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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 Interim 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 six months ended 30 September 2019. GP Industries Group's turnover decreased by 5.5% to S\$562 million and the net profit attributable to equity holders of GP Industries increased by 175.7% to S\$38.7 million.

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 six months ended 30 September 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 six months ended 30 September 2019		For the six months ended 30 September 2018	
	S\$'000	HK\$'000 (Note)	S\$'000	HK\$'000 (Note)
Revenue	562,330	3,217,933	594,962	3,469,997
Cost of sales	<u>(414,525)</u>	<u>(2,372,119)</u>	<u>(453,213)</u>	<u>(2,643,274)</u>
Gross profit	147,805	845,814	141,749	826,723
Other operating income	58,399	334,188	13,392	78,106
Distribution costs *	(63,002)	(360,529)	(65,788)	(383,695)
Administrative expenses	(63,237)	(361,873)	(64,611)	(376,831)
Allowance for expected credit losses*	(119)	(681)	(285)	(1,662)
Exchange gain	4,345	24,864	6,721	39,199
Other operating expenses	<u>(25,521)</u>	<u>(146,044)</u>	<u>(2,524)</u>	<u>(14,721)</u>
Profit from operations	58,670	335,739	28,654	167,119
Finance costs	(13,284)	(76,018)	(12,456)	(72,647)
Share of results of associates	17,426	99,720	14,427	84,142
Profit before taxation	62,812	359,441	30,625	178,614
Taxation	<u>(18,183)</u>	<u>(104,052)</u>	<u>(8,504)</u>	<u>(49,598)</u>
Profit after taxation	<u>44,629</u>	<u>255,389</u>	<u>22,121</u>	<u>129,016</u>
Attributable to:				
Equity holders of GP Industries	38,711	221,523	14,042	81,897
Non-controlling interests	<u>5,918</u>	<u>33,866</u>	<u>8,079</u>	<u>47,119</u>
	<u>44,629</u>	<u>255,389</u>	<u>22,121</u>	<u>129,016</u>
	S cents	HK cents	S cents	HK cents
Earnings per share	<u>8.00</u>	<u>45.78</u>	<u>2.90</u>	<u>16.91</u>
Dividend per share				
Interim	1.25	7.15	1.25	7.29
Interim special	<u>0.55</u>	<u>3.15</u>	<u>-</u>	<u>-</u>

* Prior period comparative figures have been reclassified to conform to current period's presentation.

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 six months ending 30 September 2019 ("H1FY2020") was S\$562.3 million, a 5.5% decline compared to the revenue for the corresponding period ending 30 September 2018 ("H1FY2019").

Despite a decrease in revenue, gross profit for H1FY2020 increased by 4.3% to S\$147.8 million as gross profit margin improved from 23.8% in H1FY2019 to 26.3% in H1FY2020. This increase was mainly due to improved gross profit margin, as result of a more favorable Renminbi against US dollar exchange rate, lower price for some raw materials and Management focusing on cost efficiency improvements and on better quality businesses.

GP Industries Group's other operating income increased by S\$45.0 million in H1FY2020, mainly attributable to a gain from disposal of land and buildings by a wholly owned subsidiary, GP Electronics (Huizhou) Co., Ltd. ("GPHC") of S\$48.4 million. Other operating expenses increased in H1FY2020 by S\$23.0 million, due mainly to a provision for restructuring costs of S\$17.5 million for relocation of the operations of GPHC and a S\$4.1 million realised loss on derivative financial instruments due to depreciation of Renminbi.

Profit before taxation increased by S\$32.2 million, from S\$30.6 million in H1FY2019 to S\$62.8 million in H1FY2020. Taxation expenses for H1FY2020 increased by S\$9.7 million to S\$18.2 million due mainly to taxation expense on GPHC's property disposal gain. As a result, GP Industries Group's profit after taxation attributable to equity holders for H1FY2020 was S\$38.7 million, an increase of S\$24.7 million from S\$14.0 million in H1FY2019.

Based on the weighted average of 484,046,682 GP Industries shares in issue, basic earnings per share of GP Industries for H1FY2020 was 8.00 Singapore cents, a 175.9% increase from the 2.90 Singapore cents for H1FY2019.

BUSINESS REVIEW

Batteries Business - The revenue of the Batteries Business for H1FY2020 was S\$429.3 million, a 6.9% decline compared to the revenue recorded in H1FY2019. Sales of primary batteries decreased by 9.7% while sales of rechargeable batteries increased by 9.0%. In geographical terms, sales in Asia and Americas decreased by 11.9% and 10.7% respectively while sales in Europe increased by 6.5%.

The associates of the Batteries Business contributed more profit in aggregate.

During H1FY2020, GP Industries Group's interest in STL Technology Co., Ltd ("STL") decreased from 34.27% to 30.08%, as a result of new shares issued by STL and the disposal of 100,000 old STL shares in connection with the public listing of STL shares on the mainboard of the Taipei Exchange. The listing of STL shares contributed to a gain of S\$1.6 million for GP Industries Group.

Electronics and Acoustics Business - The revenue of the Electronics and Acoustics Business for H1FY2020 was S\$113.6 million, a 1.5% increase compared to the revenue for H1FY2019. Sales of electronics products decreased by 0.6% while sales of acoustics products grew by 3.7%. Sales of acoustics products to Europe increased by 4.9%, sales to Asia increased by 12.4% while sales to the Americas declined by 5.1% when compared to H1FY2019. The associated companies which manufacture parts and components contributed less profit during this period.

During H1FY2020, GPHC reported a property disposal gain of S\$48.4 million and a provision for restructuring costs of S\$17.5 million in connection with the relocation of part of its operations to Thailand and to set up another factory in a new location in China.

Automotive Wire Harness Business - The revenue of the Automotive Wire Harness Business for H1FY2020 was S\$19.4 million, a decline of 11.3% when compared to the revenue for H1FY2019. Sales to the Americas decreased by 3.8% while sales to China decreased by 25.6%. The decline was due mainly to 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 H1FY2020, Linkz recorded declines in revenue and profit contribution, while profit contribution from Meiloon increased as revenue increased.

PROSPECTS

Amidst the US-China trade dispute and geo-political uncertainties, 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. The Batteries Business is expanding the capacity for manufacturing of miniature rechargeable Lithium batteries to capture market opportunities which arise from increasing popularity of IOT (internet of things) and wearable electronic devices.

As part of the strategy, GP Industries Group continues to expand its manufacturing facilities outside China to diversify GP Industries Group's manufacturing base and to leverage on the competitive advantages of other Asian countries. The additional manufacturing facilities set up by the Batteries Business in Malaysia and Vietnam are near completion and are expected to start operation in the coming quarters. The formation of a 51% owned subsidiary in Thailand for manufacturing electronics and acoustics products is progressing as planned and is expected to start operation in the coming quarters.

Both our batteries business and audio business have experienced softened demand in many key markets during recent months. Developments regarding Brexit may also bring some uncertainties. The outcome of the US-China trade negotiations is still uncertain.

Volatility in certain raw material prices and the exchange rates of key trading currencies may also affect GP Industries Group's results while a weakened Renminbi against US dollar helps to offset some of the negative impacts of the US-China trade dispute and increases in raw material prices.

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, 12 November 2019
www.goldpeak.com