

CHAIRMAN'S STATEMENT

主席報告書

It was a challenging year for the Group as our businesses faced not only keen competition but sharp increases in raw materials prices which have affected manufacturers worldwide.

過去一年的營商環境充滿挑戰，我們不僅面對激烈的行業競爭，也要應付原材料價格急升對全球生產商構成的影響。



Andrew Ng 吳崇安

Vice Chairman
副主席

Victor Lo 羅仲榮

Chairman & Chief Executive
主席兼總裁

To enhance our competitiveness, we have continued to rationalize our operations to control costs and streamline the group structure. This process has seen us consolidate much of our manufacturing and divest non-core businesses, including the disposal in March 2006 of the entire 50% stake in Clipsal Asia Holdings Limited ("CAHL") by CIH Limited ("CIHL").

This process of rationalization, which is strengthening our competitiveness, will accelerate in the current financial year. At the same time, we will continue to invest in technology, brands and global distribution.

Financial Performance

Turnover for all divisions decreased by 6% while consolidated turnover declined by 8%. Profit attributable to shareholders declined by 6% to HK\$61.7 million. The decrease was caused partly by our Group opting for better quality business and partly by divestment of non-core businesses. Basic earnings per share decreased by 7% to 11.23 Hong Kong cents, and the Board of Directors has proposed a final dividend of 3.0 Hong Kong cents, unchanged from the previous financial year.

GP Industries Limited

The Group's 87.0% owned industrial investment arm, GP Industries, experienced a decline in overall turnover of 5% for the financial year. Profitability also declined, partly owing to the disposal in the financial year 2004/05 of Jiangsu Toppower Automotive Electronics Co., Ltd., which resulted in both a reduction in profit contribution and lower exceptional income for the reported financial year. Profit contribution from GP Batteries improved, and the loss from CIHL excluding exceptional items decreased, owing to improved cost control and the CAHL disposal.

Electronics Division

The Electronics Division of GP Industries reported a 4.5% decrease in sales for the financial year when compared with the previous financial year.

Sales from the electronics and components business were down by 5%. The lower revenues were mainly due to a decrease in sales of car audio products and other electronics products, following the Toppower divestment in the previous financial year, since when the car audio business has come to account for less than 5% of GP Industries' sales. By contrast, sales of professional electronics products grew by 2%.

集團繼續重整營運，以控制成本及精簡架構，從而提升集團的競爭力。為此，集團在年內整固旗下多個生產設施，並出售非核心業務，包括 CIH Limited (「CIHL」) 於2006年3月出售其持有奇勝亞洲集團有限公司的全部50%權益。

集團於本財政年度將加快推行重整業務，有助加強集團競爭力。同時，集團將繼續投資發展技術、品牌，以及環球分銷網絡。

業績表現

集團包括所有業務部門之營業額減少6%，綜合營業額跌幅為8%，而股東應佔溢利則下跌6%至6,170萬港元，跌幅主要由於集團專注改善業務質素，加上出售了非核心業務所致。每股基本盈利下跌7%至11.23港仙。董事局建議派發末期股息每股3.0港仙，與上一個財政年度相同。

GP工業有限公司

集團持有87.0%權益的工業投資工具 — GP工業全年整體營業額減少5%。GP工業之盈利倒退部份原因為GP工業於2004/05年財政年度出售了江蘇天寶汽車電子有限公司，令2005/06年度盈利貢獻及特殊收益減少。至於金山電池的盈利貢獻得到改善，而CIHL之控制成本措施奏效，加上出售了奇勝亞洲，因此年內CIHL未計特殊項目前虧損減少。

電子部

年內，GP工業電子部之營業額較去年減少4.5%。

電子產品及零部件之銷售下跌5%，主要由於汽車音響產品及其他電子產品銷售在年內減少。自2004/05年度出售了江蘇天寶後，汽車音響業務佔GP工業集團的整體營業額比重低於5%。不過，專業用電子產品之銷售卻相對錄得2%增長。

Compounding the lower overall sales, we also faced high component and raw materials prices, as well as the appreciation of the Renminbi, which resulted in higher operating costs at our electronics subsidiaries and components manufacturing business. As a result, profit before interest, taxation and exceptional items (PBIT & EI) from the electronics and components business decreased by 27%.

Sales from the wire harness business decreased by 4%. Sales to the US market rose strongly, but those to Japan decreased. Profit contribution from wire harness subsidiaries increased by 6%. The wire harness associates in China continued to face severe price competition, although market conditions improved in the fourth quarter. The cable associate, LTK Industries Limited, reported a sales growth of more than 25%. However, profit contribution only improved by 7% owing to record high copper prices. Overall PBIT & EI contribution from the wire harness and cable business improved by 12%.

