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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 Nine-Month Results of
GP Industries Limited
(For the nine months ended 31 December 2018)**

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 nine months ended 31 December 2018. GP Industries' turnover increased by 6.3% to S\$890.2 million and the net profit attributable to equity holders of GP Industries decreased by 11.3% to S\$26.8 million for the nine months ended 31 December 2018.

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 nine months ended 31 December 2018. 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 nine months ended 31 December 2018		For the nine months ended 31 December 2017	
	S\$'000	HK\$'000 (Note)	S\$'000	HK\$'000 (Note)
Turnover	890,249	5,158,014	837,200	4,758,561
Cost of sales	(664,828)	(3,851,947)	(637,022)	(3,620,769)
Gross profit	225,421	1,306,067	200,178	1,137,792
Other operating income	17,725	102,697	33,607	191,019
Distribution costs	(101,085)	(585,676)	(79,806)	(453,609)
Administrative expenses	(97,227)	(563,324)	(94,065)	(534,656)
Exchange gain (loss)	6,711	38,883	(6,640)	(37,741)
Other operating expenses	(3,421)	(19,821)	(5,037)	(28,630)
Profit from operations	48,124	278,826	48,237	274,175
Finance costs	(19,452)	(112,703)	(12,023)	(68,338)
Share of results of associates	22,625	131,087	26,181	148,810
Profit before taxation	51,297	297,210	62,395	354,647
Taxation	(13,776)	(79,817)	(21,619)	(122,880)
Profit after taxation	37,521	217,393	40,776	231,767
Attributable to:				
Equity holders of GP Industries	26,825	155,421	30,231	171,830
Non-controlling interests	10,696	61,972	10,545	59,937
	37,521	217,393	40,776	231,767
	S cents	HK cents	S cents	HK cents
Earnings per share	5.54	32.10	6.24	35.47

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 9-month period which ended on 31 December 2018 ("YTDFY2019") was S\$890.2 million, an increase of 6.3% over the revenue reported for the 9-month period ended on 31 December 2017 ("YTDFY2018"). The increase was mainly attributable to revenue growth reported by both the Electronics and Acoustics Business and the Batteries Business.

With softening global economy and the trade friction between China and the USA, the Chinese Renminbi against the US dollar exchange rate and the prices of certain raw materials reversed their appreciation trend. This contributed to improve GP Industries Group's gross profit margin from 23.9% for YTDFY2018 to 25.3% for YTDFY2019. In addition, strong sales carrying higher gross profit margin reported by the branded acoustics businesses during the financial quarter ended 31 December 2018 ("Q3FY2019") helped to improve GP Industries Group's gross profit margin, from the 23.0% reported for the financial quarter ended in 31 December 2017 to 28.3% for Q3FY2019. Increase in sales and higher level of investment in brand building activities contributed to an increase in distribution costs. The strengthening of the US dollar against the Chinese Renminbi since the latter part of the financial quarter ended 30 June 2018 contributed to a net exchange gain of S\$6.7 million for YTDFY2019, compared with a net exchange loss of S\$6.6 million for YTDFY2018.

Other operating income decreased from S\$33.6 million for YTDFY2018 to S\$17.7 million for YTDFY2019. In YTDFY2019, GP Industries Group reported extraordinary income mainly from the compensation income of S\$7.9 million for damages caused by third parties to a property of the 70% owned subsidiary, Zhongyin (Ningbo) Battery Co Ltd, whereas in YTDFY2018, other operating income included gain from disposal of property, plant and equipment of S\$23.0 million.

Profit after taxation attributable to equity holders of GP Industries for YTDFY2019 decreased by 11.3% to S\$26.8 million when compared to the S\$30.2 million reported for YTDFY2018.

Based on the weighted average of 484,413,105 shares in issue (YTDFY2018: 484,469,182 shares), basic earnings per share for YTDFY2019 was 5.54 Singapore cents as compared to 6.24 Singapore cents for YTDFY2018.

BUSINESS REVIEW

Battery Business - The revenue of the Batteries Business for YTDFY2019 was S\$667.0 million, a 6.3% increase over the revenue for YTDFY2018. Sales of primary batteries increased by 10.3% while sales of rechargeable batteries decreased by 11.4%. In geographical terms, sales in the Americas, Europe and Asia increased by 2.2%, 13.3% and 4.5% respectively.

Softened raw material prices and more favorable exchange rates contributed to improve the gross profit margin of Q3FY2019 when compared to that reported in the three preceding financial quarters.

Electronics and Acoustics Business - Revenue from the Electronics and Acoustics Business in YTDFY2019 increased by 9.5% compared to YTDFY2018. Sales of electronics products increased by 7.5% while sales of acoustics products grew by 11.6%. New KEF wireless speakers launched during YTDFY2019 were well received by the market. Sales of acoustics products increased by 23.2% in the US market, 3.9% in the Asian markets, and 6.7% in the European market. The associated companies which manufacture parts and components contributed more profit in aggregate from higher revenue.

Automotive Wire Harness Business - Sales of the Automotive Wire Harness Business in YTDFY2019 decreased by 8.1% when compared to YTDFY2018. Sales to the US market increased by 5.6% due mainly to the increased demand for new products before US trade tariff for automotive parts made in China was imposed. Sales to China decreased by 24.0% 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 YTDFY2019, 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

The trade dispute between the USA and China casts significant uncertainties on business outlook. The softening global economic growth may also affect the demand for some of GP Industries Group's products. Based on the latest announced US import tariff scheme, slightly less than 10.0% of GP Industries Group's businesses are affected. GP Industries Group's battery products, automotive wire harnesses and some speaker products made in China are subjected to import tariffs imposed by the US. GP Industries Group is working with its customers in the US on the best response to the increased import cost. GP Industries Group 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 of US import tariffs on GP Industries Group's products.

Volatile currency exchange rates may also affect GP Industries Group's results. A weakened Chinese Renminbi is generally favorable to its export-oriented businesses from China. Volatility in certain raw material prices may continue to affect GP Industries Group's profit margin. However, the global shortage of some electronic components started to show signs of easing recently.

GP Industries Group will continue to enhance the competitiveness of its businesses by investing in technology, new product development, further automating its factories and continue 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 and WONG Man Kit as Executive Directors, Messrs. LUI Ming Wah, Frank CHAN Chi Chung and CHAN Kei Biu 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
WONG Man Kit
Company Secretary

Hong Kong, 1 February 2019
www.goldpeak.com