

Press Release

For Immediate Release

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Singapore-listed GP Industries announces 2016/2017 Q1 results

Gold Peak Industries (Holdings) Limited's (stock code: 40) 85.5% subsidiary, the Singapore-listed GP Industries Limited, today announced its unaudited quarterly results for the three months ended 30 June 2016.

Summary of results of GP Industries

	<i>(For the three months ended 30 June)</i>		% of change
	2016	2015	
Turnover	S\$242 million	S\$250 million	- 3.3%
Profit attributable to equity holders of GP Industries	S\$5.20 million	S\$7.00 million	- 26.3%

Review of Results

GP Industries' revenue for the first financial quarter ended 30 June 2016 ("Q1FY2017") was S\$242.1 million, a decrease of 3.3% when compared to the revenue reported for the same period in 2015 ("Q1FY2016").

During Q1FY2017, GP Industries recorded an exceptional gain of S\$0.3 million from the disposal of certain intangible assets by the electronics and acoustics business, compared to a gain of S\$1.2 million for Q1FY2016 reported by the automotive wire harness business.

For Q1FY2017, profit after taxation attributable to equity holders of GP Industries decreased by 26.3% to S\$5.2 million, compared to S\$7.0 million reported for Q1FY2016.

Business Review of GP Industries

(for the three months ended 30 June 2016)

Electronics and Acoustics Business

Revenue from the electronics and acoustics business increased by 3.7%. Profit contribution from subsidiaries in this business also increased as a result of the revenue increase. Sales of electronics products increased by 9.3% while sales of acoustics products decreased marginally by 1.0%. Sales of acoustics products to the US increased by 10.6% while sales to Europe and Asia declined by 2.6% and 11.1% respectively. The associates contributed less profit before taxation due mainly to decreases in revenue. Profit contribution before exceptional items and taxation from the electronics and acoustics business increased by 22.7%.

Automotive Wire Harness Business

Overall sales of the automotive wire harness business grew by 18.2%, with sales to the US and China increased by 14.5% and 29.3% respectively. Profit contribution before exceptional items and taxation from the automotive wire harness business increased by 20.5%.

Battery Business

The revenue of GP Batteries International Limited ("GP Batteries") was S\$177.4 million, 6.3% lower than Q1FY2016. The overall market for primary batteries and nickel metal hydride batteries was slow-growing and competition was very keen. Sales of primary and rechargeable batteries decreased by 3.7% and 14.3% respectively. The decrease in sales of rechargeable batteries was due mainly to the discontinuation of a contract with a customer of the Taiwan plant. In geographical terms, sales in the Americas and Asia decreased by 43.0% and 3.8% respectively while sales in Europe increased by 29.3%. 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 US to Europe.

GP Batteries' gross profit margin decreased from 23.2% for Q1FY2016 to 21.4% for Q1FY2017, due mainly to loss of income of the 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 centre of excellence for lithium rechargeable batteries.

Improved performance of GP Batteries' associates increased share of profit of associates from S\$0.8 million for Q1FY2016 to S\$1.7 million for Q1FY2017. For Q1FY2017, GP Batteries reported a profit after taxation attributable to its equity holders of S\$1.2 million, compared to S\$2.8 million for Q1FY2016.

Other Industrial Investments

This business segment includes GP Industries' investments in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). Meiloon's profit before taxation increased while the pre-tax profit contributed by Linkz decreased. This business segment reported a 27.0% decrease in profit contribution.

Prospects of GP Industries

Commenting on the prospects of GP Industries, Chairman and Chief Executive Officer, Victor Lo said, "Consumer demand in Europe is expected to remain weak and the impact of Brexit has yet to be seen. Markets in Asia are also slowing down although some of GP Industries' businesses in the US are expected to remain stable."

Lo continued, "GP Batteries is focusing on developing new distribution channels and selected application segments to grow its business. Construction of the new plant in Vietnam is on schedule and will provide additional capacity of cylindrical carbon zinc products. Demand for the alkaline batteries manufactured in the 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 Industries will continue to enhance the competitiveness of its businesses by investing in technology, product development, further automating its factories and building its brands." Lo is also Chairman and Chief Executive of GP Batteries and Gold Peak.

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