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金山工業(集團)有限公司
Gold Peak Industries (Holdings) Limited

(Incorporated in Hong Kong under the Companies Ordinance)
(Stock Code: 40)



**Announcement of 2018/2019 Final Results of
GP Industries Limited**

Pursuant to Paragraph 13.09(2) of the Listing Rules, the Board of Directors of Gold Peak Industries (Holdings) Limited is pleased to announce the unaudited consolidated results of GP Industries Limited for the year ended 31 March 2019. GP Industries Group's turnover increased by 6.1% to S\$1,167 million and the net profit attributable to equity holders of GP Industries increased by 25.5% to S\$29.2 million for the year ended 31 March 2019.

Pursuant to Paragraph 13.09(2) of the Listing Rules, the Board of Directors of Gold Peak Industries (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated results of GP Industries Limited ("GP Industries" and together with its subsidiaries, "GP Industries Group") for the year ended 31 March 2019. GP Industries is an 85.5%-owned subsidiary of the Company and is listed on the Singapore Exchange Securities Trading Limited.

GP INDUSTRIES LIMITED
UNAUDITED CONSOLIDATED RESULTS

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	S\$'000	HK\$'000 (Note)	S\$'000	HK\$'000 (Note)
Turnover	1,167,142	6,767,673	1,099,704	6,316,260
Cost of sales	<u>(875,476)</u>	<u>(5,076,448)</u>	<u>(842,940)</u>	<u>(4,841,510)</u>
Gross profit	291,666	1,691,225	256,764	1,474,750
Other operating income	38,017	220,442	44,524	255,728
Distribution costs	(135,686)	(786,775)	(113,001)	(649,033)
Administrative expenses	(129,711)	(752,129)	(124,280)	(713,815)
Exchange gain (loss)	6,598	38,259	(11,428)	(65,638)
Other operating expenses	<u>(8,633)</u>	<u>(50,058)</u>	<u>(8,688)</u>	<u>(49,900)</u>
Profit from operations	62,251	360,964	43,891	252,092
Finance costs	(25,625)	(148,587)	(17,091)	(98,164)
Share of results of associates	<u>27,662</u>	<u>160,398</u>	<u>30,116</u>	<u>172,974</u>
Profit before taxation	64,288	372,775	56,916	326,902
Taxation	<u>(18,260)</u>	<u>(105,881)</u>	<u>(21,457)</u>	<u>(123,240)</u>
Profit after taxation	<u>46,028</u>	<u>266,894</u>	<u>35,459</u>	<u>203,662</u>
Attributable to:				
Equity holders of GP Industries	29,157	169,068	23,226	133,401
Non-controlling interests	<u>16,871</u>	<u>97,826</u>	<u>12,233</u>	<u>70,261</u>
	<u>46,028</u>	<u>266,894</u>	<u>35,459</u>	<u>203,662</u>
	S cents	HK cents	S cents	HK cents
Earnings per share	<u>6.02</u>	<u>34.91</u>	<u>4.79</u>	<u>27.51</u>
	S cents	HK cents	S cents	HK cents
Final dividend per share	<u>2.25</u>	<u>13.05</u>	<u>1.75</u>	<u>10.05</u>

Note:-

The Hong Kong dollar equivalents as shown above for illustrative purposes are converted at the average exchange rates for the respective periods.

REVIEW OF RESULTS

GP Industries Group's revenue for the financial year ended 31 March 2019 ("FY2019") was S\$1,167.1 million, representing an increase of 6.1% over the revenue reported for the financial year ended 31 March 2018 ("FY2018"). The increase was mainly attributable to revenue growth reported by both the Batteries Business and the Electronics and Acoustics Business, and was partially offset by the decrease in revenue of the Automotive Wire Harness Business.

GP Industries Group's gross profit increased by 13.6% from S\$256.8 million for FY2018 to S\$291.7 million for FY2019. The overall gross profit margin improved from 23.3% for FY2018 to 25.0% for FY2019, mainly from the combined effects of higher contribution from strong sales of new acoustics products introduced during FY2019, softened prices for certain raw materials and a weaker Chinese Renminbi against the US dollar.

Other operating income decreased by 14.6% from S\$44.5 million for FY2018 to S\$38.0 million for FY2019. Other operating income for FY2019 included compensation for relocation of S\$17.2 million and a compensation income of S\$7.9 million for damages to certain plant and buildings, both of which were attributable to GP Industries Group's 70% owned subsidiary, Zhongyin (Ningbo) Battery Co Ltd. In FY2018, other operating income included gain from disposal of property, plant and equipment of S\$28.5 million.

Distribution costs increased substantially by 20.1% from S\$113.0 million for FY2018 to S\$135.7 million for FY2019. The increase was mainly attributable to a higher level of brand building activities and higher cost due to increased battery sales with DDP (Incoterm for Delivered Duty Paid) and a higher level of vendor managed inventory.

The strengthening of the US dollar against the Chinese Renminbi since the financial quarter ended 30 June 2018 contributed to a net exchange gain of S\$6.6 million for FY2019 while a net exchange loss of S\$11.4 million was recorded in FY2018.

