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金山工業(集團)有限公司
Gold Peak Industries (Holdings) Limited
(Incorporated in Hong Kong under the Companies Ordinance)
(Stock Code: 40)

2016/2017 Final Results Announcement

FINANCIAL HIGHLIGHTS

- Turnover increased by 0.5% to HK$5,823 million
- Profit attributable to owners of the Company increased by 7.5% to HK$20.1 million (2015/16: HK$18.7 million)
- Earnings per share: 2.6 HK cents (2015/16: 2.4 HK cents)
- Proposed final dividend per share: 1.2 HK cents (2015/16: 1.0 HK cent)

The Board of Directors of Gold Peak Industries (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017.

SUMMARY OF RESULTS

The Group's turnover for the year ended 31 March 2017 increased by 0.5% over the previous year to HK$5,823 million. The consolidated profit attributable to owners of the Company increased by 7.5% over the previous year to HK$20.1 million. The basic earnings per share for the year amounted to 2.6 HK cents, as compared with 2.4 HK cents last year.

BUSINESS REVIEW

GP Industries Limited *("GP Industries") (85.5% owned by Gold Peak as at 31 March 2017)*

For the financial year ended 31 March 2017 ("FY2017"), GP Industries' revenue was S$1,037.6 million, comparable to the revenue reported for the financial year ended 31 March 2016 ("FY2016").

During FY2017, GP Industries continued its strategy to invest in building brands and strengthening global distribution leading to an increase in distribution costs. During FY2017, GP Batteries International Limited ("GP Batteries") started expanding its manufacturing facilities and consolidated some smaller factories, thus incurring closure costs. However gains were also reported from disposal of property, plant and equipment.

For FY2017, profit before taxation attributable to equity owners of GP Industries decreased by 2.9% to S$55.3 million, compared to S$57.0 million for FY2016. Profit after taxation attributable to equity holders of GP Industries for FY2017 decreased by 18.3% to S$18.7 million, compared to S$22.8 million reported for FY2016.

Electronics and Acoustics Business

- Revenue grew 1.2% when compared to FY2016.
- Sales of electronics and acoustics products increased by 3.2% and 1.8% respectively.
- Sales of acoustics products increased by 4.2% and 1.1% to the US and Europe markets respectively, and remained essentially flat to the Asia market.
- Profit contribution decreased by 10.8% in FY2017.

Automotive Wire Harness Business

- Sales grew by 3.5% in FY2017 when compared to FY2016.
- Sales to China increased by 28.2% while sales to the US decreased by 4.9%.
- Profit contribution decreased by 28.3% when compared to FY2016, as a write-back of S$1.3 million unclaimed warranty cost provision related to the disposal of a joint venture in 2013 was reported in FY2016.

Battery Business *("GP Batteries") (64.9% owned by GP Industries as at 31 March 2017)*

- Revenue of GP Batteries decreased by 0.7% to S$759.8 million.
- Sales of primary batteries increased by 1.3% while sales of rechargeable batteries decreased by 10.4%. In geographical terms, sales in the Americas and Asia decreased by 24.3% and 2.4% respectively while sales in Europe increased by 32.2%.
- During FY2017, foreign exchange gains increased from S$3.5 million to S$7.4 million.
- GP Batteries' share of profit from associates increased from S$4.9 million to S$6.8 million for FY2017 due to improved performance of associates in Russia and Taiwan.
- GP Batteries reported a profit after taxation attributable to its equity owners of S$3.5 million, compared to S$2.4 million for FY2016.

Other Industrial Investments

- Profit contribution increased by 37.4% as both Meiloon Industrial Co., Ltd. and Linkz Industries Limited contributed more profit before taxation.

PROSPECTS

Consumer demand in the US is expected to gradually strengthen and demand in China is expected to be stable. Consumer demand in Europe is expected to remain weak. This challenging market environment is further aggravated by the weak Euro and Pound Sterling.

Global demands for batteries are expected to be slow-growing. Price competition is expected to be keen. GP Batteries will continue to consolidate the smaller factories into larger ones to benefit from economy of scale and to raise its competitiveness. Additional production capacity from the new facilities in Malaysia and Vietnam is expected to start bringing in additional revenue to GP Batteries.

