

REVIEW OF OPERATIONS

GLOBAL MARKETS

Asia

Hong Kong and China registered a growth of 3.5% in turnover based on location of customers despite a decline in other markets. This was attributed to the Group's aggressive pricing policy to maintain its market share in the OEM as well as the consumer markets. The Group has benefited from its strong distribution network in the region which has been able to effectively service the regional retail markets as they continue to grow and mature.

Sales in Korea and Taiwan decreased by 17% and 24% respectively as compared to the previous year. However, in Taiwan, the Group has been successfully qualified by computer manufacturers, and sales of special size Lithium Ion rechargeable batteries gained momentum towards the end of the financial year.

In ASEAN, sales went down by 9% as compared to the previous year. This was mainly due to the weak demand from OEM customers and a migration of electronic assemblies to China. Nevertheless, consumer sales continued to grow substantially by nearly 30%.

With the successful launch of the GP PowerBank, the Group has followed up with the 2-hour Rapid Charger and the 1-hour Smart Charger to meet the needs of more sophisticated consumers. The Group continued to gain brand recognition in ASEAN especially for the consumer rechargeable batteries, in which segment the Group is the leader in many markets.

Europe

Sales in Europe decreased by about 14% as compared to the previous year mainly due to slackened OEM sales to cellular phone manufacturers and the weakening of Euros. However, sales of GP PowerBank and Nickel Metal Hydride consumer rechargeable batteries recorded satisfactory growth.





North & South America

In the beginning of the financial year, there were signs of weakening in the US economy which further deteriorated after the September 11 events. Sales decreased marginally by about 3% as compared to the previous year. This was mainly cushioned by the strong demand from private-label customers particularly Alkaline 9-volt batteries as well as the growth of consumer rechargeable batteries arising from the increasing popularity of digital cameras.

QUALITY EXCELLENCE

As the Group continued its efforts to upgrade the manufacturing facilities and enhance the quality systems, the Company and the Malaysia factory received QS9000 accreditation during the year, bringing the total number of the Group's QS9000 certified operations to four. At the same time, two plants in Huizhou, China were accredited the ISO14001 Environmental Management System.

ACQUISITION

In January 2002, the Group acquired a 3% interest in TCL Holdings Corporation Limited of Huizhou, China as a long-term investment. The total consideration was RMB49.26 million (approximately S\$10.8 million).

CORPORATE FINANCE

In May 2002, the Company signed an agreement with The Development Bank of Singapore Limited to establish a S\$500 million Multi-currency Debt Issuance Programme. Thereafter, the Company issued the first series of S\$50 million Fixed Rate Notes due 2005 under the Programme, which were subsequently listed on the Singapore Exchange Securities Trading Limited on 23 May 2002.

GP - A Fast-growing Brand Name in Asia

Through aggressive marketing campaigns, GP Batteries continues to gain brand recognition in the region.