GP Industries Group's profit after taxation attributable to equity holders for FY2019 increased by 25.5% to S\$29.2 million when compared to S\$23.2 million for FY2018.

Based on the weighted average of 484,322,797 shares in issue (FY2018: 484,469,182 shares), basic earnings per share for FY2019 was 6.02 Singapore cents, compared to 4.79 Singapore cents for FY2018.

BUSINESS REVIEW

Batteries Business - The revenue of the Batteries Business for FY2019 was S\$871.8 million, representing a 5.7% increase over the revenue recorded in FY2018. Sales of primary batteries increased by 8.5% while sales of rechargeable batteries decreased by 6.8% when compared to FY2018. In geographical terms, sales in Europe, Asia and the Americas increased by 12.5%, 3.6% and 2.8% respectively.

Softened raw material prices and more favorable exchange rates contributed to the improvement of the gross profit margin in FY2019. GP Industries Group's factory expansion projects in Malaysia and Vietnam are progressing as planned and the expanded Alkaline 9V batteries manufacturing facilities in Malaysia, which has been fully operational since the second half of FY2018, started to contribute to GP Industries Group's business and profitability.

Electronics and Acoustics Business - Revenue from the Electronics and Acoustics Business in FY2019 increased by 10.8% compared to FY2018. Sales of electronics products increased by 12.1% while sales of acoustics products grew by 9.4% when compared to FY2018. The new KEF wireless speakers launched during the second half of FY2019 were well received by the market. Sales of acoustics products increased by 20.9% in the American market and 8.5% in the European market, while sales remained steady in Asia. The associated companies which manufacture parts and components contributed more profit in aggregate.

Automotive Wire Harness Business - Sales of the Automotive Wire Harness Business in FY2019 decreased by 9.5% when compared to FY2018. Sales to the American market increased by 3.5% due mainly to the demand for new products despite the USA import tariff imposed on automotive parts made in China. Sales to China decreased by 25.7% due mainly to the softening of the passenger car market in China.

Other Industrial Investments - This business segment includes GP Industries Group's investments in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). In FY2019, 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 in February 2018, and partly to exchange losses and increase in finance cost in FY2019. Revenue of Meiloon decreased and contributed less profit to GP Industries Group in FY2019.

PROSPECTS

The trade dispute between the USA and China cast significant uncertainties on business outlook. Development regarding Brexit may also bring uncertainties. Softening global economic growth may affect the demand for some of GP Industries Group's products.

Based on the current USA import tariff scheme effective from 10 May 2019, approximately 14.3% of GP Industries Group's businesses are subjected to such import tariffs, including some battery products, automotive wire harnesses and speaker products. GP Industries Group is working with its customers in the USA on the best response to the increased import costs. The proposed enlarged USA import tariff scheme for all made in China products, if implemented, may affect other products from GP Industries Group.

To minimize the impact of the USA import tariffs, GP Industries Group is rapidly expanding the capacity of its manufacturing facilities in Malaysia and Vietnam and exploring other cooperation opportunities outside China to take up more of GP Industries Group's USA export businesses.

Volatile currency exchange rates may also affect GP Industries Group's results. A weakened Chinese Renminbi and currencies of other countries, where GP Industries Group has significant manufacturing and distribution operations, against US dollar is generally favorable to GP Industries Group's export-oriented businesses. Volatility in certain raw material prices may continue to affect GP Industries Group's profit margin. The global shortage of certain electronic components continued to ease gradually.

GP Industries Group will continue to enhance the competitiveness of its businesses by investing in technology and new product development, further automating its factories and continuing to build GP Industries Group's brands and distribution networks in key markets.

At the general meeting of GP Industries held on 7 September 2018, members of GP Industries approved the disposal of certain land and buildings in Huizhou, PRC by GP Electronics (Huizhou) Co., Ltd., a wholly owned subsidiary of GP Industries. Part of the Disposal Consideration and Compensation (as defined in the circular of GP Industries dated 23 August 2018) was received by GP Industries Group during FY2019, and certain balances were still outstanding as at 31 March 2019. On 27 May 2019, GP Industries Group has received the remaining balance of the Disposal Consideration and Compensation and is in the process of transferring the titles of the concerned land and buildings to the purchaser. Accordingly, it is expected that GP Industries Group will recognize the disposal gain during the financial year ending 31 March 2020.

By Order of the Board
Louis WONG Man Kon
Company Secretary

Hong Kong, 28 May 2019
www.goldpeak.com

As at the date of this announcement, the Board consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), Richard KU Yuk Hing, Brian LI Yiu Cheung, Michael LAM Hin Lap and Brian WONG Tze Hang as Executive Directors, Messrs. LUI Ming Wah, Frank CHAN Chi Chung, CHAN Kei Bui and Timothy TONG Wai Cheung as Independent Non-Executive Directors, Mr. LEUNG Pak Chuen (Non-Executive Vice Chairman) and Ms. Karen NG Ka Fai as Non-Executive Directors.