GP Batteries International Limited

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

ANNOUNCEMENT

PROPOSED JOINT VENTURE AND CAPITAL CONTRIBUTION

1. Introduction

The Board of Directors of GP Batteries International Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has today entered into a joint venture agreement (the "**JV Agreement**") with Hanoi Battery Joint Stock Company ("**HABACO**"), an associated company of the Company incorporated under the laws of Vietnam in which the Company holds 30 per cent. of the total shares, with respect to a joint venture company to be formed, to undertake a joint venture project of manufacturing and selling battery products in Vietnam (the "**Investment Project**").

Pursuant to the terms of the JV Agreement, the Company and HABACO will establish a joint venture company under the laws of Vietnam with the proposed name of "GP BATTERIES (VIETNAM) LLC" (the "**NewCo**"). To implement the Investment Project, NewCo will:

(i) acquire a land located at N3 Street, C Zone, Hoa Mac Industrial Zone, Duy Tien District, Ha Nam Province, Vietnam (the "**Land**"), which is currently under the possession and management of Ha Noi Battery One Member Limited Liability Company ("**Habaco LLC**"); and

(ii) develop a battery manufacturing plant on the Land.

2. Proposed Capital Contribution

Pursuant to the terms of the JV Agreement, the total investment cost of the Investment Project is US$6,000,000 (approximately S$**8.4 million** based on an exchange rate of US$1.00 to S$**1.40** as at **10** December 2015 (the "**FX Rate**")) (the "**Total Investment Cost**")[1], which comprises the Charter Capital and the Additional Funding, each as defined below.

The capital contribution to be provided by the Company and HABACO to NewCo will initially be US$4,000,000 (approximately S$**5.6 million** based on the FX Rate) (the "**Charter Capital**")[2], which shall be contributed by the Company and HABACO on a 70:30 basis within

[1] The Total Investment Cost will be converted into Vietnamese Dong ("**VND**") and expressed in the investment registration certificate to be issued by the competent licensing authority which certifies registration content on the Investment Project of NewCo.

[2] The Charter Capital will be converted into VND and expressed in the ERC.

90 days from the date of the issuance of the enterprise registration certificate which certifies business registration content of NewCo by the competent licensing authority ("**ERC**") as follows:

(i) within 30 days from the date of issuance of ERC:

(a) the Company shall contribute US$749,000 (approximately S$**1.0 million** based on the FX Rate) in cash; and

(b) HABACO shall contribute US$321,000 (approximately S$**0.4 million** based on the FX Rate) in cash,

(collectively, the "**First Capital Contribution**") and such amount shall only be used for the purpose of NewCo's acquisition of the Land from Habaco LLC (and shall not be used for any other purpose);

(ii) within 30 to 60 days from the issuance of ERC:

(a) the Company shall contribute US$1,747,670 (approximately S$**2.4 million** based on the FX Rate) in cash; and

(b) HABACO shall contribute US$749,000 (approximately S$**1.0 million** based on the FX Rate) in cash; and

(iii) within 60 to 90 days from the issuance of ERC:

(a) the Company shall contribute US$303,330 (approximately S$**0.4 million** based on the FX Rate) in cash; and

(b) HABACO shall contribute US$130,000 (approximately S$**0.2 million** based on the FX Rate) in cash.

Following the completion of the First Capital Contribution, the Company will hold 70 per cent. of the Charter Capital of NewCo and NewCo will become a subsidiary of the Company.

An additional funding of US$2,000,000 (approximately S$**2.8 million** based on the FX Rate) (the "**Additional Funding**") may be required to be provided by the Company and HABACO to NewCo as and when NewCo determines that it requires Additional Funding from members of NewCo.

The maximum contribution to be provided by the Company in respect of the Total Investment Cost is US$4,800,000 (approximately S$**6.7 million** based on the FX Rate) (the "**GPBI Contribution**"), comprising the following:

(1) the capital contribution of US$2,800,000 (approximately S$**3.9 million** based on the FX Rate) which is required to be provided by the Company in respect of the Charter Capital; and

(2) an additional contribution of up to US$2,000,000 (approximately S$**2.8 million** based on the FX Rate) which may be required to be provided by the Company in respect of

the Additional Funding where necessary (assuming that HABACO does not make any contribution in respect of the Additional Funding).

The Total investment Cost was arrived at taking into account, *inter alia,* the acquisition cost of the Land, the setting up of the plant and machinery as well as the working capital requirements of NewCo. The GPBI Contribution will be funded through the Company's internal resources and are not expected to have any material impact on the consolidated net tangible asset per share and consolidated earnings per share of the Group for the current financial year ending 31 March 2016.

3. Interests of Directors and Controlling Shareholders

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the proposed joint venture and the proposed investment in NewCo, other than through their respective shareholding interests in the Company.

By Order of the Board

Kelly Kiar Lee Noi
Company Secretary
11 December 2015, Singapore