Sales from the acoustics business were 4% lower as growth in the US market was offset by declines in the European and Asian markets. As a result, the acoustics business reported a loss before interest and taxation and exceptional items.

CIH Limited

On March 15, 2006, CIHL completed the disposal of its entire 50% interest in CAHL by way of a put option to its joint venture partner Schneider Electric SA. The exercise price amounted to a total of US\$58.99 million, and after deduction of a retention amount, US\$56.04 million were received in cash.

For the financial year, CIHL's continuing operations were mainly the light fittings business. Market competition remained keen and raw materials prices rose sharply. However, cost reduction measures contributed to an improvement in operating results before exchange differences and exceptional items. CIHL will continue to expand its product range and invest in marketing and distribution development.

GP Batteries Group

Turnover showed a marginal decrease of 1% over the previous year, while the consolidated profit before tax decreased by 5%. During the financial year, GP Batteries recorded an exceptional loss of S\$11.1 million, mainly due to further relocation of production facilities. Profit after tax was S\$13.6 million, compared to S\$1.3 million for last year.

除整體銷售下跌外，集團亦要面對零部件及原材料價格高企，以及人民幣升值等壓力，令年內電子產品附屬公司及零部件生產業務之營運成本上升。因此，電子及零部件業務之未計利息、稅項及特殊項目盈利下跌27%。

汽車配線之銷售較去年下跌4%。輸往美國市場的銷售增長強勁，但出口日本市場的銷售卻下跌。汽車配線附屬公司之盈利貢獻增加6%。儘管年內第四季度市況有改善，但在中國的汽車配線聯營公司依然面對劇烈的價格競爭。生產電纜的聯營公司——樂庭實業有限公司錄得逾25%的銷售增長。惟銅價升至歷史高位，令樂庭之盈利貢獻僅增加7%。總括汽車配線及電纜業務之未計利息、稅項及特殊項目之盈利貢獻較去年上升12%。

至於揚聲器業務，由於歐洲及亞洲市場的銷售下滑抵銷了美國市場的銷售增長，揚聲器業務的營業額較去年下跌4%，年內未計利息、稅項及特殊項目前錄得虧損。

CIH Limited

於2006年3月15日，CIHL行使認沽期權，向合資夥伴法國施耐德電氣公司出售其持有奇勝亞洲之全部50%股權。有關交易之行使價達5,899萬美元，扣除保留款項後之現金收益為5,604萬美元。

於是年度，CIHL之持續經營業務主要為照明系統業務。照明系統市場競爭依然劇烈，原材料價格急升。然而，CIHL採取成本控制措施得宜，令未計兌匯逆差及特殊項目前之營運業績得以改善。CIHL將繼續擴闊產品系列，並加強市場推廣及拓展分銷網絡。

金山電池集團

金山電池全年營業額微跌1%，除稅前綜合溢利則下跌5%。年內，金山電池錄得特殊虧損1,110萬坡元，主要由於遷移生產設施所致。除稅後溢利為1,360萬坡元，去年之比較數字為130萬坡元。

Most of the products saw steady turnover, while gross profit margin benefited from the cost-saving measures that have been implemented across GP Batteries. GP Batteries maintained its strong market position in Alkaline primary cylindrical and Nickel Metal Hydride rechargeable batteries. For Lithium Ion batteries, the relocation of manufacturing facilities from Taiwan to Huizhou, China, is largely complete and will improve the cost competitiveness.

Lighthouse Technologies

For the Group's Strategic and Technology Division, the LED superscreen business of Lighthouse Technologies Limited continued to be the main business. During the financial year, Lighthouse made further progress in growing its market share in the rental market. It acquired a 49% stake in a factory engaged in the manufacturing of LED display screens, and the resulting vertical integration reduced costs and increased competitiveness. It also lays the basis for the development of products for the fixed installation market.

Outlook

The markets for the majority of our products remain in good shape and the main challenge faced by the Group is in managing the highly volatile material cost. The effort of passing on some of the increased costs to our customers may affect our sales volume initially. The rationalization of our operations that has been improving the cost structure of our businesses during the last financial year will therefore continue in the current financial year.

Following the disposal of its joint venture interest, CIHL is now focused on its light fittings business. A privatisation has therefore been proposed which, once effected, would reduce costs and generate additional synergies.

We will continue to consolidate our manufacturing facilities to reduce overhead where possible, to ensure that we remain competitive. This is particularly important in the current environment of volatile materials prices. The Group also faces the probability of a continued gradual appreciation of the Renminbi. Interest rates will probably stay high and we therefore will seek to reduce bank borrowings of our existing operations. At the same time, we will selectively look for opportunities for new investment that will contribute to faster growth. In addition, we will consider further divesting non-core businesses.

