



GP Batteries International Limited

(Incorporated in the Republic of Singapore)
Co. Reg. No. 199002111N

Directors:

Andrew Ng Sung On, Chairman and Chief Executive
Richard Ku Yuk Hing, Vice Chairman
Henry Leung Kwong Hang
Hui Wing Sun
Tsang Kwan Lung
Wong Tze Hang
Cheng Wai Keung
Phua Bah Lee
Harald E Kading
Lim Jiew Keng

Registered Office:

97 Pioneer Road
Singapore 639579

13 July 2009

To the Shareholders of GP Batteries International Limited

Dear Sir/Madam,

Annual General Meeting to be held on 29 July 2009 Special Business Item 13 of the Notice of Annual General Meeting

We refer to item 13 appearing under the heading "Special Business" in the Notice of Annual General Meeting. This item is an Ordinary Resolution ("Resolution 16") for the renewal of a general and unconditional mandate to be given for purchase or acquisition by GP Batteries International Limited (the "Company") of its issued ordinary shares ("Shares"). The purpose of this letter is to provide shareholders of the Company ("Shareholders") with information relating to, and to seek their approval for, Resolution 16 at the forthcoming Annual General Meeting of the Company (the "AGM") on 29 July 2009.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Singapore Exchange Securities Trading Limited (the "SGX-ST") assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this letter.

1. Share capital of the Company

The share capital of the Company comprises ordinary shares.

As at 1 July 2009, the latest practicable date prior to the printing of this letter (the "Latest Practicable Date"), the Company's issued share capital was S\$230,971,128 divided into 109,687,168 Shares, all of which are fully-paid. At that date, there were outstanding (unexercised) rights to subscribe for a total of 3,594,000 Shares under options granted to employees, including executive directors, of the Company and its subsidiaries (the "Group") pursuant to the Company's current Share Option Scheme (the "1999 Scheme"). Save for the Shares which are issuable upon the exercise of the above outstanding options, and future options that may be granted under the 1999 Scheme, no Shares are reserved for issue for any purpose as at the Latest Practicable Date.

2. The renewal of the Share Purchase Mandate

(A) Background

Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by, its Articles of Association ("Articles"), the Companies Act, Cap. 50 of Singapore (the "Companies Act"), the listing rules ("Listing Rules") of the SGX-ST, and such other laws and regulations as may for the time being be applicable.

At an Extraordinary General Meeting of the Company held on 20 December 1999, Shareholders had granted a general and unconditional mandate to the Directors of the Company (the "Directors") to exercise all powers of the Company to purchase or otherwise acquire its Shares, on the terms of that mandate (the "1999 Mandate"). The authority contained in the 1999 Mandate, which had been renewed at the previous Annual General Meetings of the Company held on 26 September 2000, 23 August 2001, 27 August 2002, 26 August 2003, 30 July 2004, 28 July 2005, 26 July 2006, 30 July 2007, 30 July 2008 (the "2008 Mandate"), will expire on 29 July 2009, being the date of the forthcoming AGM. It is proposed that such authority be renewed.

Accordingly, Resolution 16 is to seek Shareholders' approval at the AGM for a renewed general and unconditional mandate to be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its Shares on the terms of such mandate (the "Share Purchase Mandate"). If approved at the AGM, the authority conferred by the Share Purchase Mandate will continue in force until the date on which the next Annual General Meeting of the Company is or is required by law to be held, whichever is the earlier (whereupon it will lapse, unless renewed at such meeting) or unless it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the date on which the next Annual General Meeting of the Company is or is required by law to be held).

As at the Latest Practicable Date, the Company had not made any purchases or acquisitions of its Shares pursuant to the 2008 Mandate.

(B) Terms of the Share Purchase Mandate

The authority and limits of the Share Purchase Mandate are summarised below:

Maximum number of Shares

The total number of Shares that may be purchased or acquired by the Company shall not exceed 10% of the total number of Shares of the Company (excluding treasury shares, if any) as at the date of the AGM at which the Share Purchase Mandate is approved ("Approval Date").

Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date up to:

- (a) the date on which the next Annual General Meeting of the Company is held or is required by law to be held; or
- (b) the date on which the authority contained in the Share Purchase Mandate is revoked or varied,

whichever is the earlier.

Manner of purchase or acquisition

Purchases or acquisitions of Shares may only be made:

- (a) by way of on-market purchases transacted through the SGX-ST's Central Limit Order Book trading system ("Market Purchases"); and/or

- (b) by way of an off-market acquisition in accordance with an “equal access scheme” as defined under Section 76C of the Companies Act (“Off-Market Purchases”).

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Rules and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded, where applicable, (1) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Rules provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed share purchases;
- (4) the consequences, if any, of share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the “Take-over Code”) or other applicable take-over rules;
- (5) whether the share purchases, if made, would have any effect on the listing of the Shares on the SGX-ST; and
- (6) details of any share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.

Purchase price

The purchase price (*excluding* brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be determined by the Directors:

- (a) in the case of a Market Purchase, shall not be more than 5% above the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, shall not be more than 10% above the Average Closing Price of the Shares,

(the “Maximum Price”) in either case, *excluding* related expenses of the purchase or the acquisition.

For the purpose of determining the Maximum Price:

“Average Closing Price” means the average of the closing market prices of the Shares over the last 5 market days on which the Shares were transacted on the SGX-ST immediately preceding the date of the making of the Market Purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“market day” means a day on which the SGX-ST is open for trading in securities.

(C) Status of purchased or acquired Shares

Under the Companies Act, any Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to those Shares expire on cancellation, unless such Shares are held by the Company as treasury shares. Accordingly, the total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Except for Shares held by the Company as treasury shares, all Shares purchased or acquired by the Company will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

(D) Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act, are summarised below:

(1) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of Shares.

(2) Voting and other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(3) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;

- (b) transfer the treasury shares for the purposes of or pursuant to an employee's share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

(E) Source of funds

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Articles and the applicable laws in Singapore.

Under the Companies Act, purchases or acquisitions of Shares may be made out of the Company's capital or profits so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company will use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares. The amount of financing required for the Company to purchase or acquire its Shares cannot be ascertained as at the Latest Practicable Date as this will depend on, among others, the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that the working capital requirements of the Group would be materially adversely affected.

(F) Financial effects

Where the consideration paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) is paid out of the Company's profits, it will reduce the amount available for distribution of cash dividends by the Company. Where such consideration is paid out of the Company's capital, the amount available for distribution of cash dividends will not be reduced.

Where the Shares are purchased or acquired using the Group's internal resources, it will reduce the cash reserves of the Group and consequently the current assets and shareholders' funds of the Group. This will result in an increase in the gearing ratios of the Group and a decrease in the current ratios of the Group. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which such Shares are purchased or acquired.

Where the Shares are purchased or acquired using external borrowings or financing, there would also be a similar increase in the gearing ratios of the Group, and possibly, a decrease in the current ratio of the Group, with the actual impact being dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Based on 109,687,168 Shares as at the Latest Practicable Date, the exercise in full of the Share Purchase Mandate would result in the purchase or acquisition of 10,968,716 Shares, representing 10% of the Shares. In the case of Market Purchases by the Company, and assuming that the Company purchases or acquires, on the Latest Practicable Date, the 10,968,716 Shares at the Maximum Price of S\$0.86 for each Share (being the price equivalent to 5% above the Average Closing Price) the amount of funds required would be approximately S\$9,433,096. In the case of an Off-Market Purchase by the Company,

assuming that the Company purchases or acquires, on the Latest Practicable Date, the 10,968,716 Shares at the Maximum Price of S\$0.90 for each Share (being the price equivalent to 10% above the Average Closing Price), the amount of funds required would be approximately S\$9,871,844.

