

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2000.

1 Directors

The directors of the Company in office at the date of this report are:

Executive:

Andrew Ng Sung On, Chairman and Chief Executive

Richard Ku Yuk Hing, Vice Chairman

Hui Wing Sun

Lu Tse Wan

Tsang Kwan Lung

Raymond Wong Wai Kan

Non-executive:

Cheng Wai Keung

Phua Bah Lee

Harald E Kading

2 Audit committee

The members of the audit committee at the date of this report are:

Phua Bah Lee, Chairman

Harald E Kading

Tsang Kwan Lung

3 Principal activities

The principal activities of the Company are those of an investment holding company and carrying out the functions of the regional headquarters of the Group.

The principal activities of the subsidiaries consist of the development, manufacturing, distribution and trading in batteries and battery related products.

There have been no significant changes in the nature of these activities during the financial year.

4 Acquisitions and disposals of subsidiaries

a) During the financial year, the Group incorporated the following subsidiaries:

Name of subsidiaries	Net tangible assets acquired	Consideration paid	Resultant Group's effective interest %
Gold Peak Industries (NA) Inc	US\$250,000	US\$250,000	84
Shenzhen Jetpower Batteries Limited	HK\$3,000,000	HK\$3,000,000	100

b) There was no disposal of subsidiaries during the financial year.

5 Results and appropriations for the financial year

	The Group S\$'000	The Company S\$'000
Profit before extraordinary items	22,126	17,323
Extraordinary items	(2,317)	-
Profit attributable to shareholders	19,809	17,323
Retained profits brought forward – As previously reported	89,938	47,019
Prior year adjustment (Note 7)	(6,819)	(796)
Retained profits brought forward – As restated	83,119	46,223
Profits available for appropriations	102,928	63,546
Dividends (Note 8)	(9,312)	(9,312)
Transfer to non-distributable reserves (Note 27)	(3)	-
Retained profits carried forward	93,613	54,234

6 Material transfers to/from reserves or provisions

There were no material transfers to or from reserves or provisions other than those disclosed in the accompanying financial statements.

7 Issue of shares or debentures

During the financial year,

- a) The Company did not issue any shares or debentures.
- b) The Group made capital contribution to the following subsidiaries:

Name of subsidiaries	Capital contribution	Purposes
Dongguan Chao Ba Batteries Co Ltd	HK\$4,429,500 in the form of fixed assets	To increase production capacity
GP Battery Technologies LLC	US\$3,450,000 by cash	To provide for additional working capital
Gold Peak Industries (NA) Inc	US\$250,000 by cash	To provide for initial capital
Shanghai Bi Ba Batteries Co Ltd	HK\$13,548,736 in the form of fixed assets	To increase production capacity
Shenzhen Jetpower Batteries Limited	HK\$3,000,000 by cash	To provide for initial capital

Except for the above, the other subsidiaries did not issue any shares during the financial year. No debentures were issued by any corporations in the Group.

8 Arrangements to enable directors to acquire benefits by means of the acquisition of shares or debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the Company's share option schemes as set out in paragraph 19.

9 Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company for the purpose of section 164 of the Singapore Companies Act, the undermentioned persons who were directors of the Company at 31 March 2000 had an interest in the shares of the Company:

	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have an interest		
	At beginning of year	At end of year	At 21 April 2000	At beginning of year	At end of year	At 21 April 2000
Interest in the Company's ordinary shares of par value S\$0.80 each						
Andrew Ng Sung On	80,000	80,000	80,000	533,332	533,332	533,332
Richard Ku Yuk Hing	20,000	50,000	50,000	-	-	-
Hui Wing Sun	90,028	90,028	90,028	-	-	-
Lu Tse Wan	24,000	24,000	24,000	-	-	-
Tsang Kwan Lung	30,000	30,000	30,000	-	-	-
Raymond Wong Wai Kan	4,000	4,000	4,000	-	-	-
Options to subscribe for the Company's ordinary shares of par value S\$0.80 each						
Andrew Ng Sung On	285,000	625,000	625,000	-	-	-
Richard Ku Yuk Hing	230,000	560,000	560,000	-	-	-
Hui Wing Sun	230,000	500,000	500,000	-	-	-
Lu Tse Wan	185,000	465,000	465,000	-	-	-
Tsang Kwan Lung	100,000	310,000	310,000	-	-	-
Raymond Wong Wai Kan	95,000	315,000	315,000	-	-	-
Warrants to subscribe for the Company's ordinary shares of par value S\$0.80 each						
Andrew Ng Sung On	1,000	1,000	1,000	134,000	134,000	134,000
Hui Wing Sun	12,500	12,500	12,500	-	-	-
Lu Tse Wan	6,000	6,000	6,000	-	-	-
Tsang Kwan Lung	5,000	5,000	5,000	-	-	-
Raymond Wong Wai Kan	1,000	1,000	1,000	-	-	-

10 Dividends

Dividends paid, declared or proposed since the end of the Company's last financial year were as follows:

- a) A final tax-exempt dividend of 6.2 Singapore cents per share of S\$0.80 each amounting to S\$6,414,592 paid on 15 October 1999 in respect of the year ended 31 March 1999.
- b) An interim tax-exempt dividend of 2.5 Singapore cents per share of S\$0.80 each amounting to S\$2,586,529 paid on 4 February 2000 in respect of the year ended 31 March 2000.
- c) A proposed final tax-exempt dividend recommended by the directors of 6.5 Singapore cents per share of S\$0.80 each amounting to S\$6,724,976, to be paid on 27 October 2000 in respect of the year ended 31 March 2000.

