The Group achieved strong results last year. Our margin was significantly improved under the stable economic environment around Asia, particularly for the cable and harness products. Excluding exceptional items, profit attributable to shareholders increased by 47.9%. A substantial exceptional gain further boosted our results to a record level.
A major milestone for the year 2000 was the Group's acquisition from its parent company, Gold Peak Industries (Holdings) Limited ("Gold Peak"), its entire equity interest of approximately 42% in GP Batteries and approximately 49% in Clipsal Industries. This acquisition that positioned the Group as Gold Peak's main industrial investment vehicle was completed in June 2000. Following this strategic move, we have changed our company name to GP Industries Limited.

**Financial Performance**

The Group's revenue dropped slightly by 0.9% to S$254.9 million. Profit attributable to shareholders jumped to S$56.6 million, representing an increase of 286.4%. The surge in profit was attributable to the Group's impressive operating results as well as a substantial net exceptional gain amounted to S$41.6 million generated from our investment in an associated company in Taiwan. Basic earnings per share for the year rose by 286.4% to 23.57 Singapore cents, compared to 6.10 Singapore cents of last year.

**Acquisition of GP Batteries and Clipsal Industries**

Before the acquisition, GP Industries was the electronics division of Gold Peak Group engaged in electronics & components, cables & harness and loudspeakers business. The acquisition re-positioned its role as the main industrial investment vehicle of Gold Peak with an enlarged equity base.

GP Batteries and Clipsal Industries are both market leaders for their respective industries in Asia. After the acquisition, GP Industries has become a major player in batteries and electrical installation products with a substantially broadened earnings base and diversified product lines. The acquisition facilitates the integration of product expertise of electronics, battery and electrical businesses for optimizing synergies for the development of advanced products using the latest electronic and digital technologies. Leveraging on the manufacturing and distribution strength of GP Batteries and Clipsal Industries, GP Industries now has access to an extensive network spanning over 10 countries in the world including a strong foothold in China. Consequently, the acquisition is expected to enhance the growth potential of GP Industries over the next few years.

**Conversion to Singapore Dollar Listing**

GP Industries' shares began trading in Singapore Dollar on 20 December 1999. With the risk of foreign exchange uncertainties being removed, it is expected that liquidity of GP Industries' shares will be enhanced and the Company's shareholders base will be broadened.
Business Highlights

Price competition for car audio products continued to be keen. We have adjusted our strategy and allocated more resources to enhance our presence in the specialty electronics market where the margin was noticeably better. During the year, we made good progress in expanding the commercial and professional audio business. Sales of commercial and professional products increased substantially and out-weighed sales of car audio products.

Our Cable and Harness Division had a good year. Demand for automotive wire harness from automakers in Japan increased strongly. Sales to the China market were satisfactory. The Group further expanded its production capacity to meet growing market demand. Our joint venture in Shanghai built an additional factory and almost trebled its production output. The Group also formed a new joint venture in Huizhou with our existing partners including Furukawa Group of Japan and Desay Group of China. This further strengthened the Group’s position as a major auto harness supplier in China.

The fast growing information technology industry gives rise to robust demand for sophisticated cable products. During the year, our 49% owned cable manufacturer, LTK Industries Limited (“LTK”) achieved record profit as demand for its Local Area Network (“LAN”) and broadband cables was strong.

Our UK loudspeaker company’s efforts to improve cost competitiveness and accelerate new products development did pay off. It achieved improved results during the year. And, our new KEF and Celestion products remain outstanding winners in the high-end loudspeaker industry and were awarded with a number of prestigious audio prizes.

Meiloon Industrial Co., Ltd. (“Meiloon”), our associated company making loudspeakers was listed in Taiwan in early 2000. Up to end of March 2000, the Group has disposed a total of 5.88% interest in Meiloon. This arrangement brought substantial exceptional gains to the Group as profit was generated from the disposal of shares as well as revaluation of the short-term portion of investment in the shares.

The Group has been deploying business-to-business ("B2B") e-commerce within its operation to improve its supply chain management. We believe e-commerce will be a powerful business tool for our industry in the 21st century. In particular, B2B e-commerce will be a fast growing area. In April 2000, the Group made its first venture by participating into an electronics exchange, EEi-X.com, spearheaded by Gold Peak Group. This exchange subsequently merged with AsianE2E.com, another electronics e-marketplace led by Hong Kong-listed SUNeVision Holdings Limited in June 2000. After the merger, the Group holds a 11.6% interest in AsianE2E.com.
Prospects

Looking ahead, the Electronics Division is expected to further improve as a result of broadened customer base and introduction of new products to the export market, particularly for specialty electronic products. The China market for car audio products remains steady. The component business is expected to continue with its satisfactory results.

The Cable and Harness Division is expected to continue to grow healthily. Sales of harness to Japan remain positive. The harness joint ventures in China are expected to achieve satisfactory growth in the current year with increased demand for harness products for sedan cars from automakers. LTK will continue to expand production capacity to meet strong market demand.

For the Acoustics Division, our UK company will continue to improve its performance with the introduction of new speaker products. Contribution from our Asian loudspeaker joint ventures is expected to decrease significantly as the Group’s interest in Meiloon is now treated as an investment rather than an associated company.

Upon the acquisition of the entire interest in GP Batteries and Clipsal Industries from Gold Peak, the Group’s new structure is comprised of three major businesses, namely batteries, electrical installation products and the existing electronics business. The enlarged GP Industries Group now has a broadened and diversified earnings base. These two new core businesses will start contributing significantly to the Group in the current financial year.

For e-commerce, the Group will continue to look for other interesting B2B investment opportunities in Asia.

With the new, yet stronger structure, the Group is expected to bring new values to the shareholders and achieve satisfactory performance in the current financial year.

Vote of Thanks

The Group undertook a number of key investments last year which were strongly supported by our shareholders, business partners and dedicated employees. I would like to thank them sincerely and look forward to their continued support.

Victor LO Chung Wing
Chairman
11 August 2000