

## Press Release

For Immediate Release

10 August 2016, Hong Kong



### Singapore-listed GP Batteries announces 2016/2017 Q1 results

GP Batteries International Limited, listed in Singapore and a subsidiary of Gold Peak Industries (Holdings) Limited (*stock code: 40*), today announced its unaudited quarterly results for the three months ended 30 June 2016.

GP Batteries is 64.7% owned by GP Industries Limited, which is also listed in Singapore and an 85.5% subsidiary of Gold Peak.

#### Summary of results of GP Batteries

	<i>(For the three months ended 30 June)</i>		% of change
	2016	2015	
Turnover	S\$177.4 million	S\$189.4 million	- 6.3%
Profit attributable to equity holders of GP Batteries	S\$1.24 million	S\$2.83 million	- 56.4%

#### Business Review of GP Batteries

Turnover for the three months ended 30 June 2016 was S\$177.4 million, a decrease of 6.3% over the corresponding period last year. The overall market for primary batteries and nickel metal hydride batteries was slow-growing and competition was very keen. Sales of rechargeable batteries decreased by 14.3% and sales of primary batteries decreased by 3.7% as compared to last year. The rechargeable batteries' revenue drop was mainly due to the discontinuation of a contract with a customer of the Taiwan plant.

Sales in the Americas and Asia decreased by 43.0% and 3.8% respectively while sales in Europe increased by 29.3% over last year. The decrease in sales in the Americas and increase in sales in Europe were, to a large extent, due to the relocation of the procurement office of a customer from the USA to Europe.

Profit before income tax for the three months ended 30 June 2016 was S\$6.8 million as compared to S\$8.1 million last year. Gross profit margin was 21.4% as compared to 23.2% last year. The decrease in gross margin was mainly due to loss of income of our Taiwan plant which no longer manufactures proprietary lithium-ion batteries for a customer. GP Batteries has chosen to combine the two rechargeable lithium battery plants in Taiwan and Shenzhen into one bigger plant. The Shenzhen plant will be developed to become the center of excellence for lithium rechargeable batteries in GP Batteries.

Distribution expenses for the three months ended 30 June 2016 were S\$13.9 million as compared to S\$15.5 million last year mainly due to reduction in advertising and promotion expenses.

Finance costs was S\$1.7 million as compared to S\$1.3 million last year mainly due to additional interest expenses incurred after the drawdown of the S\$85 million three-year term loan facility in July 2015.

Share of profit of associates was S\$1.7 million as compared to S\$0.8 million last year mainly due to improved performance of T.G. Battery, AZ Limited and STL Group.

Net other operating income was S\$2.9 million as compared to S\$ Nil last year mainly due to a foreign exchange gain of S\$2 million this year as compared to a foreign exchange loss of S\$0.3 million last year.

### **Prospects of GP Batteries**

Commenting on the business prospects, Victor Lo, Chairman and Chief Executive Officer of GP Batteries, said, “The economic outlook is mixed. Stabilized currency rates in Eastern Europe positively impact our businesses. However, the impact of Brexit is still uncertain. GP Batteries is focusing on developing new distribution channels and selected application segments to grow the business. The new plant construction in Vietnam is on schedule and will provide additional capacity of cylindrical carbon zinc products. Demand for the alkaline batteries manufactured in our Malaysian plant is expected to increase significantly. GP Batteries is proceeding to establish a new plant in Malaysia to meet the increase in demand.”

“GP Batteries will continue to invest in building its brand and expanding distribution networks in selected markets.” Lo is also Chairman of GP Industries and Chairman and Chief Executive of Gold Peak.

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