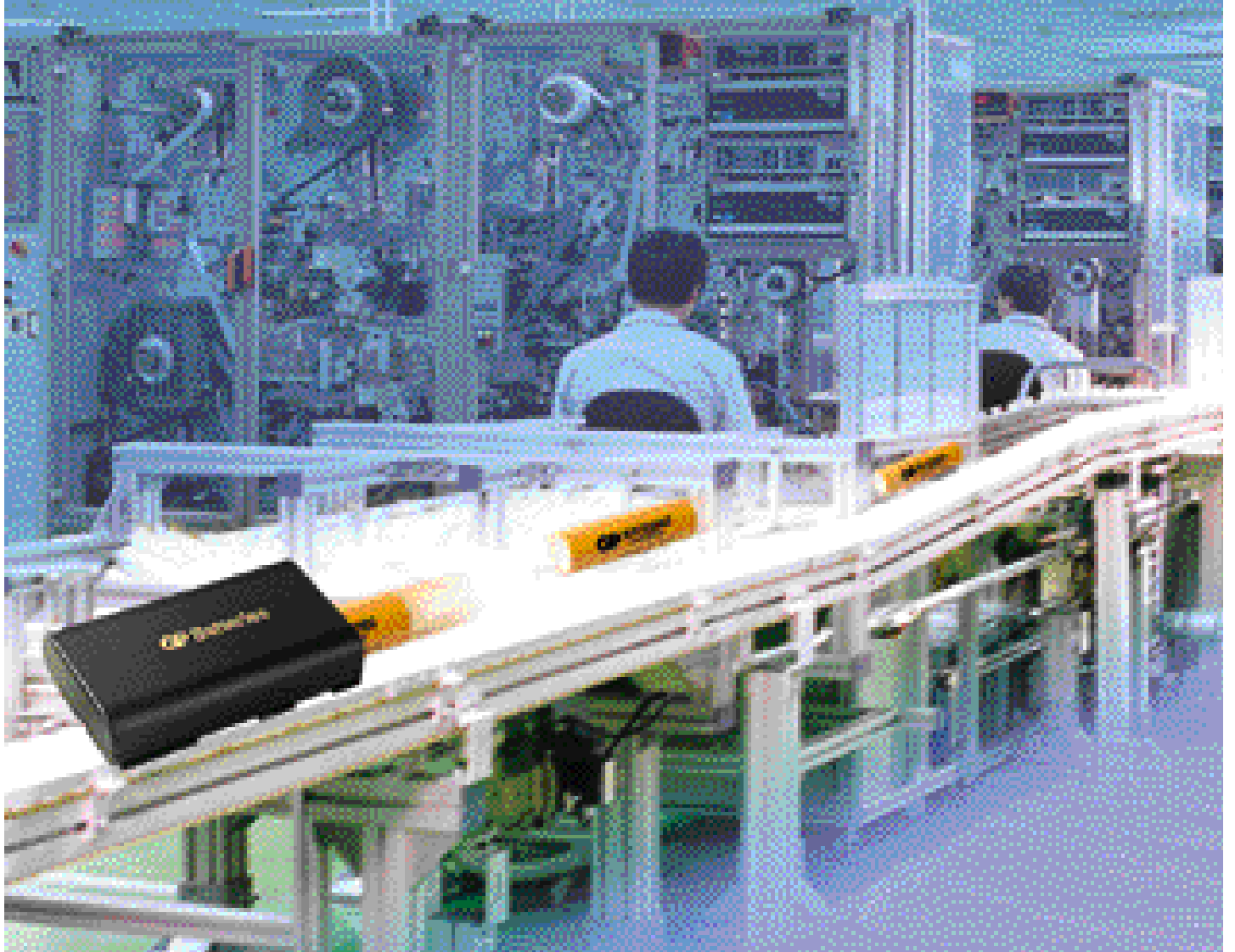


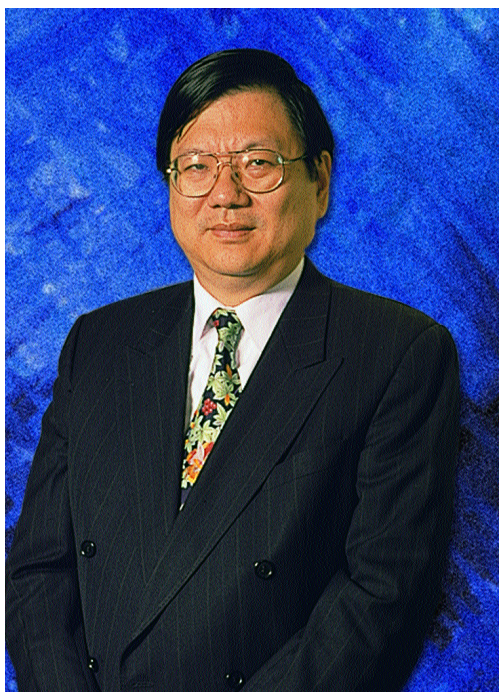


**State-of-the-art Lithium Ion  
battery manufacturing plant  
in Taiwan.**



## Chairman's Statement

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### Overview

The strong performance of the Group in the first half continued into the third quarter of the financial year. In the fourth quarter, sales slackened substantially due to the sudden and sharp slowdown in the U.S. economy. This situation was particularly serious in the personal computer and cell phone industries where excess inventory were critical. The lackluster results in the last quarter affected the overall performance of the Company.

