

# CHAIRMAN'S STATEMENT

Despite the slow-growing global economy, the Group managed to overcome the keen competition and maintained the margin by expanding new markets and controlling production costs. The Group will continue to strengthen our brands and focus on distribution development in selected regions to grow our businesses.



Financial year 2015-2016 was a challenging year. Market slowdown and volatile exchange rates against US dollars negatively impacted the sales especially in emerging markets. Opportunities from new applications and other battery companies contributed to the sales growth. The prices of raw materials were relatively stable, but margins are still under pressure as a result of wage rise in China together with the drop in average selling price due to keen competition. Automation and rationalization of the manufacturing operations remain the key focus of the Group to counter the pressure.

The Group's financial position remains healthy with a low gearing ratio. During the year, the Group entered into a S\$85 million three-year term loan facility agreement with banks to repay existing short-term borrowings as well as for general corporate and working capital purposes.

Revenue for the year increased by 6.4% to S\$765 million. Gross profit margin improved by 0.1% to 23.2% on account of cost and productivity improvements attained during the year. Profit after income tax declined from S\$25.2 million to S\$15.6 million this year. Earnings per share were 1.49 Singapore cents compared to 7.88 Singapore cents last year.

The Board of Directors recommended a final tax-exempt dividend of 1.0 Singapore cent per share. Together with the interim tax-exempt dividend paid, the total tax-exempt dividend per share for the year amounted to 4.0 Singapore cents.

Looking forward, global demands for primary batteries and nickel metal hydride batteries are expected to be slow-growing. Reduced battery consumption due to more energy efficient applications and keen price competition add challenges to our businesses. Growth has to come mainly from increasing market share and developing new applications. However, with the price of nickel stabilising, the Group has a better control of the manufacturing cost of nickel metal hydride batteries and thus is better prepared to promote this category more aggressively. As consumers are becoming more environmentally conscious, consuming behavior may change towards using more rechargeable batteries.

The Group will continue to strengthen its brand by increasing the brand value and brand awareness globally. It will further enhance its flexibility to be more dynamic and responsive to the market to capture business opportunities.

At the same time, the Group will continue to expand its distribution network. Apart from growing on traditional global channels, e-commerce is also an important platform for reaching out to customers and growing business. Capability to market and sell online will be further enhanced.

Continuous effort has been made on automation and improving efficiency. On the manufacturing side, a new plant in Vietnam is under construction and the Group is rapidly expanding the Malaysian plant. The Malaysian facilities are expected to become another major manufacturing hub of the Group. Smaller plants in China and Taiwan will be combined to improve efficiency and to accommodate further automation. On the software side, SAP deployment for all the major operations has been completed, which will improve productivity and quality control as well as better management efficiency.

On behalf of the Board of Directors, I would like to express my sincere appreciation to all our shareholders, business partners and customers for their unwavering support. I would also like to thank our employees for their contribution and commitment to the Group during the past year.



Victor C. W. Lo  
Chairman and Chief Executive Officer

16 June 2016

