

Press Release

For Immediate Release

8 August 2017, Hong Kong



Singapore-listed GP Industries announces 2017/2018 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 2017.

Summary of results of GP Industries

	<i>(For the three months ended 30 June)</i>		% of change
	2017	2016	
Turnover	S\$274.8 million	S\$242.1 million	+ 13.5%
Profit attributable to equity holders of GP Industries	S\$5.41 million	S\$5.16 million	+ 5.0%

Review of Results

GP Industries' revenue for the financial quarter ended 30 June 2017 ("Q1FY2018") was S\$274.8 million, an increase of 13.5% over the financial quarter ended 30 June 2016 ("Q1FY2017"). The increase was mainly attributable to a 16.8% revenue growth of GP Batteries International Limited ("GP Batteries").

Gross profit increased by 19.1% to S\$69.4 million, as a result of the 13.5% increase in revenue and improved gross profit margin of GP Batteries. At the same time, distribution costs increased by 18.0%, due mainly to the increase in revenue and GP Industries' increased investment in brand building activities. During Q1FY2018, GP Industries reported a net exchange loss of S\$1.6 million, compared to a net exchange gain of S\$2.7 million for Q1FY2017.

For Q1FY2018, profit before taxation increased by 10.9% to S\$14.4 million, compared to S\$13.0 million for Q1FY2017. Profit after taxation attributable to equity holders for Q1FY2018 increased by 5.0% to S\$5.41 million, compared to S\$5.16 million reported for Q1FY2017.

Business Review of GP Industries

(for the three months ended 30 June 2017)

Electronics and Acoustics Business

Revenue from the electronics and acoustics business in Q1FY2018 grew by 7.1%. Sales of electronics products decreased by 2.2% while sales of acoustics products continued its growth and increased by 26.2% when compared to Q1FY2017. Sales of acoustics products increased by 16.4% to the US market and by 70.6% to the Asia market while sales to Europe decreased by 3.9%. The associates which are engaged in the production of parts and components contributed less profit in aggregate. Profit contribution from the electronics and acoustics business decreased by 34.1% in Q1FY2018.

Automotive Wire Harness Business

Sales of the automotive wire harness business decreased by 7.5% in Q1FY2018. Sales to China increased by 48.5%. Sales to the US, however, decreased by 29.2% as some wire harnesses being supplied to a key US customer approached the end of their production cycle. In Q1FY2018, profit contribution from this business decreased by 30.5%.

Battery Business

The revenue of GP Batteries for Q1FY2018 was S\$207.2 million, a 16.8% increase over Q1FY2017. Sales of primary batteries and rechargeable batteries increased by 18.6% and 11.3% respectively. The increase in sales of rechargeable batteries contributed to the improvement in gross profit margin to 23.4% for Q1FY2018, compared to 21.4% for Q1FY2017.

In geographical terms, sales increased across all regions. Sales in both the Americas and Europe for Q1FY2018 increased by 45.7% over Q1FY2017.

During Q1FY2018, GP Batteries reported a net exchange loss of S\$1.7 million, compared to a net exchange gain of S\$2.0 million in Q1FY2017.

For Q1FY2018, GP Batteries reported a profit after taxation attributable to its equity holders of S\$3.1 million, compared to S\$1.2 million for Q1FY2017.

Other Industrial Investments

This business segment includes GP Industries' investments in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). In Q1FY2018, both Meiloon and Linkz contributed more profit before taxation, as both of them reported revenue growth. Profit contribution from this business segment increased by 112.4% during Q1FY2018.

Prospects of GP Industries

Commenting on the prospects of GP Industries, Chairman and Chief Executive Officer, Victor Lo said, "Consumer demand in the US is expected to gradually strengthen and demand in China is expected to remain stable. Consumer demand in Europe is expected to gradually regain some growth at the current lower level. However, recent weakening of the United States Dollar could affect some of GP Industries' businesses."

"GP Batteries' enlarged production capacity in Malaysia is expected to continue contributing to the growth of the battery business, despite rising commodity prices and keen competition in the industry. GP Batteries' strategy is to continue to consolidate the smaller factories in China and Taiwan into larger ones to benefit from economies of scale for future competitiveness. GP Batteries recognises that the older sites in Huizhou could be rezoned by the local government as non-industrial sites and is therefore actively seeking buyers to dispose of those sites. The Taiwan plant has ceased production for approximately one year and will also be disposed of. Accordingly, these properties have been reclassified as "assets classified as held for sale" in the statement of financial position as at 30 June 2017."

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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 in key markets.” Lo is also Chairman and Chief Executive of GP Batteries and Gold Peak.

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