



### OVERVIEW

In 2003, the Group achieved record turnover and profit.

Despite rising material costs, profit margin improved due to a more profitable product mix and economies of scale, amidst relatively low interest rate.

GP products continue to gain market acceptance in the regional market. According to a survey conducted by AC Nielsen, GP brand was ranked first in the market share growth of alkaline batteries in Hong Kong, consecutively for years 2002 and 2003.

In April 2004, the Group entered into an agreement with Danionics A/S of Denmark to set up a joint venture company for the production of Lithium Polymer batteries in China. Products from this joint venture will complement the range of batteries manufactured by the Group.

## Financial Performance

The Group's turnover for the year ended 31 March 2004 was S\$827.2 million, an increase of 25.2% over the previous year. The consolidated net profit after taxation and minority interests increased by 38.8% to S\$45.2 million when compared to the previous year. Earnings per share was 42.93 Singapore cents compared with 31.48 Singapore cents last year.

The Board of Directors recommends a final tax-exempt dividend of 10.3 Singapore cents per share. Together with the interim tax-exempt dividend paid, the total tax-exempt dividend per share for the year amounted to 16.0 Singapore cents.

## Rechargeable Batteries - NiCd and NiMH

Sales of Nickel Cadmium ("NiCd") and Nickel Metal Hydride ("NiMH") rechargeable batteries rose by about 30% due to strong demand for high-drain portable electronic devices. To maintain our position as a technology leader, the Group introduced the 2500mAh AA and 950mAh AAA NiMH rechargeable batteries, which are of the highest capacity for their sizes in the world. At the same time, the Group has developed a comprehensive range of GP

PowerBank chargers to be marketed together with our NiMH rechargeable batteries. Our GP 3300mAh NiMH batteries for racing car packs have won numerous awards in international radio-controlled racing car competitions. Production capacity of NiMH rechargeable batteries has been increased in anticipation of growing market demand.

## Rechargeable Batteries - Li-ion

Turnover of Lithium Ion batteries grew by over 40% despite the interruption caused by the SARS outbreak. Financial performance of our Taiwan subsidiary was still behind expectation. In view of the current stock market situation, listing of this subsidiary is expected to be further delayed.

## Rechargeable Batteries - LIP

The Group's joint venture with Danionics for the production of Lithium Polymer ("LIP") batteries will cater to the growing market for this type of batteries. LIP currently accounts for about 10% of the total Lithium Ion battery production worldwide. The joint venture is currently in the process of relocating the Danish factory to China and expects the process to be completed by mid-2005.

### Rechargeable Batteries - EV Batteries

In addition to the existing projects in Budapest Hungary and the Netherlands, the Group is exploring other applications in electric motor cycles and hybrid electric vehicles.

### Rechargeable Batteries - TMF Lead Acid

The market response to our Thin Metal Film ("TMF") Lead Acid batteries as an emergency starter battery to automobile and marine markets has been favourable. New models of SecureStart products will be introduced in the coming year to expand our product range.

### Primary Batteries

Primary batteries recorded a growth of about 23% due to consolidation of the sales of Zhongyin (Ningbo) Battery Co. Ltd. of China and increased contribution from Carbon Zinc cylindrical batteries and alkaline 9-volt batteries.

In January 2004, the Group's patent dispute with Energizer on zero mercury alkaline batteries was resolved through a cross licensing agreement which allows GP Batteries to continue to sell into the US market.


The Group introduced the GP Digi 1 Nickel Zinc batteries for digital cameras and other high-drain digital appliances during the year.

### Business Outlook

The general business outlook continues to be steady. The wild fluctuation of commodity prices has appeared to have stabilized. The Group will aggressively expand its production capacity of rechargeable batteries and promote the GP brand name aggressively, particularly in Asia and Eastern Europe.

### Vote of Thanks

On behalf of the Board of Directors, I would like to express my sincere appreciation to all our shareholders and business associates for their continued support. I would also like to thank our management and staff for their hard work and contributions.



**Andrew S.O. Ng**

*Chairman and Chief Executive*

18 June 2004