It is not possible for the Company to realistically calculate or quantify the financial effects of Share purchases or acquisitions that may be made pursuant to the proposed Share Purchase Mandate as the resultant effect would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions, whether the Shares are purchased or acquired out of profits and/or capital of the Company, and whether such Shares are cancelled or held or dealt with as treasury shares.

However, purely for illustrative purposes only, based on the audited accounts of the Group for the financial year ended 31 March 2009 and with the assumptions stated above, the impact of such purchases on the financial positions of the Group are set out in respective scenarios below.

Scenario 1

Purchases made entirely out of capital

(S\$'000)	Group* Market Purchase			Group* Off-Market Purchase		
	Before Share Purchase	After Share Purchase Purchased Shares held as Treasury Shares	Purchased Shares cancelled	Before Share Purchase	After Share Purchase Purchased Shares held as Treasury Shares	Purchased Shares cancelled
As at 31 March 2009						
Share capital and Reserves	307,486	307,486	298,053	307,486	307,486	297,614
Treasury shares	–	(9,433)	–	–	(9,872)	–
Shareholders' Funds	307,486	298,053	298,053	307,486	297,614	297,614
Net Tangible Assets ("NTA")	274,271	264,838	264,838	274,271	264,399	264,399
Current Assets	410,108	410,108	410,108	410,108	410,108	410,108
Current Liabilities	(445,672)	(455,105)	(455,105)	(445,672)	(455,544)	(455,544)
Total Borrowings	(307,408)	(316,841)	(316,841)	(307,408)	(317,280)	(317,280)
Cash and Cash Equivalents	91,926	91,926	91,926	91,926	91,926	91,926
Number of Shares at LPD	109,687,168	98,718,452	98,718,452	109,687,168	98,718,452	98,718,452
Financial Ratios						
NTA per Share (S\$)	2.50	2.68	2.68	2.50	2.68	2.68
Gearing (%)	100	106	106	100	107	107
Gearing (Net of Cash) (%)	70	75	75	70	76	76
Current Ratio (times)	0.92	0.90	0.90	0.92	0.90	0.90

Scenario 2

Purchases made entirely out of profits

(\$'000)	Group* Market Purchase			Group* Off-Market Purchase		
	Before Share Purchase	After Share Purchase Purchased Shares held as Treasury Shares	Purchased Shares cancelled	Before Share Purchase	After Share Purchase Purchased Shares held as Treasury Shares	Purchased Shares cancelled
As at 31 March 2009						
Share capital and Reserves	307,486	307,486	298,053	307,486	307,486	297,614
Treasury shares	–	(9,433)	–	–	(9,872)	–
Shareholders' Funds	307,486	298,053	298,053	307,486	297,614	297,614
Net Tangible Assets ("NTA")	274,271	264,838	264,838	274,271	264,399	264,399
Current Assets	410,108	410,108	410,108	410,108	410,108	410,108
Current Liabilities	(445,672)	(455,105)	(455,105)	(445,672)	(455,544)	(455,544)
Total Borrowings	(307,408)	(316,841)	(316,841)	(307,408)	(317,280)	(317,280)
Cash and Cash Equivalents	91,926	91,926	91,926	91,926	91,926	91,926
Number of Shares at LPD	109,687,168	98,718,452	98,718,452	109,687,168	98,718,452	98,718,452
Financial Ratios						
NTA per Share (S\$)	2.50	2.68	2.68	2.50	2.68	2.68
Gearing (%)	100	106	106	100	107	107
Gearing (Net of Cash) (%)	70	75	75	70	76	76
Current Ratio (times)	0.92	0.90	0.90	0.92	0.90	0.90

*Includes associated companies

NB:

It is assumed that the purchases were funded solely by external borrowings.

