

Press Release

For Immediate Release

28 May 2018, Hong Kong



Singapore-listed GP Industries announces 2017/2018 final results

Gold Peak Industries (Holdings) Limited's (stock code: 40) 85.5% subsidiary, the Singapore-listed GP Industries Limited, today announced its unaudited consolidated results for the year ended 31 March 2018.

Summary of results of GP Industries

	<i>(For the year ended 31 March)</i>		% of change
	2018	2017	
Turnover	S\$1,100 million	S\$1,038 million	+ 6.0%
Profit attributable to equity holders of GP Industries	S\$23.23 million	S\$18.66 million	+ 24.5%

Review of Results

GP Industries' revenue for the financial year ended 31 March 2018 ("FY2018") was S\$1,100 million, an increase of 6.0% over the revenue reported for the previous financial year ended 31 March 2017 ("FY2017"). The increase was mainly attributable to an 8.6% revenue growth reported by the *Battery Business*, previously referred to as GP Batteries International Limited ("GP Batteries") before it became a wholly-owned subsidiary of GP Industries during the financial quarter ended 31 December 2017.

Despite the 6.0% increase in revenue, gross profit decreased by 1.2% to S\$256.8 million, due to cost increases, mainly contributed from the appreciation of Renminbi, increases in labour costs in China and increases in metal and component prices. Distribution costs decreased by 1.1%, as a result of GP Industries' selective slowing down of some investments in brand building activities for the *Battery Business* and a S\$3.6 million decrease in doubtful debt provision

reported by the *Battery Business* due to continuous improvements in payment performance and ageing profile from its distribution network in China. During FY2018, GP Industries reported a net exchange loss of S\$11.4 million as compared to a net exchange gain of S\$9.2 million last year. GP Industries also reported a higher other operating income of S\$44.5 million for FY2018 compared to S\$22.3 million last year, mainly from gain on disposal of property, plant and equipment reported by the *Battery Business*.

During the financial quarter ended 31 December 2017, GP Industries increased its shareholdings in GP Batteries to 100% as at 31 December 2017, pursuant to a voluntary conditional cash offer for, and the subsequent compulsory acquisition of, all the issued ordinary shares of GP Batteries. After the acquisition, GP Batteries was de-listed from the Singapore Exchange Securities Trading Limited with effect from 27 December 2017. Related transaction costs, amounted to approximately S\$1.7 million, were recorded as other operating expenses of GP Industries.

For FY2018, profit before taxation was S\$56.9 million, 2.9% higher than last year. Profit after taxation attributable to equity holders for FY2018 increased by 24.5% to S\$23.2 million when compared to the S\$18.7 million reported for FY2017.

Business Review of GP Industries

(for the year ended 31 March 2018)

Battery Business

The revenue of the *Battery Business* for FY2018 was S\$824.9 million, an 8.6% increase over the revenue for FY2017. Sales of primary batteries and rechargeable batteries increased by 10.9% and 1.6% respectively. In geographical terms, sales increased across all regions. Sales in the Americas, Asia and Europe for FY2018 increased by 17.5%, 4.5% and 13.1% respectively over FY2017.

Steep increase in material costs, weaker US dollar and stronger Renminbi during the financial quarter ended 31 March 2018 brought significant adverse impact on gross profit margin for FY2018.

The weakening of US dollar against Renminbi and Singapore dollar contributed to an S\$11.9 million exchange loss for the *Battery Business* for FY2018, compared to a S\$7.4 million exchange gain for FY2017.

During FY2018, the *Battery Business* reported a total pre-tax gain from disposal of property, plant and equipment of S\$28.5 million upon completion, which included the gain from disposal of property located in Dongguan, China.

Electronics and Acoustics Business

Revenue from the *Electronics and Acoustics Business* in FY2018 remained steady when compared to FY2017. Sales of electronics products decreased by 10.5%, affected mainly by the phasing out of some old products and soft sales in Europe. Sales of acoustics products continued to grow and reported an increase of 16.8%. Sales to the US market increased by 16.2%, to the Asian markets increased by 24.1% and to the European market increased by 9.6%. However, the appreciation of Renminbi, continued increases in labour costs, rapid increase in the price of some components and GP Industries' active investments in brand building activities affected margins and costs. The associated companies which manufacture parts and components contributed less profit in aggregate in the competitive business environment.

Automotive Wire Harness Business

Sales of the *Automotive Wire Harness Business* decreased by 7.0% in FY2018. Sales to China increased by 30.5% while sales to the US decreased by 23.0% as some wire harnesses supplied to a key US customer approached the end of their production cycle. The appreciating Renminbi and increases in labour costs also affected manufacturing costs in this business.

Other Industrial Investments

This business segment includes GP Industries' investments in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). In FY2018, Linkz reported revenue growth and contributed more profit while Meiloon contributed higher profit despite a slight decrease in revenue.

Prospects of GP Industries

Commenting on the prospects of GP Industries, Chairman and Chief Executive Officer, Victor Lo said, “Consumer demand is expected to gradually strengthen in the US and to remain strong in China. The European market should gradually strengthen. However, appreciation of Renminbi, increases in the price of certain metals and components and increases in labour cost in China are expected to affect the profit margin for some of GP Industries’ businesses.”

“The battery business is expected to remain competitive. Additional production capacity from the new factories is starting to contribute in generating revenue. GP Batteries will continue to consolidate the smaller factories into larger ones to raise its competitiveness by improving the economy of scale of its factories.”

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 continue to build its brands and distribution networks in key markets.” Lo is also Chairman and Chief Executive of Gold Peak.

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