

## Press Release

For Immediate Release

26 November 2019, Hong Kong



### Gold Peak announces 2019/2020 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 2019.

#### **Financial Highlights**

Revenue	: HK\$3,218 million, down 7.3%
Profit attributable to owners of the Company	: HK\$174.7 million, up 680.2%
Earnings per share	: 22.26 HK cents (2018/19: 2.85 HK cents)
Interim dividend per share	: 2.0 HK cents (2018/19: 1.7 HK cents)

#### **Business Review**

**GP Industries** (85.5% owned by Gold Peak as at 30 September 2019)

GP Industries' revenue for the six months ended 30 September 2019 ("H1FY2020") was S\$562.3 million, a 5.5% decline compared to the revenue reported for the corresponding period ended 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 a result of a more favorable Chinese Renminbi against US dollar exchange rate, lower price

for some raw materials, and the Management's focus on cost efficiency improvements and on better quality businesses.

GP Industries' other operating income increased by S\$45.0 million in H1FY2020, mainly attributable to a gain of S\$48.4 million from disposal of land and buildings by a wholly-owned subsidiary, GP Electronics (Huizhou) Co., Ltd. ("GPHC"). Other operating expenses increased 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 to S\$62.8 million. Taxation expenses increased by S\$9.7 million to S\$18.2 million due mainly to taxation expense on GPHC's property disposal gain.

GP Industries' 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.

### **Batteries Business**

- Revenue of the Batteries Business declined by 6.9% to S\$429.3 million.
- Sales of primary batteries decreased by 9.7% while sales of rechargeable batteries increased by 9.0%.
- 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.
- GP Industries' 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 contributed to a gain of S\$1.6 million for GP Industries.

### **Electronics and Acoustics Business**

- Revenue of the Electronics and Acoustics Business increased by 1.5% to S\$113.6 million.
- Sales of electronics products decreased by 0.6% while sales of acoustics products grew by 3.7%.

- Sales of acoustics products to Europe and Asia increased by 4.9% and 12.4% respectively while sales to the Americas declined by 5.1%.
- The associated companies which manufacture parts and components contributed less profit during this period.
- 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**

- Revenue of the Automotive Wire Harness Business declined by 11.3% to S\$19.4 million.
- Sales to the Americas and China decreased by 3.8% and 25.6% respectively.

### **Other Industrial Investments**

- Linkz Industries Limited recorded declines in revenue and profit contribution.
- Profit contribution from Meiloon Industrial Co., Ltd. rose as revenue increased.

### **Prospects**

Commenting on the prospects of the Group, Victor Lo, Chairman and Chief Executive of Gold Peak, said, “Amidst the US-China trade dispute and geo-political uncertainties, the 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 its brands and distribution networks in key markets. The Batteries Business is expanding the capacity for manufacturing 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, the Group continues to expand its manufacturing facilities outside China to diversify its 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.”

Lo continued, “Both the Group’s 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 the 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.”

# # #