

ACQUISITIONS AND DISPOSALS :: DISCLOSEABLE TRANSACTION :: PROPOSED DISPOSAL OF A FIVE (5) PER CENT. EQUITY INTEREST IN ZHONGYIN (NINGBO) BATTERY CO. LTD

** Asterisks denote mandatory information*

Name of Announcer *	GP BATTERIES INT LTD
Company Registration No.	199002111N
Announcement submitted on behalf of	GP BATTERIES INT LTD
Announcement is submitted with respect to *	GP BATTERIES INT LTD
Announcement is submitted by *	Caroline Yeo
Designation *	Company Secretary
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>> ANNOUNCEMENT DETAILS

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Announcement Title *	PROPOSED DISPOSAL OF A FIVE (5) PER CENT. EQUITY INTEREST IN ZHONGYIN (NINGBO) BATTERY CO. LTD
Description	

GP BATTERIES INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 199002111N

ANNOUNCEMENT

PROPOSED DISPOSAL OF A FIVE (5) PER CENT. EQUITY INTEREST IN ZHONGYIN (NINGBO) BATTERY CO. LTD

1. INTRODUCTION

- 1.1 **Proposed Disposal.** The Board of Directors (the “**Board**”) of GP Batteries International Limited (“**GP Batteries**” or the “**Company**”) wishes to announce that the Company has entered into an equity transfer agreement (the “**Agreement**”) with Ningbo Pairdeer Holdings Limited (the “**Purchaser**”), pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, a five (5) per cent. equity interest (the “**Disposal Interest**”) in Zhongyin (Ningbo) Battery Co. Ltd (“**ZYNB**”), a subsidiary of the Company (the “**Disposal**”). As at the date of this Announcement, the Company holds a 75 per cent. equity interest in ZYNB and the Purchaser holds the remaining 25 per cent.
- 1.2 **Completion.** Completion of the Disposal (“**Completion**”) is subject to and conditional upon the approval of, and the registration with, the relevant authorities in the People’s Republic of China (“**PRC**”) for the transfer of the Disposal Interest pursuant to the Disposal. Upon Completion, ZYNB will remain a subsidiary of the Company and part of the GP Batteries Group (as defined below), with the Company holding a 70 per cent. equity interest and the Purchaser holding the remaining 30 per cent. equity interest.

2. PRINCIPAL TERMS OF THE DISPOSAL

- 2.1 **Agreement.** Pursuant to the terms of the Agreement, the Company shall transfer to the Purchaser the Disposal Interest free of any encumbrances, pledges, guarantees or other third party rights or security interest of any kind and together with all rights, advantages and obligations attaching or accruing thereto.
- 2.2 **Consideration.** Pursuant to the terms of the Agreement, the aggregate consideration payable by the Purchaser to the Company is RMB50 million (approximately S\$10.4 million¹) (the “**Consideration**”). The Consideration shall be fully paid in cash by the Purchaser within 50 working days following the registration of the transfer of the Disposal Interest by the Company to the Purchaser pursuant to the Disposal with the local PRC government authority.

The Consideration was arrived at on a willing seller willing buyer basis and after taking into account the Valuation (as defined below), the net asset value of ZYNB Group (as defined below) as at 30 June 2013 of approximately RMB839.1 million (approximately S\$174.8 million) and the rationale for the Disposal.

¹ Unless otherwise stated, the approximate Singapore Dollar (“**S\$**”) equivalent of Renminbi (“**RMB**”) amounts in this Announcement are based on an exchange rate of S\$1.00 : RMB4.80.

2.3 **Condition and Completion.** Completion is subject to and conditional upon the approval of, and the registration with, the relevant authorities in the PRC for the transfer of the Disposal Interest pursuant to the Disposal. Upon Completion, ZYNB will remain a subsidiary of the Company and part of the GP Batteries Group (as defined below), with the Company holding a 70 per cent. equity interest and the Purchaser holding the remaining 30 per cent. equity interest.

3. INFORMATION ON ZYNB

3.1 **ZYNB.** ZYNB is a company incorporated in the PRC and its principal business is the manufacture and sale of primary cylindrical batteries. As at the date of this Announcement, ZYNB holds (i) a 90 per cent. equity interest in Ningbo Pairdeer Economy and Trading Co. Ltd (“NPET”) and (ii) a 60 per cent. equity interest in Ningbo Fubang Battery Co. Ltd. (together with NPET and ZYNB, the “ZYNB Group”). As at the date of this Announcement, the Company holds a 75 per cent. equity interest in ZYNB and the Purchaser holds the remaining 25 per cent. The Purchaser is the Company’s local joint venture partner in ZYNB.

