

Press Release

For Immediate Release

22 November 2018, Hong Kong



Gold Peak announces 2018/2019 interim results

Gold Peak Industries (Holdings) Limited (*SEHK: 40*) today announced its unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 September 2018.

Financial highlights

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| Turnover | : HK\$3,470 million, up 7.8% |
| Profit attributable to owners of the Company | : HK\$22.4 million, up 68.6% |
| Earnings per share | : 2.85 HK cents (2017/18: 1.69 HK cents) |
| Interim dividend per share | : 1.7 HK cents (2017/18: 1.2 HK cents) |

Business review

GP Industries (85.5% owned by Gold Peak as at 30 September 2018)

GP Industries' revenue for the 6-month period ended 30 September 2018 ("H1FY2019") was S\$595.0 million, an increase of 4.5% over the revenue reported for the 6-month period ended 30 September 2017 ("H1FY2018"). The increase was mainly attributable to a 6.4% revenue growth reported by the Batteries Business.

The Chinese Renminbi ("Renminbi") weakened against the US dollar and some raw material prices declined during the financial quarter ended 30 September 2018 ("Q2FY2019"). This contributed to improve GP Industries' gross profit margin, from

21.8% for the first financial quarter ended 30 June 2018 (“Q1FY2019”), to 25.7% for Q2FY2019. However, GP Industries’ gross profit margin for H1FY2019 was 23.8%, compared to 24.3% for H1FY2018. The lower gross profit margin for H1FY2019 was due to the lower gross profit margin for Q1FY2019 attributable to a stronger Renminbi and the high prices of some raw material. The US dollar strengthened against the Renminbi since the latter part of Q1FY2019 and contributed to a net exchange gain of S\$6.7 million for H1FY2019, compared to a net exchange loss of S\$4.5 million for H1FY2018.

During H1FY2019, GP Industries reported lower income tax expense, due partly to a write-back of taxation expense by certain subsidiary and associate operating in China.

Profit after taxation attributable to equity holders of GP Industries increased by 12.0% to S\$14.0 million when compared to the S\$12.5 million reported last year.

Battery Business

- Revenue of the Batteries Business increased 6.4% to S\$461.1 million.
- Sales of primary batteries increased by 11.4% while sales of rechargeable batteries decreased by 13.8%.
- Sales in the Americas, Europe and Asia increased by 2.1%, 5.3% and 8.5% respectively.
- Gross profit margin for Q2FY2019 improved due to lower material costs and the lower Renminbi exchange rate against the US dollar.

Electronics and acoustics business

- Revenue from the Electronics and Acoustics Business decreased by 1.6%.
- Sales of electronics products decreased by 7.3% while sales of acoustics products grew by 5.3%.
- Sales of acoustics products in the US, Asia and Europe increased by 11.2%, 1.8% and 4.8% respectively.
- The associated companies which manufacture parts and components contributed more profit in aggregate.

Automotive wire harness business

- Sales of the Automotive Wire Harness Business decreased by 2.5%.
- Sales to the US increased by 14.8% while sales to China decreased by 22.8%.

Other industrial investments

- Linkz Industries Limited 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 Industrial Co., Ltd. decreased and contributed less profit.

Prospects

Commenting on the prospects of the Group, Victor Lo, Chairman and Chief Executive of Gold Peak, said, “The trade disputes between the US and China cast significant uncertainties on business outlook. Based on the announced US import tariff scheme, slightly less than 10.0% of the Group’s businesses, comprising battery products and automotive wire harnesses, are subjected to additional tariffs imposed by the US. The Group is working with its customers in the US on the best response to the increased import cost. The 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 on its businesses from the US import tariffs on products made in China.”

Lo continued, “Volatile currency exchange rates may also affect the Group’s results. A weakened Renminbi is generally favourable to its export-oriented businesses from China. Volatility in certain raw material prices and the global shortage of some electronic components are expected to continue to cause instability in the Group’s profit margin.”

“As announced on 28 June 2018, the proposed disposal of GPE (Huizhou)’s property is in progress and on schedule. On the other hand, as announced on 29 October 2018, the proposed disposals of properties in Huizhou by GPB (China) and Modern Battery were terminated. The Group is working on relaunching the sale of these properties.”

“The 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 its brands and distribution networks in key markets.”

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