

Press Release

For Immediate Release

21 June 2018, Hong Kong



Gold Peak announces 2017/2018 final results

Gold Peak Industries (Holdings) Limited (*SEHK: 40*) today announced its audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2018.

Financial highlights

Turnover	: HK\$6,316 million, up 8.5%
Profit attributable to owners of the Company	: HK\$20.4 million, up 1.2% (2016/17: HK\$20.1 million)
Earnings per share	: 2.6 HK cents (2016/17: 2.6 HK cents)
Proposed final dividend per share	: 1.2 HK cents (2016/17 final dividend: 1.2 HK cents)

Business review

GP Industries (85.5% owned by Gold Peak as at 31 March 2018)

GP Industries' revenue for the financial year ended 31 March 2018 ("FY2018") was S\$1,100 million, an increase of 6.0% over the revenue reported for the previous financial year ended 31 March 2017 ("FY2017"). The increase was mainly attributable to an 8.6% revenue growth reported by the Batteries Business, previously referred to as GP Batteries International Limited ("GP Batteries") before it became a wholly-owned subsidiary of GP Industries during the financial quarter ended 31 December 2017.

Despite the 6.0% increase in revenue, gross profit decreased by 1.2% to S\$256.8 million, due to cost increases, which were mainly attributable to the appreciation of Renminbi, increases in labour costs in China and increases in metal and component prices. Distribution costs decreased by 1.1%, as a result of GP Industries' selective slowing down of some investments in brand building activities for the Batteries Business and a S\$3.6 million decrease in doubtful debt provision reported by the Batteries Business due to continuous improvements in payment performance and ageing profile from its distributors in China. During FY2018, GP Industries reported a net exchange loss of S\$11.4 million as compared to a net exchange gain of S\$9.2 million last year. GP Industries also reported a higher other operating income of S\$44.5 million for FY2018 compared to S\$22.3 million last year, mainly from gain on disposal of property, plant and equipment reported by the Batteries Business.

During the financial year, GP Industries increased its shareholdings in GP Batteries to 100%, pursuant to a voluntary conditional cash offer for, and the subsequent compulsory acquisition of, all the outstanding issued ordinary shares of GP Batteries. After the acquisition, GP Batteries was de-listed from the Singapore Exchange Securities Trading Limited with effect from 27 December 2017.

For FY2018, profit before taxation was S\$56.9 million, 2.9% higher than that of last year. Profit after taxation attributable to equity holders of GP Industries for FY2018 increased by 24.5% to S\$23.2 million when compared to the S\$18.7 million reported for FY2017.

Batteries Business

- Revenue of the Batteries Business increased by 8.6% to S\$824.9 million.
- Sales of primary batteries and rechargeable batteries increased by 10.9% and 1.6% respectively.
- Sales increased across all regions. Sales in the Americas, Asia and Europe increased by 17.5%, 4.5% and 13.1% respectively.
- Steep increase in material costs, weaker US dollar and stronger Renminbi brought significant adverse impact on gross profit margin.
- Weakening of US dollar against Renminbi and Singapore dollar contributed to an S\$11.9 million exchange loss for the Batteries Business, compared to a S\$7.4 million exchange gain last year.

- The Batteries Business reported a total pre-tax gain from disposal of property, plant and equipment of S\$28.5 million upon completion, which included the gain from disposal of a property located in Dongguan, China.

Electronics and acoustics business

- Revenue from the Electronics and Acoustics Business remained steady.
- Sales of electronics products decreased by 10.5%, affected mainly by the phasing out of some old products and soft sales in Europe.
- Sales of acoustics products continued to grow and reported an increase of 16.8%. Sales to the US market increased by 16.2%, to the Asian markets increased by 24.1% and to the European market increased by 9.6%.
- Appreciation of Renminbi, increases in labour costs and rapid increase in the price of some components affected margins and costs.
- The associated companies which manufacture parts and components contributed less profit in aggregate in the competitive business environment.

Automotive wire harness business

- Sales of the Automotive Wire Harness Business decreased by 7.0%.
- Sales to China increased by 30.5% while sales to the US decreased by 23.0% as some wire harnesses supplied to a key US customer approached the end of their production cycle.
- Appreciating Renminbi and increases in labour costs also affected manufacturing costs in this business.

Other industrial investments

- Linkz Industries Limited reported revenue growth and contributed a higher profit while Meiloon Industrial Co., Ltd contributed a higher profit despite a slight decrease in revenue.

Prospects

Commenting on the prospects of the Group, Victor Lo, Chairman and Chief Executive of Gold Peak, said, "Consumer demand is expected to gradually strengthen in the US and to remain strong in China. The European market should gradually strengthen. However, the possible trade friction between the US and China, volatility of foreign currencies and commodity prices, may continue to cause uncertainty in the market."

“The batteries business is expected to remain competitive. Additional production capacity from the new factories is starting to generate revenue. GP Batteries will continue to consolidate the smaller factories into larger ones to raise its competitiveness by improving the economy of scale of its factories.”

Lo continued, “Gold Peak will continue to enhance the competitiveness of its businesses by investing in technology, new product development, further automating its factories and continue to build its brands and distribution networks in key markets.”

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