

China BAK Provides Business Outlook for Fiscal Year 2012

SHENZHEN, China, Sept. 21, 2011 /PRNewswire-Asia/ -- China BAK Battery, Inc. ("China BAK", the "Company", or "we") (NASDAQ: CBAK), a leading global manufacturer of lithium-based battery cells, today announced its business outlook for certain key areas for its fiscal year ended September 30, 2012.

Management estimates the Company's wholly-owned subsidiary, BAK International (Tianjin) Limited ("BAK Tianjin"), which produces high-power lithium battery cells, to account for approximately 15% of fiscal year 2012 revenue, up from approximately 5% in fiscal year 2011, while battery cell production for cell phones is expected to decrease proportionally while remaining the Company's core business. In particular, China BAK expects increased sales of battery cells for electric bicycles and electric buses to take advantage of the increasing markets for these vehicles in China. In line with this expectation, the Company expects to install at least one additional production line for electric vehicle (EV) batteries during fiscal year 2012. In fiscal year 2012, the Company expects BAK Tianjin to have average monthly output of approximately 12,500 units, up from average monthly output of approximately 6,000 units in fiscal year 2011, with further increases expected for fiscal years 2013 and 2014 to approximately 33,000 and 91,000 units monthly, respectively. The Company also plans to develop mobile phone batteries under its brand name, which is expected to be launched in phases during fiscal years 2012 and 2013. In addition, although the Company is aware that informal information was recently provided by a member of the Company's management in response to a question as to expected gross profit margin for fiscal year 2012, the Company has determined that additional time is needed before it will be in a position to confirm its outlook in this regard.

In connection with its ongoing and planned future capital expenditures and research and development, China BAK is discussing financing alternatives with certain potential strategic partners to raise capital up to \$50 million by the end of calendar year 2011. The form and terms of this potential financing is under discussion. The Company's capital expenditure budget for fiscal year 2011 was approximately \$35 million and the budget for fiscal year 2012 is being determined.

"Since inception, China BAK has gained a strong market reputation through delivery of high quality products utilizing its advanced manufacturing capabilities. We plan to leverage our market position to establish our own distribution channel. We also continue to strive to implement cost control measures to achieve profitability," commented Mr. Marcus Cui, CFO of China BAK.

"We are encouraged by the rapid growth in the EV market and plan to accelerate production of our high-power lithium EV cells at BAK Tianjin. The PRC government is promoting use of electric vehicles, given the environmental and energy benefits. Given the environmental benefits, we believe lithium EV batteries will enjoy a competitive edge over lead-based EV batteries, presenting an attractive growth opportunity for China BAK. We are committed to focus on the EV industry and capitalize on the expected market growth," added Dr. Huanyu Mao, CTO of China BAK. Dr. Mao further commented, "As we have noted, we do not have specific plans on the form or terms of the contemplated financing to fund our planned capital expansion and R&D activities. An offering of BAK Tianjin equity would only be one possible way that we would attain this goal. We are exploring a range of options in connection with our discussions to gain sufficient financing to expand our EV investments, and will select the one that we believe is in the best interests of our shareholders."

About China BAK Battery Inc.

China BAK Battery, Inc. (NASDAQ: CBAK) is a leading global manufacturer of lithium-based battery cells. The Company produces battery cells that are the principal component of rechargeable batteries commonly used in cellular phones, smartphones, notebook computers, e-bikes, electric vehicles, power tools, uninterruptible power supplies, and portable consumer electronics such as portable media players, portable gaming devices, personal digital assistants, or PDAs, camcorders, digital cameras, and Bluetooth headsets. China BAK Battery, Inc.'s production facilities, located in Shenzhen and Tianjin, PRC, cover over three million square feet. For more information regarding China BAK Battery, Inc., please visit <http://www.bak.com.cn>.

Safe Harbor Statement

This press release contains forward-looking statements, which are subject to change. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All "forward-looking statements" relating to the business of China BAK Battery, Inc. and its subsidiary companies, which can be identified by the use of forward-looking terminology such as "believes," "expects" or similar expressions, involve known and unknown risks and uncertainties which could cause actual results to differ. These factors include but are not limited to: risks related to China BAK's business and risks related to operating in China. Please refer to China BAK's Annual Report on Form 10-K for the fiscal year ended September

30, 2010, as well as China BAK's Quarterly Reports on Form 10-Q that have been filed since the date of such annual report, for specific details on risk factors. Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements. China BAK's actual results could differ materially from those contained in the forward-looking statements. China BAK undertakes no obligation to revise or update its forward-looking statements in order to reflect events or circumstances that may arise after the date of this release.

For more information, please contact:

China BAK Battery, Inc.
Mr. Ke Marcus Cui
Chief Financial Officer
E-mail: ir@bak.com.cn

M s . Tracy Li
Investor Relations Officer
Tel: 86-755-89770093
E-mail: ir@bak.com.cn

CCG Investor Relations
M r . Roger Ellis
Partner & SVP for Market Intelligence
Tel: 310-954-1332
E-mail: roger.ellis@ccgir.com

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