Notes to the above tables:

- (1) *NTA per Share equals Shareholders' funds less intangible assets divided by number of Shares in issue.*
- (2) *Gearing equals total borrowings divided by Shareholders' funds.*
- (3) *Gearing (net of cash) equals total borrowings less cash and cash equivalents divided by Shareholders' funds.*
- (4) *Current ratio equals current assets divided by current liabilities.*

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that the above illustration is based on historical numbers and is not necessarily representative of future financial performance.

(G) Taxation

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases or acquisitions by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

(H) Listing Rules

Any purchase or acquisition by the Company of its Shares pursuant to the Share Purchase Mandate will be reported by the Company in accordance with prevailing reporting requirements of the SGX-ST.

The Listing Rules restrict a listed company to purchasing shares by way of Market Purchases at a price per share which is not more than 5% above the “average closing market price”, being the average of the closing market prices of the shares over the last 5 market days on which transactions in the share were recorded, before the day on which the purchases were made, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period. The Maximum Price for a Share in relation to Market Purchases referred to in Paragraph 2(B) above conforms to this requirement.

Although the Listing Rules do not prescribe a maximum price in relation to purchases or acquisitions of shares by way of Off-Market Purchases, the Company has set a cap of not more than 10% above the Average Closing Price of a Share as the Maximum Price for purchases or acquisitions of shares by way of Off-Market Purchases.

The Listing Rules do not expressly prohibit any purchase or acquisition by a listed company of its shares during any particular time or times. However, as a listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced.

The Company will also observe Rule 1207(18) of the Listing Rules on dealings in securities which, among others, prescribes that a listed issuer and its officers should not deal in the listed issuer’s securities during the period commencing two weeks before the announcement of the company’s financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company’s full year financial statements.

The Listing Rules provide that a listed company shall ensure that at least 10% of a class of its listed securities is at all times held by the public. As the percentage of Shares held in public hands as at the Latest Practicable Date was approximately 49.3%, the Company is of the view that there is, at the present, a sufficient number of the Shares in public hands that would permit the Company to potentially undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Shares on the SGX-ST. Additionally, the Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its Shares.

(l) Obligation to make a take-over offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a Shareholder or group of Shareholders acting in concert obtaining or consolidating effective control of the Company (as defined in the Take-over Code), such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently invalidated), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase or acquisition of Shares by the Company:

- (a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

- (b) if they together hold between 30% and 50% of the Company's voting rights, the percentage of their voting rights increases by more than 1% in any period of 6 months.

Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons (*inter alia*) will be presumed to be acting in concert:

- (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, companies of which such companies are associated companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights, all with each other.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The interests of the Directors and the substantial Shareholders of the Company are set out in Paragraph 4 below.

As at the Latest Practicable Date, the Company is an associated company of GP Industries Limited ("GPIL"), and GPIL is a subsidiary of Gold Peak Industries (Holdings) Limited ("Gold Peak"). Certain directors, namely Messrs Andrew Ng Sung On and Richard Ku Yuk Hing are also directors of Gold Peak, and Mr. Phua Bah Lee is also a director of GPIL. Under the Take-over Code, unless the contrary is established, such directors who are also directors of Gold Peak would be presumed to be persons acting in concert with Gold Peak and such directors who are also directors of GPIL would be presumed to be persons acting in concert with GPIL. As the following directors of the Company, namely, Messrs Andrew Ng Sung On, Richard Ku Yuk Hing, Phua Bah Lee, together with GPIL and Gold Peak collectively already hold more than 50.1% of the Shares of the Company, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate will not result in such directors (or any of them), GPIL and/or Gold Peak incurring an obligation to make a mandatory take-over offer under Rule 14 read with Appendix 2 of the Take-over Code.

Except as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting Shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the Securities Industry Council before they purchase or acquire any Shares in the Company during the period when the Share Purchase Mandate is in force.

