GP Batteries International Limited

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

Directors:

Victor Lo Chung Wing, Chairman and Chief Executive Officer
Richard Ku Yuk Hing, Vice Chairman
Henry Leung Kwong Hang, Executive Director
Leung Pak Chuen, Executive Director
Hui Wing Sun, Executive Director
Wong Tze Hang, Executive Director
Lim Jiew Keng, Lead Independent Director
Allan Choy Kam Wing, Independent Director
Goh Boon Seong, Independent Director

Registered Office:

3 Fusionopolis Link
#06-10 Nexus @one-north
Singapore 138543

15 July 2015

To the shareholders of GP Batteries International Limited

Dear Sir/Madam,

Annual General Meeting to be held on 30 July 2015
Special Business Item 9 of the Notice of Annual General Meeting

We refer to item 9 appearing under the heading "Special Business" in the Notice of Annual General Meeting. This item is an Ordinary Resolution ("Resolution 12") to be proposed at the Annual General Meeting of GP Batteries International Limited (the "Company") to be held on 30 July 2015 (the "AGM"). Resolution 12 relates to the proposed renewal of the Company's share purchase mandate (the "Share Purchase Mandate"). The purpose of this letter is to provide shareholders of the Company ("Shareholders") with information relating to Resolution 12.

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 advisers 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 ("Shares").

As at 30 June 2015, the latest practicable date prior to the printing of this letter (the "Latest Practicable Date"), there were 164,806,752 issued and fully-paid Shares, of which 699,200 such Shares were held by the Company as treasury shares.

As at the Latest Practicable Date, there were no outstanding options or awards exercisable or convertible into Shares under any share plan of the Company.

2. The renewal of the Share Purchase Mandate

(A) Background

Any purchase or acquisition of its issued 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 Manual of the SGX-ST (the "Listing Manual"), and such other laws and regulations as may for the time being be applicable.

At the Annual General Meeting of the Company held on 30 July 2014 (the "2014 AGM"), Shareholders had (*inter alia*) approved the renewal of the Share Purchase Mandate. The authority and limitation on the Share Purchase Mandate were set out in a Letter to Shareholders dated 1 July 2014 and the Ordinary Resolution relating to the Share Purchase Mandate was set out in the Notice of 2014 AGM. The Share Purchase Mandate was expressed to take effect from the passing of the Ordinary Resolution at the 2014 AGM and continue in force until the next Annual General Meeting of the Company and, as such, will be expiring on 30 July 2015, being the date of the AGM. It is proposed that the Share Purchase Mandate be renewed at the AGM.

Accordingly, Resolution 12 is to seek Shareholders' approval at the AGM for a renewed authority to be given to the Directors of the Company ("Directors") to exercise all powers of the Company to purchase or otherwise acquire its Shares on the terms of the Share Purchase Mandate.

As at the Latest Practicable Date, the Company had pursuant to and in accordance with the Share Purchase Mandate approved at the 2014 AGM, purchased an aggregate of 699,200 Shares, all of which were purchased after 31 March 2015 by way of market purchases effected on the SGX-ST. The lowest and highest price paid was S$0.905 and S$0.950 per Share respectively and the total consideration paid for all purchases was approximately S$654,000 excluding commission, brokerage and goods and services tax.

(B) Terms of the Share Purchase Mandate

The authority and limits placed on the Share Purchase Mandate for which renewal is sought are summarised below:

Maximum number of Shares

Only issued Shares may be purchased or otherwise acquired by the Company pursuant to the authority conferred by the Share Purchase Mandate. The total number of Shares that may be purchased or acquired by the Company shall not exceed that number representing 10% of the issued Shares as at the date on which the renewal of the Share Purchase Mandate is approved, being the date of the AGM (the "Approval Date"), excluding any Shares held as treasury shares. Under the Companies Act, any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 164,107,552 Shares (being the 164,806,752 Shares in issue as at the Latest Practicable Date, and disregarding 699,200 Shares held in treasury as at the Latest Practicable Date) and assuming, *inter alia*, that no further Shares are issued, and no Shares are acquired or purchased pursuant to the subsisting Share Purchase Mandate prior to the AGM, then not more than 16,410,755 Shares (representing 10% of the Shares in issue (disregarding the Shares held in treasury) as at that date) may be purchased by the Company pursuant to the renewed Share Purchase Mandate.

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 (unless the authority conferred in the Share Purchase Mandate is thereafter revoked or varied by the Company in general meeting) up to:

(a) the date (being a date after the Approval 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 (being a date after the Approval Date) on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is earlier.