3.2 **Asset Value.** ZYNB has appointed Ningbo Jian Da Assets Appraisal Co. Ltd. (宁波建达资产评估有限公司) to appraise the market value of the ZYNB Group as at 30 June 2013 (the “Valuation”). According to the appraisal (which is based on cost approach), the value of ZYNB is RMB995.6 million (approximately S\$207 million). Based on the unaudited consolidated financial statements of the Company and its subsidiaries (“GP Batteries Group”) for the three months ended 30 June 2013 (“Q1 2014”), the net tangible asset value attributable to the Disposal Interest was approximately S\$8.6 million. The amount of excess of the Consideration over the net tangible asset value is approximately S\$1.8 million.

3.3 **Net Profit.** Based on the unaudited consolidated financial statements of the GP Batteries Group for Q1 2014, the net profit before income tax attributable to the Disposal Interest is approximately S\$0.4 million. The net gain after estimated capital gain tax on the disposal of the Disposal Interest is approximately S\$1.2 million which, in accordance with Singapore Financial Reporting Standards, will be credited to the Company’s capital reserve.

4. FINANCIAL EFFECTS

4.1 **Assumptions.** The proforma financial effects of the Disposal on the share capital, net tangible assets (“NTA”) per share and earnings per share (“EPS”) of the GP Batteries Group are set out below. The proforma financial effects have been prepared based on the audited consolidated financial statements of the GP Batteries Group for the financial year ended 31 March 2013 (“FY2013”) purely for illustrative purposes only and do not reflect the actual financial position of the GP Batteries Group after Completion.

4.2 **NTA.** For illustrative purposes only and assuming that the Disposal had been completed on 31 March 2013, the proforma financial effects of the Disposal on the consolidated NTA of the GP Batteries Group for FY2013 are as follows:

	Before the Disposal	After the Disposal
NTA (S\$ million)	252.0	253.9
NTA per Share (S\$)	2.29	2.31

- 4.3 **EPS.** For illustrative purposes only and assuming that the Disposal had been completed on 1 April 2012, the proforma financial effects of the Disposal on the consolidated earnings of the GP Batteries Group for FY2013 are as follows:

	Before the Disposal	After the Disposal
Profit/(Loss) after tax and minority interests (S\$ million)	(16.2)	(17.5)
Earnings/(Loss) per Share (cents)	(14.73)	(15.88)

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

5. RATIONALE AND USE OF PROCEEDS

ZYNB is currently a subsidiary of the Company as the Company holds a 75 per cent. equity interest in ZYNB. The Purchaser currently holds the remaining 25 per cent. equity interest and is the Company's local joint venture partner in ZYNB. The Purchaser is also partly owned by certain senior key management of ZYNB, and the Company is proceeding with the Disposal to foster stronger ties and co-operation between the Company, the Purchaser and such certain key senior management and to ensure the smooth continuance of operations in ZYNB.

The Company intends to use the net proceeds from the Disposal for working capital purposes, including but not limited to, the repayment of debt facilities.

6. DISCLOSEABLE TRANSACTION

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

Rule 1006	Bases	Disposal (S\$ million)	GP Batteries Group (S\$ million)	Relative Figures (%)
(a)	Net asset value of the Disposal Interest compared with the GP Batteries Group's net asset value	8.6	268.9	3
(b)	Net profit ⁽¹⁾ attributable to the Disposal Interest compared with the GP Batteries Group's net profit ⁽¹⁾	0.4	4.5	9

Rule 1006	Bases	Disposal (\$ million)	GP Batteries Group (\$ million)	Relative Figures (%)
(c)	Consideration received for the Disposal Interest compared with the GP Batteries Group's market capitalisation ⁽²⁾	10.4	94.5	11

Notes:

- (1) Being the profit before income tax for 1Q 2014.
- (2) The GP Batteries Group's market capitalisation is based upon 109,871,168 ordinary shares ("**Shares**") in the capital of GP Batteries as at 26 August 2013 at a closing price of S\$0.86 per Share.

As the relative figures under Rule 1006(b) and Rule 1006(c) exceed five (5) per cent. but do not exceed 20 per cent., the Disposal constitutes a discloseable transaction for the Company as defined under the Listing Manual of the SGX-ST.

7. FURTHER INFORMATION

7.1 **Directors' Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with Disposal. Accordingly no service contract is proposed to be entered into between the Company and any such person.

7.2 **Interests of the Directors and Controlling Shareholders of the Company.** None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal or any other transaction ancillary to the Disposal.

7.3 **Documents for Inspection.** Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 97 Pioneer Road, Singapore 639579, for a period of three (3) months commencing from the date of this Announcement:

- (i) the Agreement; and
- (ii) the Valuation.

By Order of the Board

Caroline Yeo
Company Secretary
27 August 2013