CHAIRMAN’S STATEMENT

Overview
It has been a year of mixed results for GP Industries. Our businesses in electronics, wire harness and cables, components and loudspeakers saw mostly growth in both sales and profitability. Our investment businesses, GP Batteries and CIHL Limited (“CIHL”), were held back by higher costs and intense competition in certain areas.

GP Industries is developing into a multinational industrial group. We have subsidiary operations with niche market premium brands supported by a global distribution network and a sizeable product development and private label manufacturing business. We also have very valuable strategic investments in other core businesses. These strategic investments enable us to make the most of the Group’s technology, manufacturing capabilities and sales and marketing channels. Our goal is to supply the market with premium quality products that keep pace with changing consumer lifestyles and to provide our shareholders with sustainable profits and growth.

We are focused on improving the competitiveness of our core businesses. We are investing in product development and in marketing our brands while rationalizing our manufacturing operations. We are also investing in management development to best prepare a global force of highly motivated and experienced leaders for our businesses around the world.

Financial Highlights
Turnover for GP Industries grew by 40% to S$524.7 million. However, profit attributable to shareholders decreased by 53% to S$38.2 million, compared to S$81.1 million last year. Basic earnings per share decreased to 8.35 Singapore cents, compared to 17.95 Singapore cents last year.

Our core electronics business continued to perform well and achieved a 9% growth in sales and a 14% increase in profit before interest, taxation and exceptional items. Net contributions from our stake in GP Batteries, however, decreased by more than 50% excluding exceptional items, while losses from CIHL increased.
CIHL has aligned its financial year with GP Industries and thus its latest financial period refers to the
15 months from 1 January 2004 to 31 March 2005.

The board has proposed a final tax-exempt dividend of 2.0 Singapore cents per share (2003/04:
3.2 Singapore cents per share and a special dividend of 1.5 Singapore cents per share, both
tax-exempt).

**Business Highlights**

**Electronics Division**

Our electronics and components business produced impressive growth in terms of sales and profitability
over the year. Sales of professional and commercial electronics products grew well and contributions
from the components associates were particularly strong. Amid rises in material costs of up to 50%,
the electronics and components business achieved a 35% increase in profit before interest, taxation
and exceptional items.

In the wire harness and cable businesses, profit before interest, taxation and exceptional items decreased
by 13%, mainly due to China’s financial austerity program which affected demand for cars. At the
same time however, wire harness sales grew by 11%, with the Japanese automotive manufacturers
providing steady demand and the business in the US market growing rapidly. The cable business
saw sales growth of 21% and improved profit contribution by 37%.

To focus on the core businesses of the Group, we sold our 41.56% interest in the car audio business,
Jiangsu Topower Automotive Electronics Co., Ltd., in December and achieved a pre-tax net exceptional
gain of S$9.2 million.

In line with our strategy to ensure stronger communication with customers and business partners,
the past year has seen the introduction of value added services in our electronics and wire harness
business, whereby we are helping customers with their global product fulfilment.

**CIHL Limited**

Over the past 15 months, most of CIHL’s markets have seen a return to growth, but this has been
accompanied by increased costs. Its performance was impacted by the austerity measures introduced
in China, which have slowed down some major construction projects, as well as high costs for raw
materials.

Despite a 52% improvement in sales for Clipsal Asia Holdings Limited (“CAHL”), the 50:50 joint venture
with Schneider Electric SA, gross margins were squeezed by rising material costs, combined with
higher distribution and administrative overheads. As only 50% of CAHL’s turnover was taken up by
CIHL using proportionate consolidation, the reported turnover for the 15-month period decreased by
17% to S$157.0 million. CIHL recorded an operating loss before exceptional items of S$5.8 million.
It also reported an exchange gain of S$2.3 million.

Improving competitiveness through productivity and cost control, and promoting sales growth across
our markets through stronger product ranges are top priorities for CIHL. During the 15-month period,
certain product segments, such as electronic control and data communication systems, achieved strong
growth in terms of sales.

CIHL will aim at capitalising on the recovery and increasing sophistication of its markets by expanding
its high-end, high margin product offerings such as the ULTI and C-Bus systems, as well as by
introducing and re-launching products targeting different market segments.

**GP Batteries**

Our 49.07%-owned batteries unit had a turbulent year. Turnover increased by 8%, but consolidated
net profit after taxation and minority interests decreased by 96%. The increased turnover derived
mainly from record sales of alkaline primary cylindrical batteries and Nickel Metal Hydride rechargeable batteries (up 22%), but was offset somewhat by a 34% drop in sales of 9-volt alkaline batteries. High raw material costs and keen competition due to over supply in the Lithium Ion ("Li-ion") market also impacted the gross profit margin.

GP Batteries recorded an exceptional loss of $18.8 million during the year. Part of this was the losses provided for in the Danionics project. Danionics’ operations in Denmark have been closed and the start-up of the China factory was delayed for many months. The exceptional loss also included compensation and medical and hospital expenses for workers affected by cadmium in GP Batteries’ two plants in Huizhou, China.

GP Batteries' management has undertaken an aggressive improvement program, which is expected to improve its performance during the current financial year. For example, GP Batteries' Li-ion plant in Taiwan has started to relocate its production facilities to China to reduce expenses and to improve the efficiency of the overall supply of Li-ion battery products as more electronic equipment manufacturers have moved to China.

Prospects
In the months ahead, most of the businesses in which GP Industries and its subsidiaries and associated companies are involved will remain highly competitive. Even as construction sectors and consumer markets in Asia recover, we anticipate ongoing high prices for some raw materials and growing competition from local and multinational players alike.

Our primary focus for the next year is on strengthening our competitiveness. To that end we will continue to streamline our manufacturing facilities, expand our product offerings and develop our human resources.

We have already made some significant strides in terms of creating manufacturing efficiencies in the financial year. For example, the investment in the new electronics factory in China, which came on line in April 2004, is already reaping results. The relocation of Li-ion battery production from Taiwan to China will help capture the opportunities created by being closer to electronics manufacturers there. In addition, CIHL has established a new lighting facility in Shanghai to support the production of customised products for the project market, and CAHL has restructured its manufacturing operations in Malaysia for greater efficiency.

In the year ahead we expect to see ongoing profit opportunities for the electronics business. The batteries business should recover this year, while CIHL’s cost controls and productivity are expected to match its sales growth in the next 12 months.

Vote of Thanks
We would like to extend our sincere thanks to our shareholders, customers and business partners for their ongoing support and confidence. We also thank our management and staff for their dedication and hard work.

Victor Lo Chung Wing
Chairman
16 June 2005
The Group’s extensive manufacturing and distribution network in China facilitates its access to the business opportunities there.