

# GP BATTERIES INTERNATIONAL LIMITED

## Proforma Full Year Financial Statement And Dividend Announcement

Full-year financial statement on consolidated results for the year ended 31 March 2000.

These figures have not been audited.

|           |  | Group       |               |        | Company     |               |        |
|-----------|--|-------------|---------------|--------|-------------|---------------|--------|
|           |  | S\$'000     |               | %      | S\$'000     |               | %      |
|           |  | Latest year | Previous year | Change | Latest year | Previous year | Change |
| 1.(a)     | Turnover   | 531,274     | 464,546       | 14.4   | 33,293      | 28,837        | 15.5   |
| 1.(b)     | Investment income  |             |               |        |             |               |        |
| 1.(c)     | Other income including interest income   | 2,902       | 4,938         | (41.2) | 73          | 39            | 87.2   |
| 2.(a)     | Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items | 56,306      | 48,316        | 16.5   | 28,752      | 23,029        | 24.9   |
| 2.(b)(i)  | Interest on borrowings   | (12,884)    | (9,867)       | 30.6   | (10,553)    | (7,702)       | 37.0   |
| 2.(b)(ii) | Depreciation and amortisation  | (21,008)    | (20,356)      | 3.2    | (609)       | (615)         | (1.0)  |

|            |  |             |               |        |             |               |        |
|------------|--|-------------|---------------|--------|-------------|---------------|--------|
| 2.(b)(iii) | Foreign exchange gain/(loss)   | (3,910)     | 5,809         | N/M    | (167)       | 8,557         | N/M    |
| 2.(c)      | Exceptional items  |             |               |        |             |               |        |
| 2.(d)      | Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items | 18,504      | 23,902        | (22.6) | 17,423      | 23,269        | (25.1) |
|            |  | Latest year | Previous year | Change | Latest year | Previous year | Change |
| 2.(e)      | Income derived from associated companies   | 6,991       | 4,805         | 45.5   | 0           | 0             | 0      |
| 2.(f)      | Less income tax  | (2,447)     | (2,746)       | (10.9) | (100)       | (300)         | (66.7) |
| 2.(g)(i)   | Operating profit after tax before deducting minority interests   | 23,048      | 25,961        | (11.2) | 17,323      | 22,969        | (24.6) |
| 2.(g)(ii)  | Less minority interests  | (922)       | 181           | N/M    | 0           | 0             | 0      |
| 2.(h)      | Operating profit   | 22,126      | 26,142        | (15.4) | 17,323      | 22,969        | (24.6) |

|            |  |         |         |        |        |        |        |
|------------|--|---------|---------|--------|--------|--------|--------|
|            | after tax<br>attributable to<br>members of the<br>company  |         |         |        |        |        |        |
| 2.(i)(i)   | Extraordinary<br>items   | (2,317) | (5,562) | (58.3) | 0      | 0      | 0      |
| 2.(i)(ii)  | Less minority<br>interests   | 0       | 0       | 0      | 0      | 0      | 0      |
| 2.(i)(iii) | Extraordinary<br>items attributable<br>to members of the<br>company                                      | (2,317) | (5,562) | (58.3) | 0      | 0      | 0      |
| 2.(j)      | Operating profit<br>after tax and<br>extraordinary<br>items attributable<br>to members of the<br>company | 19,809  | 20,580  | (3.7)  | 17,323 | 22,969 | (24.6) |

N/M : Not Meaningful

The Group changed its accounting policy on the accounting treatment of pre-operating expenses from capitalization with subsequent amortisation to that of direct writing off in the accounting period they were incurred. This is because the major operating subsidiaries which incurred the bulk of the Group's pre-operating expenses have to follow a new accounting interpretation on the treatment of these expenses.

If the accounting policy had not been changed, the operating profit after tax attributable to members of the company for the year ended 31 March 2000 would have been S\$20,920,000 (1999:S\$26,165,000) and the net tangible assets of the Group would have been S\$226,478,000 (1999:S\$213,381,000). Basic earning per share would have been 20.22 Singapore cents (1999: 25.29 Singapore cents). The comparative figures have been adjusted to reflect the change in accounting policy.

