

Press Release

For Immediate Release

11 November 2016, Hong Kong



Singapore-listed GP Industries announces 2016/2017 interim results

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

Summary of results of GP Industries

	<i>(For the six months ended 30 September)</i>		% of change
	2016	2015	
Turnover	S\$504 million	S\$533 million	- 5.5%
Profit attributable to equity holders of GP Industries	S\$11.94 million	S\$18.96 million	- 37.0%

Review of Results

GP Industries' revenue for the six-month period ended on 30 September 2016 ("H1FY2017") was S\$503.8 million, a decrease of 5.5% when compared to the revenue reported for the same period in 2015 ("H1FY2016").

During H1FY2017, GP Industries recorded exceptional gains of S\$3.0 million from the disposal of assets and write-back of excess restructuring costs, compared to gains of S\$5.4 million for H1FY2016 from disposal of assets and write-back of unclaimed warranty cost provision.

For H1FY2017, profit after taxation attributable to equity holders decreased by 37.0% to S\$11.9 million, compared to S\$19.0 million reported for H1FY2016.

Business Review of GP Industries

(for the six months ended 30 September 2016)

Electronics and Acoustics Business

Revenue from the electronics and acoustics business in H1FY2017 remained stable. Sales of electronics products increased by 3.5% while sales of acoustics products decreased by 2.0%. Sales of acoustics products to the US increased by 2.0% while sales to Europe and Asia declined by 1.1% and 3.9% respectively. The associates contributed less profit before taxation due mainly to soft market demand. Profit contribution before exceptional items and taxation from the electronics and acoustics business in H1FY2017 decreased by 7.2% when compared to H1FY2016.

Automotive Wire Harness Business

Overall sales of the automotive wire harness business grew by 8.4% during H1FY2017. Sales to the US increased by 2.9% and sales to China increased by 24.9%. Profit contribution before exceptional items and taxation from the automotive wire harness business for H1FY2017 increased by 1.8%.

Battery Business

The revenue of GP Batteries International Limited (“GP Batteries”) for H1FY2017 was S\$371.4 million, 7.7% lower than H1FY2016. Global demands for primary batteries and rechargeable Nickel Metal Hydride batteries were very slow growing and price competition was very keen. Sales of primary and rechargeable batteries decreased by 5.4% and 17.5% respectively. The decrease in sales of rechargeable batteries was due mainly to the discontinuation of a contract with a major customer of the Taiwan plant. In geographical terms, sales in the Americas and Asia decreased by 38.0% and 8.5% respectively while sales in Europe increased by 31.6%. The decrease in sales in the Americas and increase in sales in Europe were largely due to the relocation of the procurement office of a major customer from the US to Europe.

During H1FY2017, GP Batteries reported foreign exchange gains of S\$3.9 million, compared to the S\$8.8 million reported in H1FY2016.

Profit contribution from GP Batteries' associates increased from S\$2.4 million for H1FY2016 to S\$2.9 million for H1FY2017. The performance of AZ Limited, the associate in Russia, has recovered significantly whilst the performance of the STL Group has decreased.

For H1FY2017, GP Batteries reported a profit after taxation attributable to its equity holders of S\$3.8 million, compared to S\$12.6 million for H1FY2016.

Other Industrial Investments

This business segment includes GP Industries' investments in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). Both Meiloon and Linkz contributed more profit before taxation during H1FY2017 when compared to H1FY2016. Profit contribution from this business segment increased by 44.1%.

Prospects of GP Industries

Commenting on the prospects of GP Industries, Chairman Victor Lo said, "Consumer demand in Europe is expected to remain weak and this challenging market environment is further aggravated by the weak Euro and Pound Sterling. Markets in Asia are also slowing down although some of GP Industries' businesses in the US are expected to remain stable. The market for primary batteries and rechargeable Nickel Metal Hydride batteries is expected to continue with slow growth, and price competition is expected to remain very keen."

"Development of GP Batteries' additional new factories in Malaysia and Vietnam is on schedule and is expected to bring in additional revenue during the coming six to twelve months. At the same time, GP Batteries is downsizing some of the smaller plants, such as the ones in Taiwan and Shanghai, consolidating those production facilities with the bigger plants in Ningbo, Guangdong and Malaysia. Some of the more labour intensive manufacturing may be moved to Vietnam. GP Batteries is incurring closure cost during the current financial year but overall cost competitiveness is expected to improve when the consolidation is completed."

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Lo continued, “GP Industries will continue to enhance the competitiveness of its businesses by investing in technology, new product development, further automating its factories and to continue building its brands and distribution networks.” Lo is also Chairman and Chief Executive of GP Batteries and Gold Peak.

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