

Press Release

For Immediate Release

8 February 2018, Hong Kong



Singapore-listed GP Industries announces 2017/2018 Q3 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 nine months ended 31 December 2017.

Summary of results of GP Industries

	<i>(For the nine months ended 31 December)</i>		% of change
	2017	2016	
Turnover	S\$837 million	S\$774 million	+ 8.1%
Profit attributable to equity holders of GP Industries	S\$30.23 million	S\$20.07 million	+ 50.6%

Review of Results

GP Industries' revenue for the nine-month period ended 31 December 2017 ("Q3YTDFY2018") was S\$837.2 million, an increase of 8.1% over the revenue reported for the corresponding period ended 31 December 2016 ("Q3YTDFY2017"). The increase was mainly attributable to a 10.5% revenue growth reported by the Battery Business, previously referred to as GP Batteries International Limited ("GP Batteries") before its 100% acquisition by the Company during the financial quarter ended 31 December 2017, and a 3.1% revenue increase reported by the Electronics and Acoustics Business.

Despite the 8.1% increase in revenue, gross profit only increased by 3.5% to S\$200.2 million due to cost increase, mainly contributed from the appreciation of the Renminbi and increased metal and component prices. Distribution costs decreased by 5.0%, as GP Industries selectively slowed down some of its 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 the payment performance and ageing profile from its distribution network in China. During Q3YTDFY2018, GP Industries reported a net exchange loss of S\$6.6 million as compared to a net exchange gain of S\$14.5 million reported last year. GP Industries also reported higher other operating income of S\$33.6 million for Q3YTDFY2018 when compared to the S\$12.6 million reported in Q3YTDFY2017, mainly from the 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 from approximately 64.88% as at 30 September 2017 to 100% as at 31 December 2017, pursuant to a voluntary conditional cash offer for, and the consequential compulsory acquisition of, all the issued ordinary shares of GP Batteries, other than those already owned by GP Industries. GP Batteries was de-listed from the Singapore Exchange Securities Trading Limited with effect from 27 December 2017. Related transactional costs, amounted to approximately S\$1.6 million, were recorded as other operating expenses of GP Industries.

For Q3YTDFY2018, profit before taxation increased by 22.6% to S\$62.4 million when compared to the S\$50.9 million reported in Q3YTDFY2017. Profit after taxation attributable to equity holders for Q3YTDFY2018 increased by 50.6% to S\$30.2 million when compared to the S\$20.1 million reported last year.

Business Review of GP Industries

(for the nine months ended 31 December 2017)

Battery Business

The revenue of the *Battery Business* for Q3YTDFY2018 was S\$627.7 million, a 10.5% increase over the revenue for Q3YTDFY2017. Sales of primary batteries and rechargeable batteries increased by 11.7% and 8.4% respectively. However, steep

increase in material costs, weaker United State Dollar and stronger Renminbi have significant adverse impact on gross profit margin for the period under review.

In geographical terms, sales increased across all regions. Sales in the Americas, Asia and Europe for Q3YTDFY2018 increased by 27.7%, 5.5% and 10.9% respectively.

Electronics and Acoustics Business

Revenue from the Electronics and Acoustics Business in Q3YTDFY2018 grew by 3.1%. Sales of electronics products decreased by 6.8%, 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 19.4%. Sales to the US market increased by 24.6%, to the Asian markets increased by 24.7% and to the European market increased by 8.2%. However, the appreciation of the Renminbi, rapid increase in the price of some components and GP Industries' active investments in brand building activities affected margins and costs.

Automotive Wire Harness Business

Sales of the Automotive Wire Harness Business decreased by 5.4% in Q3YTDFY2018. Sales to China increased by 36.5% while sales to the US decreased by 23.5% as some wire harnesses supplied to a key US customer approached the end of their production cycle. The appreciating Renminbi 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"). Both Meiloon and Linkz reported revenue growth and contributed more profit before taxation.

Prospects of GP Industries

Commenting on the prospects of GP Industries, Chairman and Chief Executive Officer, Victor Lo said, “Consumer demand for GP Industries’ products 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 return to growth from the current low level. However, appreciation of Renminbi and increases in the price of certain metals and components are expected to affect the profit margin for some of GP Industries’ businesses.”

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

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