Manner of purchase or acquisition

Purchases or acquisitions of Shares may only be made by way of:

(a) market purchases ("Market Purchases"); and/or

(b) off-market purchases in accordance with an equal access scheme ("Off-Market Purchases").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders. The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the listing rules of the SGX-ST 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 issued Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their issued 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, Rule 885 of the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*, the following information:

(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, could affect the listing of the Shares on the SGX-ST;

(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; and

(7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

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; and

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

(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 a Share 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, as in force as at the Latest Practicable Date, 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 voting 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 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 (but subject always to the Take-over Code):

(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.

Under Rule 704(28) of the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares of the usage.

(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 intends to 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 funds 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 Company, or the Company and its subsidiaries (collectively, the "Group"), would be materially adversely affected.

(F) Financial effects

Where the consideration paid by the Company for the purchase or acquisition of Shares is paid out of the Company's profits, such consideration will correspondingly reduce the amount available for distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares 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 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 be a corresponding 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 164,107,552 issued Shares (excluding the 699,200 Shares held in treasury) as at the Latest Practicable Date, the exercise in full of the Share Purchase Mandate would result in the purchase or acquisition of 16,410,755 Shares, representing 10% of the Shares (excluding treasury shares) as at that date. In the case of Market Purchases by the Company, and assuming that the Company purchases or acquires, on the Latest Practicable Date, the 16,410,755 Shares at the Maximum Price of S$0.990 for each Share (being the price equivalent to 5% above the Average Closing Price), the amount of funds required would be approximately S$16,247,000. In the case of an Off-Market Purchase by the Company, assuming that the Company purchases or acquires, on the Latest Practicable Date, the 16,410,755 Shares at the Maximum Price of S$1.035 for each Share (being the price equivalent to 10% above the Average Closing Price), the amount of funds required would be approximately S$16,985,000.

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. In addition, the Company may cancel or hold in treasury all or part of the Shares so purchased or acquired.

However, purely for illustrative purposes only, based on the audited consolidated financial statements of the Group and the Company for the financial year ended 31 March 2015, and assuming that (i) purchases or acquisitions of Shares are made to the extent as aforesaid; (ii) the purchases or acquisitions were funded by external borrowings; (iii) the total number of Shares issued as at 1 April 2014 is 164,107,552 Shares (being the 164,806,752 Shares in issue as at the Latest Practicable Date, and disregarding 699,200 Shares held in treasury as at the Latest Practicable Date); (iv) the Share Purchase Mandate had been

effective on 1 April 2014; and (v) the Company had purchased or acquired 16,410,755 Shares (representing 10% of the issued Shares, excluding Shares held in treasury, at the Latest Practicable Date) on 1 April 2014, the effect of such purchases or acquisitions on the financial positions of the Group and the Company for the financial year ended 31 March 2015 is set out below.

	The Group			
	Before Share Purchase	**Proforma Before Share Purchase[5]**	**After Market Purchase[6]**	**After Off-Market Purchase[6]**
	S$'000	**S$'000**	**S$'000**	**S$'000**
As at 31 March 2015				
Shareholders' funds	265,357	264,703	248,456	247,718
NTA[1]	250,648	249,994	233,747	233,009
Current assets	324,379	324,379	324,379	324,379
Current liabilities	(263,093)	(263,747)	(279,994)	(280,732)
Total borrowings	(125,242)	(125,896)	(142,143)	(142,881)
Cash and cash equivalents	81,042	81,042	81,042	81,042
Number of Shares	164,806,752	164,107,552	147,696,797	147,696,797
Financial ratios				
NTA per Share (S$)	1.52	1.52	1.58	1.58
Gearing[2] (%)	47	48	57	58
Gearing[3] (net of cash) (%)	17	17	25	25
Current ratio[4] (times)	1.23	1.23	1.16	1.16

	The Company			
	Before Share Purchase	**Proforma Before Share Purchase[5]**	**After Market Purchase[6]**	**After Off-Market Purchase[6]**
	S$'000	**S$'000**	**S$'000**	**S$'000**
As at 31 March 2015				
Shareholders' funds	262,340	261,686	254,439	244,701
NTA[1]	262,340	261,686	245,439	244,701
Current assets	113,348	113,348	113,348	113,348
Current liabilities	(201,054)	(201,708)	(217,955)	(218,693)
Total borrowings	(60,855)	(61,509)	(77,756)	(78,494)
Cash and cash equivalents	6,987	6,987	6,987	6,987
Number of Shares	164,806,752	164,107,552	147,696,797	147,696,797
Financial ratios				
NTA per Share (S$)	1.59	1.59	1.66	1.66
Gearing[2] (%)	23	24	32	32
Gearing[3] (net of cash) (%)	21	21	29	29
Current ratio[4] (times)	0.56	0.56	0.52	0.52

Notes:

(1) NTA equals shareholders' funds less intangible assets.

