

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 *	Lynn Wan Tiew Leng
Designation *	Company Secretary
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>> ANNOUNCEMENT DETAILS

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Announcement Title *	PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE
Specific shareholder's approval required? *	No
Description *	



GP BATTERIES INTERNATIONAL LIMITED

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

ANNOUNCEMENT

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of GP Batteries International Limited (the “**Company**” or “**GP Batteries**”) wishes to announce that the Company proposes to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of 54,935,584 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.486 for each Rights Share (the “**Rights Issue Price**”), on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company (the “**Shares**”) held by Entitled Shareholders (as defined below) as at a books closure date to be determined by the Board (the “**Books Closure Date**”), fractional entitlements to be disregarded.

The issue of the Rights Shares is proposed to be made pursuant to the authority granted by, and the share issue mandate approved by, shareholders of the Company (the “**Shareholders**”) at the Company’s Annual General Meeting held on 31 July 2013 (the “**Share Issue Mandate**”). Pursuant to the Share Issue Mandate, the Directors are authorised and empowered to, *inter alia*, issue Shares by way of a rights issue on a pro-rata basis to Shareholders at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares to be issued pursuant to the Share Issue Mandate shall not exceed 50 per cent. of the total number of issued Shares as at the time of the passing of the Share Issue Mandate. Accordingly, as the number of new Shares to be issued pursuant to the Rights Issue falls within such limit of the Share Issue Mandate, the Company will not be seeking specific approval from Shareholders for the Rights Issue.

The Company has appointed Oversea-Chinese Banking Corporation Limited as the Manager for the Rights Issue.

2. PARTICULARS OF THE RIGHTS ISSUE

- 2.1 **Proposed Terms of the Rights Issue.** The Rights Shares are proposed to be offered to Entitled Shareholders at the Rights Issue Price for each Rights Share on the basis of one (1) Rights Share for every two (2) Shares held by, or standing to the credit of the Securities Accounts (as defined below) of, Entitled Shareholders as at 5.00 p.m. (Singapore time) on the Books Closure Date, fractional entitlements to be disregarded.

The Rights Issue Price represents:

- (i) a discount of approximately 36.9 per cent. to the closing price of S\$0.770 per Share on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 20 December

2013, being the last trading day of the Shares on the SGX-ST prior to the date of this Announcement; and

- (ii) a discount of approximately 28.0 per cent. to the theoretical ex-rights price of S\$0.675 per Share.
- 2.2 **Size of the Rights Issue.** As at the date of this Announcement, there are 109,871,168 Shares and there are no outstanding share options granted under the GP Batteries Executives' Share Option Scheme that may be exercised in the period leading up to the Books Closure Date. Therefore, based on the number of Shares in issue as at the date of this Announcement, 54,935,584 Rights Shares will be issued.
- 2.3 **Eligibility of Shareholders to participate in the Rights Issue.** The Company proposes to provisionally allot Rights Shares to all Shareholders who are eligible to participate in the Rights Issue (the "**Entitled Shareholders**") comprising Entitled Depositors and Entitled Scripholders (both as defined below).
- 2.4 **Entitled Depositors.** Shareholders whose Shares are registered in the name of The Central Depository (Pte) Limited ("**CDP**") and whose securities accounts with CDP ("**Securities Accounts**") are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date ("**Depositors**") will be provisionally allotted Rights Shares entitlements on the basis of the number of Shares standing to the credit of their Securities Accounts with CDP as at the Books Closure Date. "**Entitled Depositors**" are Depositors whose registered addresses with CDP are in Singapore as at the Books Closure Date or who, at least three (3) market days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.
- 2.5 **Entitled Scripholders.** Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, will be registered to determine the provisional Rights Shares entitlements of the transferee (a "**Scripholder**", which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights Issue. "**Entitled Scripholders**" are Scripholders whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) market days prior to the Books Closure Date, provided the Company's Share Registrar with addresses in Singapore for the service of notices and documents.
- 2.6 **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares may not be offered to Shareholders with registered addresses outside of Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided CDP or the Company's Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). Entitlements to Rights Shares which would otherwise accrue to Foreign Shareholders will, if practicable, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of Rights Shares commence, and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the offer information statement (the "**Offer Information Statement**") to be issued for the Rights Issue.
- 2.7 **Provisional Allotments.** Entitled Shareholders will be at liberty to accept, decline, renounce or trade, in whole or in part, their provisional allotments of the Rights Shares and will be

eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Fractional entitlements to the Rights Shares will be disregarded in arriving at Shareholders' entitlements and will, together with the Rights Shares represented by the provisional allotments of (i) Entitled Shareholders who decline, do not accept, or elect not to renounce or trade their provisional allotment of the Rights Shares under the Rights Issue and/or (ii) ineligible Shareholders, be aggregated and used to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Board may, in its absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and Directors and substantial Shareholders will rank last in priority.

- 2.8 **CPFIS.** Shareholders who have previously purchased Shares using their Central Provident Fund ("CPF") account savings ("CPF Funds") under the Central Provident Fund Investment Scheme ("CPFIS") may only use their CPF Funds for the payment of the Rights Issue Price to subscribe for their provisional allotments of the Rights Shares and (if applicable) to apply for excess Rights Shares, subject to applicable CPF rules and regulations. Such Shareholders who wish to accept provisional allotments of the Rights Shares and (if applicable) apply for excess Rights Shares using CPF Funds will need to instruct their respective approved CPF agent banks with whom they hold their CPF investment accounts, to accept the provisional allotments of the Rights Shares and (if applicable) apply for excess Rights Shares on their behalf in accordance with the terms and conditions in the Offer Information Statement. CPF Funds may not be used to purchase provisional allotments of Rights Shares directly from the market.
- 2.9 **Offer Information Statement.** The terms and conditions of the Rights Issue may be subject to such changes as the Board may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.
- 2.10 **Ranking.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, save for any rights, allotments or other dividends, the record date for which falls before the date of issue of the Rights Shares.
- 2.11 **Odd Lots.** Shareholders should note that they are able to trade odd lots of Shares in board lots of one Share on the Unit Share Market of the SGX-ST.

3. RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Rights Issue will enable the Company to strengthen its financial position and enhance its capital base. It will also facilitate the Company's investment in automation, brand building and distribution network in the near term. Assuming 54,935,584 Rights Shares are issued and the Rights Issue is fully subscribed, the estimated amount of the proceeds from the Rights Issue (net of the estimated amount of expenses incurred in connection with the Rights Issue) is approximately S\$26.1 million (the "**Net Proceeds**").

Although the Rights Issue is not underwritten, on the basis of the GPIL Undertaking (including the GPIL Excess Rights Commitment) (each as defined below) from the Company's controlling shareholder, GP Industries Limited ("**GPIL**"), all the Rights Shares will be subscribed for.

The Company intends to utilise the Net Proceeds as follows:

Purpose	Percentage (%) of Allocation
Repayment of bank borrowings	50 – 80
Working capital	20 – 50

Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or debt instruments, as the Board may deem fit.

The Company will announce any material disbursement of the Net Proceeds from the Rights Issue accordingly. In addition, a status report on the use of Net Proceeds will be provided in the Company’s annual report.

4. IRREVOCABLE UNDERTAKINGS

The following Shareholders (collectively, the “**Undertaking Shareholders**”) have irrevocably undertaken to the Company to, *inter alia*, subscribe and pay in full for their respective pro-rata entitlements under the Rights Issue in relation to their Shares (collectively, the “**Irrevocable Undertakings**”):

Name of Undertaking Shareholder	Number of Shares beneficially owned as at the date of this Announcement (excluding deemed interests)	Percentage (%) of total number of Shares in issue	Number of Rights Shares to be subscribed for	Percentage (%) of total number of Rights Shares
GPIIL	54,616,096 ⁽¹⁾	49.71	27,308,048	49.71
Mr Andrew Ng Sung On	833,332	0.76	416,666	0.76
Mr Victor Lo Chung Wing	200,000	0.18	100,000	0.18
Mr Richard Ku Yuk Hing	193,000	0.18	96,500	0.18

Note:

- (1) The 54,616,096 Shares, representing approximately 49.71 per cent. of the Shares in issue as at the date of this Announcement, held by GPIIL as at the date of this Announcement are referred to as the “**Relevant GPB Shares**” for the purposes of this Announcement.

