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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 2019/2020 First Quarter 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 quarter ended 30 June 2019. GP Industries Group's turnover decreased by 4.6% to S\$273.9 million and the net profit attributable to equity holders of GP Industries decreased by 27.5% to S\$5.2 million for the quarter ended 30 June 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 quarter ended 30 June 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 first quarter ended 30 June 2019		For the first quarter ended 30 June 2018	
	S\$'000	HK\$'000 (Note)	S\$'000	HK\$'000 (Note)
Turnover	273,876	1,576,512	287,025	1,692,787
Cost of sales	(202,517)	(1,165,749)	(224,365)	(1,323,237)
<b>Gross profit</b>	<b>71,359</b>	<b>410,763</b>	62,660	369,550
Other operating income	2,637	15,179	12,024	70,914
Distribution costs	(32,306)	(185,963)	(31,959)	(188,485)
Administrative expenses	(30,265)	(174,214)	(31,816)	(187,641)
Allowance for expected credit losses	(70)	(403)	(47)	(277)
Exchange gain	1,190	6,850	4,069	23,998
Other operating expenses	(2,863)	(16,480)	(732)	(4,317)
<b>Profit from operations</b>	<b>9,682</b>	<b>55,732</b>	14,199	83,742
Finance costs	(6,691)	(38,515)	(5,727)	(33,776)
Share of results of associates	6,792	39,097	7,291	43,000
<b>Profit before taxation</b>	<b>9,783</b>	<b>56,314</b>	15,763	92,966
Taxation	(2,207)	(12,704)	(3,952)	(23,308)
<b>Profit after taxation</b>	<b>7,576</b>	<b>43,610</b>	11,811	69,658
<b>Attributable to:</b>				
Equity holders of GP Industries	5,213	30,008	7,189	42,399
Non-controlling interests	2,363	13,602	4,622	27,259
	<b>7,576</b>	<b>43,610</b>	11,811	69,658
<b>Earnings per share</b>	<b>1.08</b>	<b>6.22</b>	1.48	8.73

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 quarter ended 30 June 2019 ("Q1FY2020") was S\$273.9 million, a 4.6% decline compared to the revenue reported for the financial quarter ended 30 June 2018 ("Q1FY2019").

Despite a decrease in revenue, gross profit for Q1FY2020 increased by 13.9% to S\$71.4 million as gross profit margin improved from 21.8% in Q1FY2019 to 26.1% in Q1FY2020. This increase was mainly due to improved gross profit margin of the *Batteries Business*, from a more favorable Renminbi against US dollar exchange rate, lower price for some raw materials and Management's focusing on better quality businesses and cost efficiency improvements.

However, profit before taxation decreased from S\$15.8 million reported in Q1FY2019 to S\$9.8 million in Q1FY2020, mainly due to the one-time S\$7.9 million compensation income for damage to a factory property in China and a higher foreign exchange gain reported in Q1FY2019.

GP Industries Group's profit after taxation attributable to equity holders for Q1FY2020 was S\$5.2 million, a decline of 27.5% from S\$7.2 million reported in Q1FY2019.

Based on the weighted average of 484,046,682 shares in issue, basic earnings per share for Q1FY2020 was 1.08 Singapore cents, a 27.0% decline from the 1.48 Singapore cents reported in Q1FY2019.

## BUSINESS REVIEW

*Batteries Business* - The revenue of the *Batteries Business* for Q1FY2020 was S\$211.3 million, a 3.6% decline compared to the revenue recorded in Q1FY2019. Sales of primary batteries decreased by 5.8% while sales of rechargeable batteries increased by 8.2% compared to Q1FY2019. In geographical terms, sales in Asia decreased by 12.1%, sales in Europe increased by 15.1% and sales in the Americas remained steady.

Gross profit margin improved from 18.6% in Q1FY2019 to 24.0% in Q1FY2020 compared to Q1FY2019. This was mainly contributed by the combined effects of lower price for some raw materials, a more favorable Renminbi exchange rate, sales increase of rechargeable batteries used in true wireless headphones, IoT (internet of things) devices and home automation products plus Management's efforts to focus on better quality businesses and cost efficiency improvements. The associates of the *Batteries Business* also contributed improved profit in aggregate.

*Electronics and Acoustics Business* - The revenue of the *Electronics and Acoustics Business* for Q1FY2020 was S\$53.4 million, a 6.1% decline compared to the revenue reported in Q1FY2019. Sales of electronics products decreased by 14.2% while sales of acoustics products grew by 2.9%. Sales of acoustics products to Europe increased by 5.5%, to Asia increased by 4.9% while sales to the Americas declined by 6.1%. The associated companies which manufacture parts and components also contributed less profit as revenue declined.

*Automotive Wire Harness Business* - The revenue of the *Automotive Wire Harness Business* for Q1FY2020 was S\$9.2 million, a decline of 16.7% compared to the revenue reported in Q1FY2019. Sales to the Americas decreased by 6.5% while sales to China decreased by 33.8% due mainly to the softening of the passenger car market in the US and 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 Q1FY2020, Linkz recorded a decline in revenue and profit contribution while profit contribution of Meiloon increased as revenue increased.

## **PROSPECTS**

Based on the revenue for the last financial year ended 31 March 2019, the enlarged US import tariff scheme, when becomes effective, will affect approximately 24.0% of GP Industries Group's products. To minimize the impact of the US 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 US export businesses. Construction of a new battery factory in Vietnam has been completed and is expected to commence operations in the coming quarters.

Developments regarding Brexit may bring uncertainties and softening of the global economy may also affect the demand for some of GP Industries Group's products.

Volatile currency exchange rates may also affect GP Industries Group's results. A weakened Renminbi against US dollar may help to offset some of the negative impacts of the US-China trade war. Volatility in certain raw material prices may also affect GP Industries Group's profit margin.

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.

## **BOARD OF DIRECTORS**

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.

By Order of the Board  
**Louis WONG Man Kon**  
Company Secretary

Hong Kong, 14 August 2019  
[www.goldpeak.com](http://www.goldpeak.com)