

Press Release

For Immediate Release

5 November 2018, Hong Kong



Singapore-listed GP Industries announces 2018/2019 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 2018.

Summary of results of GP Industries

| | <i>(For the six months ended 30 September)</i> | | % of change |
|--|--|-----------------|-------------|
| | 2018 | 2017 | |
| Turnover | S\$595 million | S\$569 million | + 4.5% |
| Profit attributable to equity holders of GP Industries | S\$14.0 million | S\$12.5 million | + 12.0% |

Review of Results

GP Industries' revenue for the 6-month period ended 30 September 2018 ("H1FY2019") was S\$595.0 million, an increase of 4.5% over the revenue reported for the 6-month period ended 30 September 2017 ("H1FY2018"). The increase was mainly attributable to a 6.4% revenue growth reported by the *Batteries Business*.

The Chinese Renminbi ("Renminbi") weakened against the US dollar and some raw material prices declined during the financial quarter ended 30 September 2018 ("Q2FY2019"). This contributed to improve GP Industries' gross profit margin, from 21.8% for the first financial quarter ended 30 June 2018 ("Q1FY2019"), to 25.7% for Q2FY2019. However, GP Industries' gross profit margin for H1FY2019 was 23.8%, compared to 24.3% for H1FY2018. The lower gross profit margin for H1FY2019 was

due to the lower gross profit margin for Q1FY2019 attributable to a stronger Renminbi and the high prices of some raw material. The US dollar strengthened against the Renminbi since the latter part of Q1FY2019 and contributed to a net exchange gain of S\$6.7 million for H1FY2019, compared to a net exchange loss of S\$4.5 million for H1FY2018.

During H1FY2019, GP Industries reported lower income tax expense, due partly to a write-back of taxation expense by certain subsidiary and associate operating in China.

Profit after taxation attributable to equity holders for H1FY2019 increased by 12.0% to S\$14.0 million when compared to the S\$12.5 million reported last year.

Business Review of GP Industries

(for the six months ended 30 September 2018)

Batteries Business

The revenue of the *Batteries Business* for H1FY2019 was S\$461.1 million, a 6.4% increase over last year. Sales of primary batteries increased by 11.4% while sales of rechargeable batteries decreased by 13.8%. In geographical terms, sales in the Americas, Europe and Asia increased by 2.1%, 5.3% and 8.5% respectively.

Gross profit margin for Q2FY2019 improved due to lower material costs and the lower Renminbi exchange rate against the US dollar.

Electronics and Acoustics Business

Revenue from the *Electronics and Acoustics Business* in H1FY2019 decreased by 1.6%. Sales of electronics products decreased by 7.3% while sales of acoustics products grew by 5.3%. Sales of acoustics products increased by 11.2% in the US market, 1.8% in the Asian markets, and 4.8% in the European market. The associated companies which manufacture parts and components contributed more profit in aggregate due to higher revenue.

Automotive Wire Harness Business

Sales of the *Automotive Wire Harness Business* in H1FY2019 decreased by 2.5%. Sales to the US increased by 14.8% due to increased demand for new products while sales to China decreased by 22.8% due partly to delays in production of new car models and partly to reduced demand from automotive manufacturers.

Other Industrial Investments

This business segment includes GP Industries' investments in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). In H1FY2019, Linkz reported revenue growth but profit contribution decreased due partly to the profit shared by the non-controlling interests of a subsidiary which was listed on the Stock Exchange of Hong Kong Limited in February 2018, and partly to exchange losses and increase in finance cost. Revenue of Meiloon decreased and contributed less profit.

Prospects of GP Industries

Commenting on the prospects of GP Industries, Chairman and Chief Executive Officer, Victor Lo said, "The trade disputes between the US and China cast significant uncertainties on business outlook. Based on the announced US import tariff scheme, slightly less than 10.0% of GP Industries' businesses, comprising battery products and automotive wire harnesses, are subjected to additional tariffs imposed by the US. GP Industries is working with its customers in the US on the best response to the increased import cost. It is also rapidly expanding the capacity of its manufacturing facilities in Malaysia and Vietnam to take up more of its US export businesses so as to minimize the impact on its businesses from the US import tariffs on products made in China."

Lo continued, "Volatile currency exchange rates may also affect GP Industries' results. A weakened Renminbi is generally favourable to GP Industries' export-oriented businesses from China. Volatility in certain raw material prices and the global shortage of some electronic components are expected to continue to cause instability in GP Industries' profit margin."

“As announced on 29 October 2018, the proposed disposals of properties in Huizhou, China by the subsidiaries of the *Batteries Business* were terminated. GP Industries is working on re-launching the sale of these properties.”

“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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