

Acquisition of an associated company

The Directors of GP Batteries International Limited ("GP Batteries" or the "Company") wish to announce that it has, through a wholly-owned subsidiary, entered into an agreement to acquire a 50% interest (the "Acquisition") in Aim High Limited ("Aim High") at a cash consideration of US\$3.6 million (the "Consideration").

Aim High commenced its business in the marketing and distribution of primary and rechargeable cylindrical batteries in the consumer market in Eastern Europe, particularly Russia, since 1995.

The Consideration was negotiated on a willing-buyer, willing-seller basis, and was arrived at after taking into account factors such as the earnings potential, the established marketing channels and a strong distribution network of Aim High in six countries in Eastern Europe as well as Russia. Aim High has recorded a turnover of over US\$15 million and a profit before tax of US\$2 million for the year ended 31 March 2004. The Consideration represents a PE multiple of less than 4 times of the guaranteed minimum profit before tax of US\$ 1 million for the year ending 31 March 2005. The value of the net tangible asset being acquired is about US\$0.9 million.

GP Batteries Group is one of the world's major suppliers of primary and rechargeable batteries. The Acquisition is regarded by the Directors as a strategic move to enhance the Group's presence in Eastern Europe and Russia.

The acquisition will be funded from the Company's internal resources and is not expected to have any material impact on the earnings per share and net asset value per share of the Company for the current financial year.

None of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the above transaction. This is a non-discloseable transaction under Chapter 10 of the SGX-ST Listing Manual.

By Order of the Board

Tan San-Ju
Company Secretary

Submitted by Tan San-Ju, Company Secretary on 04/05/2004 to the SGX