portions of property No.11 with a gross floor area of approximately 9,393.74 sq.m. has been vested in Zhongyin (Ningbo) Battery Co Ltd (中銀(寧波)電池有限公司). Therefore, the property may be subject to the restriction of transfer or disposal. However, we are not in the position to comment on the transferability of the property and advise you to seek for the legal opinion regarding the same from PRC lawyer. We have therefore attributed no commercial value to the property. For your reference purpose only, the depreciated replacement cost of such buildings as at the Valuation Date is RMB12,800,000.*

2. *i) Pursuant to the State-owned Land Use Rights Grant Contract – No.3302052017A21502 dated 17th May 2017, the land use rights of property No.12 with a total site area of 131,838.00 sq.m. were granted to Ningbo GP Pairdeer Batteries Co Ltd (寧波金山雙鹿電池有限公司) with a minimum plot ratio of 1.0 and a maximum plot ratio of 1.5 for a term of 50 years for industrial use;*

ii) Pursuant to the Construction Land Planning Permit – Di Zi No. 330205201701012 (地字第 330205201701012 號), the planned usage (i.e. industrial) of property No.12 with a site area of 131,838.00 sq.m. has been approved; and

iii) Pursuant to the Real Estate Title Certificate – Zhe (2017) Ning Bo Shi Ci Cheng Bu Dong Chan Quan No.0090754 (浙(2017) 寧波市慈城不動產權第 0090754 號) dated 18th August 2017, the development of property No.12 is required to be started before 17th May 2018, to be finished before 17th November 2020, and to be put into production before 17th February 2021.

As advised by the Group, the property will be self-occupied by the Group for industrial use, for reference purpose, based on the aforesaid documents and the information provided by the Group, we are of the opinion that, as at the Valuation Date, the gross development value after completion of whole construction of property No.12 is RMB582,000,000 and the estimated total cost of completing the development is RMB480,000,000. We have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

**** END ****