The Company has been awarded Operational Headquarters status by the Economic Development Board. Under this scheme, the dividend income received from approved qualifying corporations within the Group is exempted from Singapore tax.

11 Directors' actions relating to bad and doubtful debts

Before the profit and loss statement and the balance sheet were made out, the directors of the Company took reasonable steps to ascertain that proper action had been taken in relation to the writing off and providing for bad and doubtful debts of the Company and have satisfied themselves that all known bad debts, if any, of the Company have been written off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the directors of the Company are not aware of any circumstances which would render any amounts written off or provided for bad and doubtful debts for the group of companies in the consolidated financial statements of the Company inadequate to any substantial extent.

12 Directors' actions relating to current assets

Before the profit and loss statement and the balance sheet were made out, the directors of the Company took reasonable steps to ascertain that any current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or were adequately provided for.

At the date of this report, the directors of the Company are not aware of any circumstances which would render the values attributable to current assets in the consolidated financial statements misleading.

13 Charges on assets and existence of contingent liabilities after year end date

At the date of this report:

- a) There does not exist any charge on the assets of the Company or any corporation in the Group which has arisen since the end of the financial year which secures the liability of any other person; and
- b) There does not exist any contingent liability of the Company or any corporation in the Group which has arisen since the end of the financial year.

14 Ability to meet obligations

No contingent or other liability of the Company or any corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors of the Company, will or may substantially affect the ability of the Company and of the Group to meet its obligations as and when they fall due.

15 Other circumstances affecting financial statements

At the date of this report, the directors of the Company are not aware of any circumstances not otherwise dealt with in the report or consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

16 Unusual items

In the opinion of the directors of the Company, the results of the operations of the Company and of the Group have not been substantially affected by any item, transaction or event of a material and unusual nature during the financial year except as disclosed in the financial statements.

17 Unusual items after year end date

In the opinion of the directors of the Company, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

18 Directors' receipt of and entitlement to contractual benefits

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations and except as disclosed in the financial statements.

19 Option to take up unissued shares

- i) The Company's Executives' Share Option Scheme which was approved on 13 August 1992 ("the 1992 Scheme") was discontinued on 20 December 1999. However, options granted under the scheme prior to its discontinuation which have not been fully exercised shall remain valid until such time that such options are fully exercised or have lapsed and will continue to be administered under the rules of the scheme as amended and approved on 20 December 1999.

- a) During the financial year, options to subscribe for 2,730,000 new ordinary shares of S\$0.80 each under the 1992 Scheme at an exercise price of S\$3.08 per share were granted. These options, payable in full on exercise, may be exercised during the option period from 6 August 2000 to 5 August 2004.
- b) The persons to whom the options have been granted do not have the right to participate by virtue of the options in any share issue of any other corporation in the Group.
- c) Options granted to directors were as follows:

Name of directors	Options granted during 1999	Aggregate options granted since commencement of the 1992 Scheme to 20 December 1999	Aggregate options exercised since commencement of the 1992 Scheme to 31 March 2000	Aggregate options lapsed since commencement of the 1992 Scheme to 31 March 2000	Aggregate options outstanding as at 31 March 2000
Andrew Ng Sung On	220,000	665,000	(80,000)	(160,000)	425,000
Richard Ku Yuk Hing	200,000	520,000	(40,000)	(100,000)	380,000
Hui Wing Sun	160,000	480,000	(40,000)	(100,000)	340,000
Lu Tse Wan	160,000	409,000	(24,000)	(80,000)	305,000
Tsang Kwan Lung	120,000	305,000	(55,000)	(60,000)	190,000
Raymond Wong Wai Kan	120,000	215,000	-	(20,000)	195,000

- ii) The 1992 Scheme was replaced by a new Share Option Scheme (“the 1999 Scheme”) which was approved on 20 December 1999.