### Financial Performance

The Group's turnover for the year ended 31 March 2001 was S\$594.2 million, an increase of 11.8% over the previous year. The consolidated net profit after taxation and minority interests but before extraordinary items was S\$25.0 million, representing an increase of 13.2% compared with 2000. Earnings per share was 24.20 Singapore Cents compared to 21.38 Singapore Cents last year.

The Board of Directors recommends a final tax-exempt dividend of 6.0 Singapore Cents per share. Together with the interim tax-exempt dividend paid, the total tax-exempt dividend per share for the year amounted to 10.1 Singapore Cents.

### Rechargeable Batteries – Nickel Cadmium and Nickel Metal Hydride

Nickel Cadmium and Nickel Metal Hydride rechargeable batteries, which accounted for more than 50% of the Group's total turnover, continued to grow due to greater market awareness and increasing consumer applications. The Group has successfully developed the world's highest capacity Nickel Metal Hydride AA (1,800 mAh) and AAA (750 mAh) batteries. Growth of Nickel Metal Hydride batteries was also fuelled by soaring demand for applications like digital cameras and MP3 players, which performed better with Nickel Metal Hydride than Alkaline batteries. Our introduction of the GP PowerBank was timely and has enjoyed overwhelming success, as consumers look towards enhanced performance, cost-savings and environmental friendliness. The Group's effort in bigger cell sizes such as the C, D, F cells are beginning to find acceptance in the market. New applications in emergency lighting, e-bicycle and skateboards are creating new markets for Nickel Metal Hydride batteries.

As more applications are changing from Nickel Cadmium to Nickel Metal Hydride batteries, some of the existing production capacities were converted to cater for this demand.

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### **Rechargeable Batteries – Lithium Ion**

Our plant in Taiwan, Gold Peak Industries (Taiwan) Limited, has commenced mass production of Lithium Ion cylindrical batteries. We successfully introduced the 2,100mAh Lithium Ion 18650 battery, which has the highest capacity for batteries of the same size. A full-scale sales effort to introduce ourselves to PC manufacturers worldwide and to promote our product is being undertaken. Past experience has indicated that there is always a demand for batteries with premium performance in the PC market.

In May 2000, 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 Co. Ltd and China Development Industrial Bank. Total proceeds amounted to NT\$250 million (S\$14.1 million). At the placement price of NT\$24 per share, our Taiwan subsidiary will have a market valuation of about NT\$4,887 million or S\$269.2 million, based on the prevailing exchange rate as at 31 March 2001. The Group's 75.1% shareholding will be worth about S\$202.4 million as compared to its book carrying cost of S\$95.1 million as at 31 March 2001, representing a premium of 113%.

The Lithium Ion project is funded with sufficient initial working capital. It is expected to contribute to the turnover of the Group in the coming year.

### **Rechargeable Batteries – Electric Vehicle Batteries**

The Group has continued to refine our electric vehicle batteries. We have been steadily working with OEM manufacturers in the U.S., Europe and China. Our batteries have been installed and tested in several hybrid transport systems and have been demonstrated to increase energy efficiency as well as reduce air pollution. We expect hybrid electric vehicles to be the trend of the future and the Group is poised to participate in this exciting market as one of only a handful of companies in the world with experience to build such batteries.

Our Group's electric vehicle batteries have been chosen to power a 45-seater Hybrid Electric prototype bus used in the promotion of Beijing as a candidate city for the Olympics 2008.

### **Primary Batteries**

Demand for our Alkaline 9-volt batteries continued to rise due to strong out-sourcing demand from private label customers. As a result, production capacity in our Malaysia factory has again been expanded. Demand for Carbon Zinc and Alkaline cylindrical batteries remained stable. Our button cell production has achieved improved efficiency and economy with the consolidation of operations into the Shanghai factory.

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### **Business Outlook**

The high-tech electronics market in general is expected to remain soft due to the slowdown in the U.S. economy. The exact timing of any recovery is difficult to predict. On the other hand, sales in Asia and Europe are expected to be steady.

The Group will continue to benefit from the steady demand for specialty batteries from private label customers and the consumer market under its "GP" brand. New products will be introduced to meet the growing demand worldwide for advanced rechargeable batteries. Turnover for the first quarter of the new fiscal year has been maintained at similar level to the last fiscal year. The Group expects additional new business opportunities for electric vehicle batteries.

### **Vote of Thanks**

This year marks our 10th anniversary of our listing in the Singapore Exchange Securities Trading Limited. It has been a fruitful and memorable experience for the Group. In addition to the extended Operational Headquarters Status granted by the Economic Development Board of Singapore until June 2002 which has afforded us a tax exempt status, we have successfully raised substantial funds from the capital markets for the Group's expansion. Tapping the local talents, a Research & Development center and a pilot production plant was set up here for Nickel Metal Hydride batteries. With Singapore as our base, we have also successfully developed the OEM and consumer markets in ASEAN.

On behalf of the Board of Directors, I would like to extend my heartfelt appreciation to all our customers and business associates for their unwavering support, and our shareholders for their trust and confidence in us for the past ten years. I would also like to thank our management and staff for their continual dedication and hard work.



Andrew S.O. Ng  
Chairman and Chief Executive

18 July 2001