金山電池大部份產品的營業額保持平穩，而金山電池集團採取成本控制措施，令邊際毛利有改善。「GP 超霸」一次性柱型鹼性電池及鎳氫充電電池繼續保持市場優勢。至於將台灣的鋰離子電池生產設施遷移至中國惠州已大致完成，此舉將有助改善金山電池之成本競爭力。

兆光科技

科技及策略部的主營業務為兆光科技有限公司之發光二極管(LED)大型屏幕業務。於是年度，兆光科技在大型屏幕租用市場的佔有率增加。兆光科技購入一家LED大型屏幕製造商之49%權益，此項縱向整合可以減低成本，提升競爭力，為兆光科技發展固定裝置市場奠下基礎。

展望

集團大部份產品的市場需求保持穩定。我們目前面對的主要挑戰為應付極度波動的原材料成本，倘若將部份成本增幅轉嫁客戶，在實行初期或會影響銷售量。集團正在進行業務重整，去年旗下業務的成本結構已逐步改善，故此集團在本財政年度將繼續致力於這方面的工作。

CIHL繼出售合資公司權益後，目前正專注發展照明系統業務。因此，我們已提出建議將CIHL私有化，該計劃於落實後，集團將可減低成本，並能進一步發揮協同效應。

集團將繼續整合生產設施，務求減少經常開支，以保持集團的競爭優勢，尤其在目前原材料價格波動的營商環境下，此舉更為重要。此外，集團亦要面對人民幣不斷升值的可能性。由於利率可能持續高企，因此集團將盡量減少業務部門之銀行借貸。同時，集團會繼續審慎尋找合適投資機會，加快業務增長。此外，集團亦考慮出售其他非核心業務。

The Electronics Division of GP Industries expects further cost pressures and will thus continue with cost control programs and product re-engineering to reduce component and manufacturing costs. With the automotive audio sector becoming a smaller part of the business, the main focus will be on electronics and acoustics, including our "KEF" and "Celestion" brands.

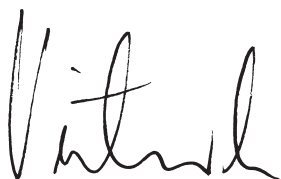
Lighthouse, meanwhile, will pursue opportunities in the fixed installation segment as the greater vertical integration afforded by the factory acquisition increases its competitiveness. We intend to put more effort into growing the North American market.

The profitability of the battery market has been significantly affected by surging Nickel and Zinc prices. We expect the demand for Alkaline cylindrical and rechargeable batteries to be stable. We also plan to expedite the development of more advanced battery products so as to reduce our dependence on the lower priced market segments.

Overall, the Group's strategy is to move up the value chain and achieve stronger growth through investing in brands, innovation and stronger global distribution. Managing this aspect of growth will be a key task in the coming year.

Vote of Thanks

I would like to take this opportunity to thank our shareholders, business partners and employees for their unstinting support during the year. Particular thanks go to Mr Raymond Wong who resigned as executive director in May 2006, and became a non-executive director.



Victor LO Chung Wing
Chairman & Chief Executive
June 14, 2006

集團預期GP工業電子部之經營成本將進一步受壓，因此，集團將繼續推行成本控制措施及產品重構，以減低零部件及生產成本。鑑於汽車音響業務的比重已逐漸減低，GP工業電子部將主力發展電子產品及揚聲器業務，包括KEF及Celestion品牌。


與此同時，兆光科技於購入一家LED屏幕生產商的權益後，營運得以縱向整合，競爭能力加強，有助其於固定裝置市場拓展業務。集團計劃投入更多資源進一步發展北美洲市場。

鎳及鋅價格飆升令電池市場利潤大受打擊。集團預期柱型鹼性電池及充電電池的市場需求將維持穩定，並計劃加速研發更先進的電池產品，以減低在低價產品市場在電池業務的比重。

整體來說，集團的增值策略乃透過投資品牌、產品創新及加強環球分銷網絡。集團來年的工作重點要令業務達至更高增長。

致謝

我謹向各股東、業務夥伴及員工致以衷心謝意，感謝他們在過去一年對集團的支持。王維勤先生於2006年5月辭任執行董事及調任為非執行董事，在此我謹對王先生過去對集團的貢獻，表示感謝。



羅仲榮
主席兼總裁
二零零六年六月十四日



The Group's extensive manufacturing and distribution network in the Greater China facilitates its further expansion in the market there.

集團在大中華地區設立的廣泛生產及分銷網絡有助其進一步拓展當地市場。