- a) During the financial year, options to subscribe for 1,771,000 new ordinary shares of S\$0.80 each under the 1999 Scheme at an exercise price of S\$1.41 per share were granted. These options, payable in full on exercise, may be exercised during their option period from 17 March 2001 to 16 March 2010.
- b) The persons to whom the options have been granted may, with the prior approval of the Committee, participate by virtue of the options in any share issue of any other corporation in the Group.
- c) Options granted to directors were as follows:

Name of directors	Options granted during 1999	Aggregate options granted since commencement of the 1999 Scheme to 31 March 2000	Aggregate options exercised since commencement of the 1999 Scheme to 31 March 2000	Aggregate options lapsed since commencement of the 1999 Scheme to 31 March 2000	Aggregate options outstanding as at 31 March 2000
Andrew Ng Sung On	200,000	200,000	-	-	200,000
Richard Ku Yuk Hing	180,000	180,000	-	-	180,000
Hui Wing Sun	160,000	160,000	-	-	160,000
Lu Tse Wan	160,000	160,000	-	-	160,000
Tsang Kwan Lung	120,000	120,000	-	-	120,000
Raymond Wong Wai Kan	120,000	120,000	-	-	120,000

- iii) The Committee administering both schemes comprises Cheng Wai Keung, Phua Bah Lee and Harald E Kading.
- iv) No option has been granted to controlling shareholders or their associates, or parent group employees and no employee has received 5% or more of the total options available under the schemes.
- v) The options offered during the financial year were not granted at a discount.
- vi) No option to take up unissued shares of subsidiaries were granted during the financial year.

20 Option exercised

During the financial year, no shares of the Company and subsidiaries were issued by virtue of the exercise of a warrant or an option to take up unissued shares.

21 Unissued shares under option

At the end of the financial year, unissued ordinary shares of S\$0.80 each of the Company under warrant and the option schemes were as follows:

	Date of issue	Expiry date	Exercise price per share	Number granted	Number outstanding
Warrants	16 November 1995	15 November 2000	US\$2.10	19,940,562	12,678,644
Share options:					
1992 Scheme					
No. 4	17 July 1995	16 July 2000	US\$2.538	900,000	736,000
No. 5	16 January 1997	15 January 2002	US\$3.312	931,000	928,000
No. 6	29 July 1997	28 July 2002	S\$4.448	935,000	935,000
No. 7	6 August 1999	5 August 2004	S\$3.08	2,730,000	2,730,000
				5,496,000	5,329,000
1999 Scheme					
No. 1	17 March 2000	16 March 2010	S\$1.41	1,771,000	1,771,000
				27,207,562	19,778,644

There were no unissued shares of subsidiaries under option at the end of the financial year.

22 Corporate governance

a) Board of Directors

The Company places great importance in selecting members with appropriate experience to its Board of Directors ("the Board"). This is achieved by appointing to its Board, individuals who have good track record in the public and/or corporate sectors. The diversity of our directors' skills, expertise and knowledge is highly beneficial to the future development of the Company.

The Board has always been mindful of the need to maintain a standard of corporate governance that protects the interest of its shareholders. It has in place a corporate governance system that best suits the Company's needs.

At present, the Board comprises nine members, including 3 non-executive directors. It meets at least three times a year in addition to ad-hoc meetings. Apart from its statutory responsibilities, the Board sets the overall strategy of the Group, approves major investments and funding decisions and reviews financial performance of the Group and system of internal control.

The Board fully supports the Best Practices Guide on corporate governance as recommended by the Singapore Exchange Securities Trading Limited.

b) Audit Committee

The Audit Committee ("the Committee") comprises 3 members, of whom 2 are independent persons. The Committee performs the following functions:

- i) reviews the audit plan of the Company's external auditors;
- ii) reviews the results of the external auditors' examination and their evaluation of the Group's internal control system;
- iii) recommends to the Board, subject to shareholders' approval, the re-appointment of the Company's external auditors;
- iv) reviews the plan and results of internal audit and management's response to the internal auditors' recommendations;
- v) reviews the announcement of the Group's interim and final results before submission to the Board; and
- vi) reviews interested person transactions.

The Committee has full access to and co-operation of the management. The auditors have unrestricted access to the Committee.

The Committee has recommended Messrs Deloitte & Touche as auditors of the Company to be approved and appointed by the Company at the forthcoming annual general meeting.

c) Securities Transactions

The Company endorses the recommendations of the Best Practices Guide introduced by the Singapore Exchange Securities Trading Limited and has adopted a Code of Conduct on Transactions in the Company's shares.

Share trading guidelines have been issued to all officers. These guidelines:

- i) define window period during which trading in the Company's shares by officers may occur and prohibit trading outside the "closed" window period;
- ii) discourage officers from dealing in the Company's shares on short-term consideration and remind officers to be mindful of the law on insider trading; and
- iii) request that officers confirm annually that they have complied with and are not in breach of the provisions of this code.

23 Update of year 2000 ("Y2K") statement

All plans relating to the Y2K issue were completed on schedule with all critical systems of the Group being Y2K 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.

24 Auditors

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



Andrew Ng Sung On
Chairman and Chief Executive



Richard Ku Yuk Hing
Vice Chairman

Singapore
18 August 2000