

Chairman's Statement



“Changing global economic conditions are posing severe challenges for all players within the industry. Our business process re-engineering efforts within the Group will no doubt place us in good stead to take on those challenges ahead”

Andrew S.O. Ng
Chairman and Chief Executive

The year 2011 saw an upheaval in prices of rare earth that adversely affected the Group's profits. The tsunami in Japan in March 2011 caused serious disruption to the supply chain of the electronics industry, indirectly affecting our business. The deepening economic and currency crisis in Europe coupled with a lack of clear sign of recovery in the US affected the consumer retail sales particularly in the second half of last year. The once in a lifetime flood in Thailand also added confusion to a very depressed market. This general economic uncertainty will continue to pose challenges to our business and profits in the coming year.

Turnover in Singapore dollar terms declined by 6.9% over the previous year to S\$774.5 million. In US dollar terms, the decline was insignificant. Profit after tax attributable to equity holders of the Company dropped from S\$19.2 million to S\$6.5 million. Gross profit margin decreased to 20.5% compared to 21.2% last year primarily due to the soaring price of rare earth. Earnings per share were 5.93 Singapore cents compared to 17.49 Singapore cents last year.

Chairman's Statement

The Board of Directors recommended a final tax-exempt dividend of 1.5 Singapore cents per share. Together with the interim tax-exempt dividend paid, the total tax-exempt (one tier) dividend per share for the year amounted to 2.5 Singapore cents.

Despite slowdown in sales in the Americas and Europe, our sales in Russia and Eastern Europe have soared with the expansion of the local sales network. We have also been successful in developing new markets through cooperation with our new partners in Vietnam, India, South America and the Middle East. We intend to continue to develop our business in these regions and at the same time explore other emerging markets as part of our long-term growth strategy.

Last year saw further consolidation of Vectrix with the formation of Vectrix Holdings Limited that incorporated the operations in the US. With the re-structure of Vectrix, the Group is better positioned to participate in both the OBM and ODM businesses of the electric scooter sector. The flagship product VX-1 was again named "European e-Scooter of the year" for the second year. A new product line for the tall wheel segment VX-TW will be introduced towards the end of 2012. The Group will continue to look for strategic partners for viable long-term business relationships. A more advanced lithium ion battery is being developed to cater for the electric scooter market, which will remain as one of the Group's top priorities.

The Electric Vehicle Battery division of our Group went through a slowdown due to increased competition from companies which were trying to capture the subsidies from their governments. Towards the end of the year, we are seeing a reversal trend with renewed interest in our products. Some of these companies which have received government subsidies have already expended all their funds and are now in danger of faltering. After more than a decade of investment, we are finally seeing a path to commercialization of our accumulated R&D efforts.

The Group is expanding its manufacturing facilities in Malaysia to take advantage of the strong outsourcing

demand from other battery makers. The Group has been investing in automation and streamlining production processes to improve productivity and at the same time enhancing product quality.

The implementation of SAP Phase 1 has taken two years and is now completed. The Group is currently embarking on Phase 2. Our business processes are streamlined through the use of SAP and business analytics, leading to improvement in information quality, work flow and more importantly shortened cycle time as well as reduction in wastage. Hopefully, this will translate into improved earnings.

Amidst the economic turmoil in Europe and the uncertainties in the US economy, the business outlook remains unclear. Whilst the volatility of material prices appeared to have stabilized, the Group has to overcome higher operating costs such as accelerating wages in China. The unpredictable exchange fluctuations continue to weigh on business sentiments. Introducing new products such as Portable PowerBank, enhancing GP brand worldwide, improving service responsiveness and expanding market coverage will be the main focuses of the Group this year.

On behalf of the Board of Directors, I would like to express my sincere appreciation to our shareholders, business partners and customers for their continued support. Special thanks go to our employees for their contribution and steadfast commitment to the Group during the past year.



Andrew S.O. Ng
Chairman and Chief Executive
18 June 2012



The Group launched a new product range - GP Portable PowerBank, to allow users to recharge their mobile devices on the go.



The Group continues to enhance GP brand worldwide especially in the emerging markets.



The Group sees good opportunities in e-transportation and continues to invest its efforts in developing the best battery for applications.

