

Press Release

For Immediate Release

24 November 2016, Hong Kong



Gold Peak announces 2016/2017 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 2016.

Financial highlights

Turnover	: HK\$2,880 million, down 4.4%
Profit attributable to owners of the Company	: HK\$13.1 million, down 71.7%
Earnings per share	: 1.67 HK cents (2015/16: 5.91 HK cents)
Interim dividend per share	: 1.2 HK cents (2015/16: 2.5 HK cents)

Summary of results

For the six months ended 30 September 2016, the Group's turnover amounted to HK\$2,880 million, a decrease of 4.4% as compared with HK\$3,013 million for the same period last year. The unaudited consolidated profit attributable to owners of the Company amounted to HK\$13.1 million, a decrease of 71.7% compared to the corresponding period in the previous year. The earnings per share for the period amounted to 1.67 HK cents as compared with 5.91 HK cents for the same period last year.

Business review

GP Industries (85.5% owned by Gold Peak as at 30 September 2016)

GP Industries' revenue was S\$503.8 million, a decrease of 5.5% over last year. During the six-month period ended 30 September 2016, GP Industries recorded exceptional gains of S\$3.0 million from the disposal of assets and write-back of excess restructuring costs, compared to gains of S\$5.4 million for the same period last year from disposal of assets and write-back of unclaimed warranty cost provision.

Profit after taxation attributable to equity holders of GP Industries decreased by 37.0% to S\$11.9 million, compared to S\$19.0 million reported last year.

Electronics and acoustics

- Revenue from the electronics and acoustics business remained stable.
- Sales of electronics products increased by 3.5% while sales of acoustics products decreased by 2.0%.
- Sales of acoustics products to the US increased by 2.0% while sales to Europe and Asia declined by 1.1% and 3.9% respectively.
- Profit contribution from the associates decreased due to soft market demand.
- Profit contribution before exceptional items and taxation from this business segment decreased by 7.2%.

Automotive wire harness

- Overall sales of the automotive wire harness business grew by 8.4%.
- Sales to the US and China increased by 2.9% and 24.9% respectively.
- Profit contribution before exceptional items and taxation from this business increased by 1.8%.

Battery business (64.7% owned by GP Industries as at 30 September 2016)

- Revenue of GP Batteries was S\$371.4 million, a decrease of 7.7%.
- Sales of primary and rechargeable batteries decreased by 5.4% and 17.5% respectively. The decrease in sales of rechargeable batteries was due mainly to the discontinuation of a contract with a major customer of the Taiwan plant.

- Sales in the Americas and Asia decreased by 38.0% and 8.5% respectively while sales in Europe increased by 31.6%. The decrease in sales in the Americas and increase in sales in Europe were largely due to the relocation of the procurement office of a major customer from the US to Europe.
- GP Batteries reported foreign exchange gains of S\$3.9 million during the six-month period ended 30 September 2016, compared to the S\$8.8 million reported in the same period last year.
- Profit contribution from GP Batteries' associates increased from S\$2.4 million to S\$2.9 million.
- Profit attributable to equity holders of GP Batteries was S\$3.8 million, compared to S\$12.6 million last year.

Other industrial investments

- Both Meiloon Industrial Co., Ltd. and Linkz Industries Limited contributed more profit. Profit contribution from this business segment increased by 44.1%.

Prospects

Commenting on the prospects of the Group, Victor Lo, Chairman and Chief Executive of Gold Peak, said, "Consumer demand in Europe is expected to remain weak and this challenging market environment is further aggravated by the weak Euro and Pound Sterling. Markets in Asia are also slowing down although some of the Group's businesses in the US are expected to remain stable. The market for primary batteries and rechargeable Nickel Metal Hydride batteries is expected to continue with slow growth, and price competition is expected to remain very keen."

Lo continued, "Development of GP Batteries' additional new factories in Malaysia and Vietnam is on schedule and is expected to bring in additional revenue during the coming six to twelve months. At the same time, GP Batteries is downsizing some of the smaller plants, such as the ones in Taiwan and Shanghai, consolidating those production facilities with the bigger plants in Ningbo, Guangdong and Malaysia. Some of the more labour intensive manufacturing may be moved to Vietnam. GP Batteries is incurring closure cost during the current financial year but overall cost competitiveness is expected to improve when the consolidation is completed."

“The Group will continue to enhance the competitiveness of its businesses by investing in technology and new product development, further automating its factories and building the Group’s brands and distribution networks.”

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