Pursuant to the terms of its Irrevocable Undertaking dated 23 December 2013 (the “**GPIIL Undertaking**”), GPIIL has also, in addition to its undertaking to subscribe and pay in full for its pro-rata entitlement under the Rights Issue in relation to the Relevant GPB Shares as set out above, irrevocably undertaken to, *inter alia*, 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 excess Rights Shares (the “**GPIIL Excess Rights Commitment**”).

The Irrevocable Undertakings (including the GPIIL Undertaking and the GPIIL Excess Rights Commitment) are subject to and conditional upon:

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- (i) the approval in-principle granted by the SGX-ST for the dealing, listing and quotation of the Rights Shares under the Rights Issue on the Mainboard of the SGX-ST not having been withdrawn;
- (ii) the lodgment of the Offer Information Statement, together with all other accompanying documents, by GP Batteries in respect of the Rights Issue with the Monetary Authority of Singapore (the “MAS”); and
- (iii) all other approvals of any government whether Singapore or foreign, any department, ministry or agency of any government and any other governmental, administrative, fiscal, monetary or judicial body, which the Undertaking Shareholders reasonably determine are necessary to implement the transactions contemplated by the Irrevocable Undertakings having been obtained either unconditionally or on conditions satisfactory to the Undertaking Shareholders acting reasonably and not having been withdrawn or revoked.

In view of the GPIL Undertaking (including the GPIL Excess Rights Commitment), the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

5. CONDITIONS AND APPROVALS

The Rights Issue is subject to the following:

- (i) the receipt of the approval in-principle of the SGX-ST for the dealing, listing and quotation of the Rights Shares under the Rights Issue on the Mainboard of the SGX-ST;
- (ii) the lodgment of the Offer Information Statement, together with all other accompanying documents, by GP Batteries in respect of the Rights Issue with the MAS; and
- (iii) all other approvals of any government whether Singapore or foreign, any department, ministry or agency of any government and any other governmental, administrative, fiscal, monetary or judicial body, which the Undertaking Shareholders reasonably determine are necessary to implement the transactions contemplated by the Irrevocable Undertakings having been obtained either unconditionally or on conditions satisfactory to the Undertaking Shareholders acting reasonably and not having been withdrawn or revoked.

An application will be made by the Company to obtain the approval in-principle of the SGX-ST for the dealing, listing and quotation of the Rights Shares under the Rights Issue on the Mainboard of the SGX-ST. Subject to the fulfilment of the conditions set out above, the Offer Information Statement containing further details on the Rights Issue will be lodged with the MAS and despatched to Entitled Shareholders.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
Singapore, 23 December 2013

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IMPORTANT NOTICE

This Announcement is for information only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any Rights Shares or to take up any entitlements to Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. No person should acquire any Rights Shares except on the basis of the information contained in the Offer Information Statement. The information contained in this Announcement is not for release, publication or distribution to persons in the United States and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The issue, exercise or sale of Rights Shares and the acquisition or purchase of the Rights Shares are subject to specific legal or regulatory restrictions in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

The distribution of this Announcement, the Offer Information Statement, the provisional allotment letters and/or the application forms for Rights Shares and excess Rights Shares into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this Announcement and such other documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

This release is not an offer for sale of securities in the United States or elsewhere. Rights Shares are not being registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from registration under the Securities Act. There will be no public offering of securities in the United States.