(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.

(5) Proforma Before Share Purchase as at 31 March 2015 includes the effect of the purchase of 699,200 Shares by the Company between 1 April 2015 and the Latest Practicable Date for an aggregate consideration of approximately S$654,000, assuming such purchases were funded by external borrowings.

(6) The illustrative financial effects remain the same irrespective of whether the purchase or acquisition of the Shares are (a) effected out of capital or profits; and (b) held as treasury shares or cancelled.

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.

Rule 884 of the Listing Manual currently restricts 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 Manual does 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 Manual does 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(19)(c) of the Listing Manual on dealings in securities which, among others, prescribes that a listed company and its officers should not deal in the listed company'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.

Rule 723 of the Listing Manual provides 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 36.2%, 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 through Market Purchases 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.

(I) 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 of the Take-over Code 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 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code 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, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

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 a subsidiary of GP Industries Limited ("GPIL"), and GPIL is a subsidiary of Gold Peak Industries (Holdings) Limited ("Gold Peak"). Mr Victor Lo Chung Wing, the Chairman and Chief Executive Officer of the Company, is also a controlling shareholder of the Company by virtue of his aggregate direct and deemed interests in Gold Peak and GPIL. Under the Take-over Code, unless the contrary is established, Directors who are also directors of GPIL or Gold Peak would be presumed to be persons acting in concert with GPIL or Gold Peak. Accordingly, Messrs Leung Pak Chuen and Richard Ku Yuk Hing, respectively an Executive Director and the Vice Chairman of the Company, who are also directors of GPIL or Gold Peak, would be presumed to be parties acting in concert with GPIL or Gold Peak. As Mr Victor Lo Chung Wing, GPIL and Gold Peak collectively already hold more than 50% of the issued Shares (excluding treasury shares), purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate will not result in Mr Victor Lo Chung Wing, GPIL and/or Gold Peak or any of their concert parties, which would include Mr Leung Pak Chuen and Mr Richard Ku Yuk Hing, 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 during the period when the Share Purchase Mandate is in force.

3. Rationale

The renewal of 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.

	Direct		Deemed	
Directors	**Number of Shares**	**% of total Shares**	**Number of Shares**	**% of total Shares**
Victor Lo Chung Wing	300,000	0.18	102,274,444	62.32
Richard Ku Yuk Hing	151,500	0.09	–	–
Hui Wing Sun	695,028	0.42	–	–

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

	Direct		Deemed	
Name of Substantial Shareholders	**Number of Shares**	**% of total Shares[4]**	**Number of Shares**	**% of total Shares[4]**
GP Industries Limited	102,274,444	62.32	–	–
Gold Peak Industries (Holdings) Limited[1]	–	–	102,274,444	62.32
Andrew Ng Sung On (deceased)[2]	1,249,998	0.76	102,274,444	62.32
Victor Lo Chung Wing[3]	300,000	0.18	102,274,444	62.32

Notes:

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

(2) Mr Andrew Ng Sung On (deceased) has a deemed interest in 102,274,444 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 85.20%, and GPIL's direct interest in the said 102,274,444 Shares.

(3) Mr Victor Lo Chung Wing has a deemed interest in 102,274,444 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 85.20%, and GPIL's direct interest in the said 102,274,444 Shares.

(4) "% of total Shares" is based on 164,107,552 Shares (excluding treasury shares).

5. Recommendation

For the reasons set out in Paragraph 3 above, the Directors are of the opinion that the renewal of the Share Purchase Mandate is in the best interests of the Company, and they accordingly recommend that Shareholders vote in favour of Resolution 12 at the AGM.

6. Responsibility statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the proposal to renew the Share Purchase Mandate at the AGM, and the Company and its subsidiaries which are relevant to the proposed renewal of the Share Purchase Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this letter in its proper form and context.

7. Inspection of documents

Shareholders may inspect the following documents at the registered office of the Company at 3 Fusionopolis Link, #06-10 Nexus @one-north, Singapore 138543 during normal business hours from the date of this letter up to the date of the AGM:

(1) the Memorandum and Articles of Association of the Company; and

(2) the Annual Report of the Company for the financial year ended 31 March 2015.

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

Victor Lo Chung Wing
Chairman and Chief Executive Officer

Member
Gold Peak Group