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 its brands and distribution networks in key markets.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2017** **HK$'000**	2016 HK$'000
		For the year ended 31 March	
Turnover	2	**5,822,574**	5,795,467
Cost of sales		**(4,363,541)**	(4,309,705)
Gross profit		**1,459,033**	1,485,762
Other income	3	**167,993**	82,994
Selling and distribution expenses		**(642,395)**	(577,428)
Administrative expenses		**(783,870)**	(783,740)
Other expenses	4	**(36,899)**	(41,382)
Finance costs		**(96,229)**	(89,543)
Share of results of associates		**142,571**	128,158
Profit before taxation	5	**210,204**	204,821
Taxation	6	**(103,173)**	(86,549)
Profit for the year		**107,031**	118,272
Profit for the year attributable to:			
Owners of the Company		**20,108**	18,705
Non- controlling interests		**86,923**	99,567
		107,031	118,272
Earnings per share - Basic and diluted	7	**2.6 HK cents**	2.4 HK cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Profit for the year	**107,031**	118,272
Other comprehensive expense:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**(112,755)**	(106,705)
Net translation surplus reclassified to profit or loss upon deregistration of subsidiaries	**(4,283)**	-
Fair value gain (loss) on available-for-sale investments	**1,680**	(2,712)
Share of other comprehensive expense of associates	**(13,688)**	(34,866)
Other comprehensive expense for the year	**(129,046)**	(144,283)
Total comprehensive expense for the year	**(22,015)**	(26,011)
Total comprehensive expense attributable to:		
Owners of the Company	**(42,609)**	(62,003)
Non-controlling interests	**20,594**	35,992
	(22,015)	(26,011)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31 March 2017 HK$'000**	As at 31 March 2016 HK$'000
Non-current assets			
Investment properties		**9,955**	9,635
Property, plant and equipment		**1,400,864**	1,393,409
Interests in associates		**1,403,784**	1,333,509
Available-for-sale investments		**63,966**	62,286
Intangible assets		**3,570**	6,352
Goodwill		**102,066**	102,066
Deferred tax assets		**19,729**	21,483
Receivables, deposits and prepayments		**37,384**	24,704
		3,041,318	2,953,444
Current assets			
Inventories		**848,425**	904,126
Trade and other receivables and prepayments	9	**1,170,825**	1,003,005
Dividend receivable		**6,975**	39,300
Taxation recoverable		**13,105**	5,027
Bank balances, deposits and cash		**1,058,541**	977,879
		3,097,871	2,929,337
Assets classified as held for sale		**5,872**	-
		3,103,743	2,929,337
Current liabilities			
Creditors and accrued charges	10	**1,299,170**	1,150,230
Derivative financial instruments		**-**	2,866
Taxation payable		**31,775**	27,804
Obligations under finance leases – amount due within one year		**737**	653
Bank loans and import loans		**1,453,127**	1,289,704
		2,784,809	2,471,257
Net current assets		**318,934**	458,080
Total assets less current liabilities		**3,360,252**	3,411,524
Non-current liabilities			
Obligations under finance leases – amount due after one year		**1,025**	452
Borrowings		**882,236**	832,629
Deferred taxation liabilities		**23,175**	18,689
		906,436	851,770
Net assets		**2,453,816**	2,559,754
Capital and reserves			
Share capital		**921,014**	921,014
Reserves		**347,318**	402,496
Equity attributable to owners of the Company		**1,268,332**	1,323,510
Non-controlling interests		**1,185,484**	1,236,244
Total equity		**2,453,816**	2,559,754

NOTES:

1. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The financial information relating to the years ended 31 March 2017 and 2016 included in this preliminary 2016/17 final results announcement does not constitute the Company's statutory annual consolidated financial statements for these two years but is derived from these financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 March 2017 in due course.

The Company’s auditor has reported on the financial statements of the Group for both the years ended 31 March 2017 and 2016. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

The Group has applied for the first time in current year the following amendments to HKFRSs and Hong Kong Accounting Standards (“HKASs”) issued by the HKICPA:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to HKFRSs and HKASs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers and the related amendments[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKAS 7	Disclosure initiative[1]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKAS 40	Transfers of investment property[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 cycle[5]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The management of the Group do not anticipate that the application of the new and amendments to HKFRSs and HKASs will have material impact on the consolidated financial statements of the Group.

