

Press Release

For Immediate Release

10 November 2017, Hong Kong



Singapore-listed GP Batteries announces 2017/2018 interim results

GP Batteries International Limited, listed in Singapore and a subsidiary of Gold Peak Industries (Holdings) Limited (*stock code: 40*), today announced its unaudited interim results for the six months ended 30 September 2017.

As at 30 September 2017, GP Batteries is 64.9% 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 six months ended 30 September)</i>		% of change
	2017	2016	
Turnover	S\$433.2 million	S\$371.4 million	+ 16.6%
Profit attributable to equity holders of GP Batteries	S\$9.12 million	S\$3.84 million	+ 137.9%

Business Review of GP Batteries

Turnover for the six months ended 30 September 2017 was S\$433.2 million, an increase of 16.6% over the corresponding period last year.

Sales of both primary batteries and rechargeable batteries increased by 17.1% for the six months ended 30 September 2017 over last year.

Sales increased across all regions. For the six months ended 30 September 2017, sales in the Americas, Asia and Europe increased by 41.0%, 8.1% and 23.5% respectively.

Profit before income tax for the six months ended 30 September 2017 was S\$21.1 million as compared to S\$17.2 million last year. Gross profit margins for the three months and six months ended 30 September 2017 were 20.7% and 22.0% respectively as compared to 22.5% and 22.0% in the respective corresponding periods last year. The decrease in gross profit margins in this quarter was mainly due to increase in material costs.

Distribution expenses for the three months and six months ended 30 September 2017 were S\$15.6 million and S\$31.8 million respectively as compared to S\$16.5 million and S\$30.3 million last year. The decrease was mainly due to the reduction in provision for doubtful debt of about S\$2.3 million as a result of continuous improvement in the payment performance and ageing profile from the distribution network in China.

Finance costs for the six months ended 30 September 2017 were S\$3.9 million as compared to S\$3.3 million last year. The increase was mainly due to increase in borrowings for the land acquisition in Ningbo, China as well as financing the new production facilities in Malaysia and Vietnam.

Net other operating income for the three months ended 30 September 2017 was S\$4.2 million as compared to S\$5.7 million last year mainly due to (i) a foreign exchange loss of S\$2.6 million was recorded this year as compared to a foreign exchange gain of S\$2.0 million last year; (ii) a gain on disposal of property, plant and equipment of S\$5.7 million was recorded this year as compared to S\$3.0 million last year; (iii) an impairment loss for property, plant and equipment of S\$1.4 million recorded this year arising from GP Batteries' plan to upgrade existing machines and to automate manufacturing processes; and (iv) a government grant of S\$1.2 million was recorded this year as compared to S\$0.3 million last year. For the six months ended 30 September 2017, net other operating income was S\$3.5 million as compared to S\$8.6 million last year. Besides the aforementioned gain on property disposal, impairment loss for property, plant and equipment and government grant, the decrease was mainly due to a foreign exchange loss of S\$4.4 million recorded this year as compared to a foreign exchange gain of S\$3.9 million last year.

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Share of profits of associates for the six months ended 30 September 2017 was S\$1.3 million as compared to S\$2.9 million last year mainly due to lower profit contributions from STL Group and T.G. Battery.

Prospects of GP Batteries

Commenting on the business prospects, Victor Lo, Chairman and Chief Executive Officer of GP Batteries, said, “Competition is keen and there is pressure from increasing commodity prices and the Renminbi appreciation. The new production capacity in Malaysia is contributing to the business growth, and the operations in Vietnam are in the process of obtaining major customers’ approval for volume production.”

“GP Batteries’ strategy of consolidating smaller factories in China and Taiwan into larger ones for future competitiveness is on schedule. We will also continue to invest in building the "GP" brand and expanding the global network.” Lo is also Chairman of GP Industries and Chairman and Chief Executive of Gold Peak.

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