

Miscellaneous

* Asterisks denote mandatory information

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| 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

The details of the announcement start here ...

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| Announcement Title * | DILUTION OF INTEREST IN ASSOCIATED COMPANIES |
| Description | |

DILUTION OF INTEREST IN ASSOCIATED COMPANIES

The Board of Directors of GP Batteries International Limited ("GPBI" or the Company") wishes to announce that the Company has entered into an agreement with another major shareholder of STL Corporation ("STLC") and China Development Industrial Bank in relation to the investment by China Development Industrial Bank and one of its subsidiaries (collectively "CDIB") in STL Technology Co., Ltd ("STL Tech"), a wholly owned subsidiary of STLC incorporated in Taiwan, and the restructuring of STLC and its subsidiaries (the "STL Group") (the "Restructuring").

Background and Rationale

STLC is an associated company of the Group. The Company has, through its wholly-owned subsidiary, a 45% shareholding interest in STLC. The STL Group has wholly-owned subsidiaries incorporated in Singapore, Taiwan, the People's Republic of China ("PRC") and Samoa. The STL Group is in the business of electronic design and assembly of battery packs primarily for notebook computers.

The Restructuring is to effect the acquisition by CDIB of a 15% shareholding interest in the restructured STL Group and to prepare for a potential listing of the shares of the restructured STL Group. Pursuant to the Restructuring, CDIB will subscribe for 6,819,000 new shares in STL Tech (the "Issue") that represents about 17.1% of the enlarged share capital of STL Tech. In connection with the Issue, the STL Group will restructure so as to convert STL Tech into the holding corporation of the STL Group in place of STLC. The Restructuring will take place over a period of time and will be subject to various conditions, including regulatory approval in Taiwan. The net effect of the Restructuring will be a dilution of the shareholding interest of the Group in the restructured STL Group as a result of the issue of new shares in STL Tech to CDIB. Upon completion of the Restructuring, the Group's interest in the STL Group will be reduced from 45% to 38.25%. However, due to the various steps required for the Restructuring and the timing of each of the steps, the dilution of the Group's interest in the STL Group and its interest in STLC and STL Tech will vary with each stage of the Restructuring.

The Restructuring involves the following changes in the Group's shareholding interest in STLC and STL Tech:

1. In October 2008, the shareholders of STLC acquired the shares of STL Tech from STLC in their respective shareholding proportions. As a result, the Group holds a direct 45% interest in STL Tech.
2. Pursuant to the Issue, the Group's direct interest in STL Tech was diluted from 45% to about 37.3%.
3. Subject to regulatory approval in Taiwan, the shareholders of STLC will dispose (in their respective shareholding proportions) of an aggregate of 60% of the total number of shares in STLC to STL Investment Ltd, a wholly owned subsidiary of STL Tech incorporated in Samoa ("STL Investment") (the "Initial Disposal"). The Initial Disposal will result in the Group acquiring an indirect interest (through its shareholding in STL Tech) of about 22.4% in STLC and a reduction in direct interest in STLC from 45% to 18%. On the completion of the Initial Disposal, the Group's aggregate interest (direct and indirect) in STLC will be reduced from 45% to about 40.4%.

4. On completion of the Initial Disposal, the shareholders of STLC will use their respective proceeds from the Initial Disposal to subscribe for new shares in STL Tech in their respective shareholding proportions as between themselves in STL Tech (the "Subscription"). On completion of the Subscription, the Group's interest in STL Tech will increase from about 37.3% to 38.25% and the Group's aggregate interest (direct and indirect) in STLC will increase from about 40.4% to about 41%. Correspondingly CDIB's interest in STL Tech will be reduced from about 17.1% to 15% as originally contemplated.

5. STL Investment will eventually acquire the remaining 40% in STLC (the "Further Disposal") from the shareholders of STLC in their respective shareholding proportions. On the completion of the Further Disposal, the Group's aggregate interest in STLC will finally be reduced to 38.25% via its 38.25% shareholding in STL Tech. The Group will cease to have any direct interest in STLC and will hold its entire interest indirectly through its shareholding in STL Tech.

The Company will make further announcements in relation to the Restructuring whenever appropriate.

No Director or controlling shareholder of the Company has any interest, direct or indirect, in the Restructuring.

BY ORDER OF THE BOARD

Caroline Yeo
Company Secretary
21 November 2008