

## **Business Review**

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### **GP Industries – 86.5% owned**

- During the period, the US market remained weak. GP Industries' businesses, with the exception of China, were adversely affected due to the weak market demand and keen price competition.
- Reported in Singapore dollar, GP Industries' turnover decreased by 11.2% with a decline of 7.6% in net profit. The decrease in net profit would have been larger if not for the increased contributions from GP Batteries International Limited and Clipsal Industries (Holdings) Limited on a full six months' basis during the current period while only three months' contributions were accounted in the corresponding period last year.

### ***Electronics Division***

- Net profit contribution decreased by approximately 25%. The performance of this division was affected by a weakened global export market. Consumer electronic audio products experienced a significant slowdown. The branded speaker business in the UK recorded a loss due to the weakened economy. Contribution from the components joint ventures dropped slightly whereas sales of professional and commercial audio products were stable.
- Export sales of the wire harness business remained steady but profit margins deteriorated because of price reduction and a weakened yen. The cable business overall remained satisfactory with demand for LAN cables and broadband cables continuing to grow.
- In China, sales of wire harness grew rapidly due to strong demand from the automotive industry. The 41.6%-owned car audio joint venture in Xuzhou performed steadily. It has recently appointed a financial advisor to seek a listing on the Shanghai Stock Exchange in China within the next 24 months.

### ***GP Batteries – 47.9% owned by GP Industries***

- GP Batteries' turnover and net profit for the period decreased by 1.5% and 24.2%, respectively, as compared to the same period last year. The slowdown in the demand for personal computers and mobile phones continued to affect the business causing a sharp reduction of orders from OEM customers. Strong demand from private-label customers, especially for the Alkaline 9-volt batteries, and steady consumer battery sales helped cushion the shortfall.
- The plan to increase the production of the Lithium Ion batteries in Taiwan has been affected due to the sluggish demand for laptop computers. GP Batteries continued to develop Lithium Ion batteries for other applications including mobile phones as planned.
- GP electric vehicle batteries gained further market recognition in environmentally-friendly transportation systems including a project in the Netherlands.

***Clipsal Industries – 49.5% owned by GP Industries***

- For the six months ended June 30, 2001, Clipsal Industries' turnover and profit decreased by 1.2% and 8.3% respectively. Excluding indent sales of electrical home appliances to Australia, overall sales increased by 3.7% compared to the same period last year.
- The Hong Kong, Singapore and Malaysia markets continued to be slow due to weak property markets. The China market remained strong.
- In the Middle East, Vietnam and Taiwan, Clipsal Industries continued to gain market share and achieved encouraging sales growth.

**Technology & Strategic Division**

***Lighthouse Technologies Limited – 51% owned***

- Since our acquisition in August 2000, Lighthouse Technologies Limited continued to perform satisfactorily. Today, Lighthouse is a leading supplier of High Brightness LED Big Screens for major sports and entertainment venues and events. It has also expanded into the indoor and outdoor advertising billboard markets.
- Lighthouse's profit for the period increased by approximately 20%. It contributed significantly to the Group's turnover and profit. Its substantial increase in contribution was also due to the sharing of its full six months' results in the current period while only two months' contribution was accounted in the corresponding period last year.