3. **Rationale**

The Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its Shares, at any time and from time to time, subject to market conditions, during the period that the Share Purchase Mandate is in force. The Share Purchase Mandate will provide the Company with:

- (1) a mechanism to facilitate the return of surplus cash over and above its financial and possible investment needs in an expedient and cost-efficient manner; and
- (2) the opportunity to purchase or acquire Shares when such Shares are undervalued.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company.

4. **Directors' and substantial Shareholders' interests**

As at the Latest Practicable Date, except for the following Directors, none of the Directors had any interest, direct or indirect, in the Shares.

Director	Direct		Deemed	
	Number of Shares	% of total Shares	Number of Shares	% of total Shares
Andrew Ng Sung On ¹	300,000	0.27	54,449,428	49.64
Richard Ku Yuk Hing	222,000	0.20	–	–
Hui Wing Sun	410,028	0.37	–	–
Tsang Kwan Lung	120,000	0.11	–	–
Cheng Wai Keung	70,000	0.06	–	–
Phua Bah Lee	80,000	0.07	–	–

¹ Mr Andrew Ng Sung On is deemed interested in 533,332 shares held by HSBC (Singapore) Nominees Pte Ltd and 53,916,096 Shares held by GPIL

As at the Latest Practicable Date, the following Directors had direct interest in Shares under outstanding options granted to them pursuant to the 1999 Share Option Scheme of the company:

Director	No. of outstanding options
Andrew Ng Sung On	780,000
Richard Ku Yuk Hing	170,000
Hui Wing Sun	460,000
Tsang Kwan Lung	120,000

As at the Latest Practicable Date, the Company's substantial Shareholders are:

Name of Substantial Shareholders	Direct		Deemed	
	Number of Shares	% of total Shares	Number of Shares	% of total Shares
GP Industries Limited	53,916,096	49.15	–	–
Gold Peak Industries (Holdings) Limited ¹	–	–	53,916,096	49.15
Andrew Ng Sung On ²	300,000	0.27	54,449,428	49.64
Victor Lo Chung Wing ³	200,000	0.18	53,916,096	49.15

¹ Gold Peak Industries (Holdings) Limited ("Gold Peak") is deemed interested in the Shares held by GPIL by virtue of Gold Peak's controlling interest in GPIL.

² Mr Andrew Ng Sung On has a deemed interest in 53,916,096 Shares pursuant to his aggregate direct and deemed interests in the shares of Gold Peak of approximately 28.81%, Gold Peak's direct interest in the shares of GPIL of approximately 69.32%, and GPIL's direct interest in the said 53,916,096 Shares.

³ Mr Victor Lo Chung Wing has a deemed interest in 53,916,096 Shares pursuant to his aggregate direct and deemed interests in the shares of Gold Peak of approximately 29.68%, Gold Peak's direct interest in the shares of GPIL of approximately 69.32%, and GPIL's direct interest in the said 53,916,096 Shares.

5. Recommendation

For the reasons set out in Paragraph 3 above, the Directors are of the opinion that the Share Purchase Mandate is in the best interests of the Company, and they accordingly recommend that Shareholders vote in favour of Resolution 16 at the AGM.

6. Responsibility statement

The Directors collectively and individually accept responsibility for the accuracy of the information given in this letter and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this letter are fair and accurate and that there are no material facts the omission of which would make any statement in this letter misleading.

7. Inspection of documents

Shareholders may inspect the following documents at the registered office of the Company at 97 Pioneer Road, Singapore 639579 during normal business hours from the date of this letter to the date of the AGM:-

- (1) The Memorandum and Articles of Association of the Company;
- (2) The Circular to Shareholders dated 22 November 1999 in relation to the 1999 Mandate; and
- (3) Audited Accounts of the Company and of the Group for the year ended 31 March 2009 together with the Auditors' Report and the Directors' Report thereon.

Yours faithfully
for and on behalf of
the Board of Directors of
GP Batteries International Limited

Andrew Ng Sung On
Chairman and Chief Executive