Note to 2(i) (i) Extraordinary loss at Group level represented the restructuring costs incurred by a subsidiary for their discontinued operations of button rechargeable batteries in Hong Kong.

| Group Figures |   |  | Latest year | Previous year |
|---------------|---|--|-------------|---------------|
| 3.(a)         | Operating profit [2(g)(i) above] as a percentage of turnover [1(a) above]   |  | 4.34%       | 5.59%         |
| 3.(b)         | Operating profit [2(h) above] as a percentage of issued capital and reserves at end of year                           |  | 7.94%       | 9.86%         |
| 3.(c)         | Earnings per ordinary share for the year based on 2(h) above after deducting any provision for preference dividends:- |  |             |               |
| 3.(c)(i)      | Based on existing issued share capital  |  | 21.38 cents | 25.27 cents   |
| 3.(c)(ii)     | On a fully diluted basis  |  | 21.38 cents | 25.27 cents   |
| 3.(d)         | Earnings per share based on 2(j) above:-  |  |             |               |
|               | (i) Based on existing issued share capital  |  | 19.15 cents | 19.89 cents   |
|               | (ii) On a fully diluted basis   |  | 19.14 cents | 19.89 cents   |
| 3.(e)         | Net tangible asset backing per ordinary share   |  | S\$2.13     | S\$2.07       |

| Group   |   | Company |   |
|---------|---|---------|---|
| S\$'000 | % | S\$'000 | % |

|       |  | Latest year | Previous year | Change | Latest year | Previous year | Change |
|-------|--|-------------|---------------|--------|-------------|---------------|--------|
| 4.(a) | Sales reported for first half year                             | 256,208     | 234,667       | 9.2    | 15,385      | 14,210        | 8.3    |
| 4.(b) | Operating profit [2(g)(i) above] reported for first half year  | 9,182       | 17,493        | (47.5) | 6,826       | 10,745        | (36.5) |
| 4.(c) | Sales reported for second half year                            | 275,066     | 229,879       | 19.7   | 17,908      | 14,627        | 22.4   |
| 4.(d) | Operating profit [2(g)(i) above] reported for second half year | 13,866      | 8,468         | 63.7   | 10,497      | 12,224        | (14.1) |

**5.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years**

There were no material adjustments for under or overprovision of taxation in respect of prior years.

The tax charge for the Group is determined on the basis of tax effect accounting using the liability method and is applied to all significant timing differences and by applying the different corporate tax rates prevailing in the various countries of incorporation of the Group companies. The effective tax rate for the year was 9.6% which was the same as last year.

**5.(b) Amount of any pre-acquisition profits**

NIL

**5.(c) Amount of profits on any sale of investments and/or properties**

**Sale of investments/properties**

**\$Profit/(Loss)**

Nil

\$0.00

NIL

**5.(d) Any other comments relating to Paragraph 5**

NIL

**6. Segmental Results**

Analysis of the Group's turnover and operating profit before interest and tax by geographical location:

|                              | Turnover |         | Operating profit<br>Before Interest and<br>Tax |         |  |
|------------------------------|----------|---------|--|---------|--|
|                              | 2000     | 1999    | 2000   | 1999    |  |
|                              | S\$'000  | S\$'000 | S\$'000  | S\$'000 |  |
| <b>Geographical Location</b> |          |         |  |         |  |
| Asia                         | 286,585  | 252,102 | 25,675   | 25,483  |  |
| North and South America      | 108,452  | 85,972  | 4,919  | 4,853   |  |
| Europe and others            | 136,237  | 126,472 | 7,785  | 8,238   |  |
|                              |          |         |  |         |  |

|  |         |         |        |        |  |
|--|---------|---------|--------|--------|--|
|  | 531,274 | 464,546 | 38,379 | 38,574 |  |
|--|---------|---------|--------|--------|--|

The operations of the Group are in the development, manufacture, distribution and trading of batteries and battery related products and accordingly the income and profits of the Group are derived substantially from this business segment.

**7.(a) Review of the performance of the company and its principal subsidiaries**

The Group's turnover for the year ended 31 March 2000 was S\$531.3 million, an increase of 14.4% over the previous year. The consolidated net profit after taxation and minority interests but before extraordinary items was S\$22.1 million, representing a decrease of 15.4% compared with 1999. Basic earnings per share of S\$0.80, based on the weighted average of 103,461,168 (1999: 103,456,987) shares in issue during the year amounted to 21.38 Singapore Cents, compared with 25.27 Singapore cents for 1999.

Demand for the Group's products continues to be strong. During the financial year, sales to the US rose by over 30% brought about by strong demand from private label customers. Operating profit after tax attributable to members of the company however, saw a decline due principally to a difficult first half year.

However, the business environment in the second half year improved considerably as the regional economies recovered. Compared to the first half year, Group turnover increased 7.4%. Operating profit after tax before deducting minority interests in second half year grew 51% due to continuing efforts by the Group to focus on higher value products which yielded better margins. Cost-cutting measures including the relocation of operations from Hong Kong to more cost-competitive locations in the PRC further improved margins.

The exit of some players from the rechargeable sector as well as the buoyant cellular phone market created strong demand in the rechargeable battery sector. The Group has successfully expanded production capacity of nickel metal hydride batteries to meet the increased demand. Furthermore, production of alkaline 9-volt batteries has also been boosted substantially in Malaysia due to

the increase in worldwide demand.

