

Press Release

For Immediate Release

14 August 2019, Hong Kong



Singapore-listed GP Industries announces 2019/2020 Q1 results

Gold Peak Industries (Holdings) Limited's (stock code: 40) 85.5% subsidiary, the Singapore-listed GP Industries Limited, today announced its unaudited quarterly results for the three months ended 30 June 2019.

Summary of results of GP Industries

	<i>(For the three months ended 30 June)</i>		% of change
	2019	2018	
Turnover	S\$273.9 million	S\$287.0 million	- 4.6%
Profit attributable to equity holders of GP Industries	S\$5.2 million	S\$7.2 million	- 27.5%

Review of Results

GP Industries' 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 the 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, 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' 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.

Business Review of GP Industries

(for the three months ended 30 June 2019)

Batteries Business

The revenue of the *Batteries Business* was S\$211.3 million, a 3.6% decline when compared to Q1FY2019. Sales of primary batteries decreased by 5.8% while sales of rechargeable batteries increased by 8.2%. 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% to 24.0%. 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 the 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* was S\$53.4 million, a 6.1% decline when compared to 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 contributed less profit as revenue declined.

Automotive Wire Harness Business

The revenue of the *Automotive Wire Harness Business* was S\$9.2 million, declined by 16.7%. 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' 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 with improved revenue.

Prospects of GP Industries

Commenting on the prospects of GP Industries, Chairman and Chief Executive Officer, Victor Lo said, "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' products. To minimize the impact of the US import tariffs, GP Industries 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 its 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 the GP Industries' products."

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

"GP Industries 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 the its brands and distribution networks in key markets." Lo is also Chairman and Chief Executive of Gold Peak.

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