

REVIEW OF OPERATIONS

Global Markets

Asia

Sales in China increased by 28%. In a survey conducted by the National Bureau of Statistics of China, GP was ranked the No.1 brand in both rechargeable battery category and charger, as well as a Top 3 primary battery brand in terms of sales volume in 2005. In Hong Kong, according to AC Nielsen's MarketTrack, for years 2004 and 2005, GP Ultra Alkaline topped in terms of sales volume for Alkaline batteries while GP rechargeable battery and charger was ranked No.1 in sales volume and value for the respective category.

Sales in Japan recorded a moderate increase due to the surge in private labels and OEM customers. Sales

in Korea and Taiwan however declined by 18% and 21% respectively, as a result of the lower sales of Lithium Ion ("Li-ion") products to these markets.

Sales in ASEAN grew by 14% in response to the overall pickup in the economy. The Group has appointed new distributors in India and will step up its marketing effort. The marketing and brand promotional activities in Singapore, Malaysia and Thailand have been intensified.

Europe

Sales in Europe have consolidated after the strong growth the previous year while sales in Eastern Europe and Russia have grown by 25%.

The "GP" brand being actively promoted globally



North & South America

The consolidated sales in North and South America decreased by 17% mainly due to the weakened sales of Li-ion products to OEM markets in North America.

Industrial Safety Trust Fund

In our constant efforts to ensure the well-being of our workers, the Group has established a "GP Batteries Industrial Safety Trust Fund" of HK\$10 million (approximately S\$2.2 million) to provide financial assistance and support beyond statutory requirements to employees in Hong Kong and China who might have suffered from Cadmium over-exposure or other occupational diseases related to battery production. This trust fund is monitored by an independent fund granting committee.

Environment, Health and Safety

All lawsuits and appeals regarding Cadmium exposure claims in China were heard, and verdicts were that the workers' claims lacked legal basis. Three appeals upheld the verdicts with results of remaining appeals pending.

During the year, five factories in China were accredited for OHSAS18001, an international standard for assuring the occupational health and safety issues at the workplace.

Corporate Finance

In June 2005, the Company issued the fourth series of S\$60 million Floating Rate Notes due 2008 pursuant to its S\$500 million Multicurrency Debt Issuance Program established in May 2002.



School Program

During the year, the Group has actively launched many educational programs in schools in Singapore and Hong Kong to arouse greater environmental awareness and concern among the young. Presentations, talks, contests and games were held to introduce the 3Rs, namely Reduce, Reuse and Recycle. Sponsorships relating to environmental awareness and waste management activities were also carried out. Response from students to these activities has been encouraging.