In May 2000, the Group's 75.1% owned subsidiary making lithium-ion batteries in Taiwan, Gold Peak Industries (Taiwan) Limited placed 9 million and 1.4 million new shares of NT\$10 each at NT\$24 each respectively to Meiloon Industrial Company Limited and China Development Industrial Bank. Total proceeds amounted to NT\$250.0 million (S\$14.1 million). At the placement price of NT\$24 per share, our Taiwan subsidiary will have a market capitalization of about NT\$4,887 million (S\$275.6 million). The Group's 75.1% shareholding will be worth about NT\$3,673 million (S\$207.2 million) as compared to its book carrying cost of NT\$1,488 million (S\$95.1 million) as at March 31, 2000. This represented a premium of 146.8% or NT\$2,185 million (117.9% or S\$112.1 million). The plant has started pilot production and it is funded with sufficient initial working capital. Preparation for mass production is well underway.

Our market share and brand name awareness in China supported by our strong distribution network continued to improve. The successful introduction of our GP PowerBank has enhanced our position in consumer rechargeable battery markets worldwide.

In November 1995, the company issued US\$35 million unsecured bonds which will be due for redemption in November 2000. The company has received an underwritten proposal for US\$50 million to re-finance these bonds and to serve as additional working capital.

**7.(b) A statement by the Directors of the Company on whether "any item or event of a material or unusual nature which would have affected materially the results of operations of the Group and Company has occurred between the date to which the report refers and the date on which the report is issued". If none, to include a negative statement.**

In the opinion of the Directors, no items, transaction or event of a material and unusual nature has arisen between the date up to which this report refers and the date on which this report is issued which would substantially affect the results of the Company or the Group.



## **8. Commentary on current year prospects**

The overall business outlook is optimistic as Asia emerged from the economic downturn. To capitalize on the demand for rechargeable batteries, the Group will continue to develop and expand production capacity for related batteries. Distribution of GP branded product in Asia especially China will be strengthened. The Group will continue to develop EV batteries which is receiving encouraging response worldwide, especially in scooter application. The lithium-ion battery production in Taiwan is expected to start commercial production in the second half of year 2000, thereby strengthening the Group's market position in the global rechargeable battery industry. The Group's margins are expected to improve.

Barring unforeseen circumstances, the Directors expect the Group to remain profitable in the current fiscal year.

## **9. Dividend**

### **(a) Present Period**

| <u>Name of Dividend</u> | <u>Final</u>                                   | <u>Interim</u>                                 |
|-------------------------|--|--|
| Dividend Type           | Cash   | Cash   |
| Dividend Rate           | 8.125%/6.5 cents per ordinary share tax exempt | 3.125%/2.5 cents per ordinary share tax exempt |
| Par value of shares     | S\$0.80  | S\$0.80  |
| Tax Rate                |  |  |

### **(b) Previous Corresponding Period**

| <u>Name of Dividend</u> | <u>Final</u>                                  | <u>Interim</u>                               |
|-------------------------|---|--|
| Dividend Type           | Cash  | Cash   |
| Dividend Rate           | 7.75%/6.2 cents per ordinary share tax exempt | 6.0%/4.8 cents per ordinary share tax exempt |

Par value of shares                      S\$0.80                      S\$0.80

Tax Rate

**(c) Total Annual Dividend**

|            | Latest Year () | Previous Year () |
|------------|----------------|------------------|
| Ordinary   | 9,312          | 11,381           |
| Preference | 0              | 0                |
| Total:     | 9,312          | 11,381           |

9(d) Date payable

To be announced at a later date.

9(e) Books closing date

Notice of books closure for determining shareholders' entitlement of the proposed dividend will be announced at a later date.

9(f) Any other comments relating to Paragraph 9

NIL

**10. Balance sheet**

|                          | Group   |         | Company |         |  |
|--------------------------|---------|---------|---------|---------|--|
|                          | 2000    | 1999    | 2000    | 1999    |  |
|                          | S\$'000 | S\$'000 | S\$'000 | S\$'000 |  |
|                          |         |         |         |         |  |
| Fixed Assets             | 234,790 | 212,337 | 8,435   | 7,543   |  |
| Interest in subsidiaries | 0       | 0       | 393,664 | 390,900 |  |

|                                  |           |           |           |           |  |
|----------------------------------|-----------|-----------|-----------|-----------|--|
| Interest in Associated Companies | 25,549    | 20,738    | 11,453    | 11,453    |  |
| Investment                       | 11,791    | 12,360    | 0         | 0         |  |
| Intangible Assets                | 58,020    | 50,893    | 3,133     | 2,678     |  |
|                                  |           |           |           |           |  |
| Current Assets                   | 324,326   | 291,435   | 56,680    | 42,375    |  |
| Current Liabilities              | (288,494) | (158,013) | (162,421) | (78,910)  |  |
| Non-current Liabilities          | (63,579)  | (142,534) | (47,741)  | (120,119) |  |
|                                  |           |           |           |           |  |
|                                  | 302,403   | 287,216   | 263,203   | 255,920   |  |
| Represented by:                  |           |           |           |           |  |
| Share Capital                    | 82,769    | 82,769    | 82,769    | 82,769    |  |
| Reserves                         | 195,774   | 182,485   | 180,434   | 173,151   |  |
|                                  |           |           |           |           |  |
|                                  |           |           |           |           |  |
| Shareholders' funds              | 278,543   | 265,254   | 263,203   | 255,920   |  |
| Minority interests               | 23,860    | 21,962    | 0         | 0         |  |
|                                  |           |           |           |           |  |
|                                  | 302,403   | 287,216   | 263,203   | 255,920   |  |

**11. Details of any changes in the company's issued share capital**

Since the end of the previous half year up to 31 March 2000, there was no movement in the issued share capital of the Company.

The total number of shares that may be issued on exercise of all warrants and outstanding share options granted under the Company's Executives' Share Option Scheme are as follows:

|  | Date of Expiry | Exercise price per each ordinary share of \$0.80 | As at 31/3/2000 | As at 30/9/1999 |
|--|----------------|--|-----------------|-----------------|
|  |                |  |                 |                 |

|                      |                  |           |            |            |
|----------------------|------------------|-----------|------------|------------|
|                      |                  |           |            |            |
| Warrants             | 15 November 2000 | US\$2.10  | 12,678,644 | 12,678,644 |
|                      |                  |           |            |            |
| Share Option         |                  |           |            |            |
| 1992 scheme<br>No. 4 | 16 July 2000     | US\$2.538 | 736,000    | 736,000    |
| No. 5                | 15 January 2002  | US\$3.312 | 928,000    | 928,000    |
| No. 6                | 28 July 2002     | S\$4.448  | 935,000    | 935,000    |
| No. 7<br>1999 scheme | 5 August 2004    | S\$3.08   | 2,730,000  | 2,730,000  |
| No. 1                | 16 March 2010    | S\$1.41   | 1,771,000  | 0          |
|                      |                  |           |            |            |
|                      |                  |           | 19,778,644 | 18,007,644 |

## **12. Comparative figures of the group's borrowings and debt securities**

(a) Amount repayable in one year or less, or on demand

| As at 31/03/2000 |                | As at 30/09/1999 |                |
|------------------|----------------|------------------|----------------|
| Secured          | Unsecured      | Secured          | Unsecured      |
| S\$551,000       | S\$188,356,000 | S\$527,000       | S\$122,633,000 |

(b) Amount repayable after one year

| As at 31/03/2000 |               | As at 30/09/1999 |                |
|------------------|---------------|------------------|----------------|
| Secured          | Unsecured     | Secured          | Unsecured      |
| S\$2,678,000     | S\$57,219,000 | S\$2,891,000     | S\$123,983,000 |

(c) Any other comments relating to Paragraph 12

NIL

### 13. Bonds Cum Detachable Warrants

In October 1995, the Company raised funds of approximately US\$36.4 million through the issue of US\$35,000,000 unsecured bonds due 2000 with detachable warrants. The Company has adopted the accounting practice of recording the bond at its face value with no value attributed to the warrants.

In June 1995, the International Accounting Standards Committee issued International Accounting Standard 32 ("IAS32") which specifies the preferred accounting presentation and disclosure on the above financial instrument.

Under the preferred accounting treatment in IAS32 a value would be ascribed to the discount implicit in the terms of such an issue. This discount would be deemed to be a deferred cost and the value attributed to the warrants would be credited to a capital reserve account. The IAS32 has not yet been adopted in Singapore. If it has been adopted, the profit before taxation for the year ended 31 March 2000 would have been reduced by approximately S\$2,904,000 (1999: S\$2,729,000) and the net tangible assets of the Group and of the Company as at 31 March 2000 would have been increased by S\$2,455,000 (1999: S\$5,359,000).

### 14. Update of Year 2000 ("Y2K") Statement

All plans relating to the Year 2000 issue were completed on schedule with all critical systems of the Group being Year 2000 compliant. The performance of these systems, whilst functioned properly, was closely monitored. No business disruption has been encountered by the Group before, during and after 31 December 1999.

**BY ORDER OF THE BOARD**

Andrew Ng Sung On

Chairman & Chief Executive

21/06/2000