2. Segment information

For the purposes of resources allocation and performance assessment, the executive directors, who are the chief operating decision makers, assess profit or loss of these operating divisions using a measure of operating profit which exclude: interest income, other expenses, finance costs and unallocated expenses.

The three main operating divisions of the Group, each of which constitutes an operating and reportable segment for financial reporting purpose, are:

Electronics - development, manufacture and distribution of electronics and acoustic products, automotive wire harness and other businesses.

Batteries - development, manufacture and distribution of batteries and battery related products.

Other investments - holding of other investments which are mainly engaged in selling and distribution business.

No operating segments have been aggregated to derive the reportable segments of the Group.

The Group's turnover represents sales of electronics and acoustics, automotive wire harness, batteries and other products.

The following is an analysis of the Group's revenue and results by these operating and reportable segments.

Year ended 31 March 2017	**Electronics HK$'000**	**Batteries HK$'000**	**Other Investments HK$'000**	**Eliminations HK$'000**	**Total HK$'000**
Turnover					
External sales	**1,558,819**	**4,263,755**	**-**	**-**	**5,822,574**
Inter-segment sales	**28**	**174**	**-**	**(202)**	**-**
Segment revenue	**1,558,847**	**4,263,929**	**-**	**(202)**	**5,822,574**
Results					
Segment results	**160,921**	**232,032**	**(2,492)**	**-**	**390,461**
Interest income					**4,790**
Other expenses					**(36,899)**
Finance costs					**(96,229)**
Unallocated expenses					**(51,919)**
Profit before taxation					**210,204**

Year ended 31 March 2016	Electronics HK$'000	Batteries HK$'000	Other Investments HK$'000	Eliminations HK$'000	Total HK$'000
Turnover					
External sales	1,526,423	4,269,044	-	-	5,795,467
Inter-segment sales	38	2,223	-	(2,261)	-
Segment revenue	1,526,461	4,271,267	-	(2,261)	5,795,467
Results					
Segment results	172,913	228,718	(1,756)	-	399,875
Interest income					9,549
Other expenses					(41,382)
Finance costs					(89,543)
Unallocated expenses					(73,678)
Profit before taxation					204,821

Inter-segment sales are charged by reference to market prices.

The following table provides an analysis of the Group's sales from external customers based on location of customers:

	Turnover	
	For the year ended 31 March	
	2017	2016
	HK$'000	HK$'000
The People's Republic of China		
- Hong Kong	**465,937**	485,652
- Mainland China	**1,741,734**	1,693,561
Other Asian countries	**591,614**	638,591
Europe	**1,427,423**	1,174,727
Americas	**1,507,786**	1,688,303
Others	**88,080**	114,633
	5,822,574	5,795,467

3. Other income

	For the year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Other income include:		
Gain on disposal of property, plant and equipment	**72,056**	19,099
Exchange gain	**51,786**	23,487

4. Other expenses

	For the year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Impairment loss recognised on property, plant and equipment	**(11,812)**	(25,000)
Impairment loss recognised on goodwill	**-**	(16,382)
Closure costs of Shanghai factory	**(13,849)**	-
Customer's dispute settlement	**(11,238)**	-
	(36,899)	(41,382)

5. Profit before taxation

	For the year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**(4,332)**	(4,283)
Depreciation of property, plant and equipment	**(134,709)**	(134,136)

6. Taxation

	For the year ended 31 March	
	2017	2016
	HK$'000	HK$'000
The charge comprises:		
Hong Kong Profits Tax		
- charge for the year	**5,170**	3,895
- under provision in previous years	**76**	5,015
	5,246	8,910
Taxation in jurisdictions other than Hong Kong		
- charge for the year	**96,175**	96,795
- over provision in previous years	**(4,469)**	(10,762)
	91,706	86,033
	96,952	94,943
Deferred taxation charge (credit)		
- current year	**6,221**	(8,394)
	103,173	86,549

Taxation in jurisdictions other than Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

7. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to owners of the Company	**20,108**	18,705
Number of shares	**'000**	'000
Number of shares in issue during the year for the purposes of basic and diluted earnings per share	**784,693**	784,693

No computation of diluted earnings per share for the year ended 31 March 2017 is disclosed as there are no outstanding share options at 31 March 2017 or at any time during the year.

The computation of diluted earnings per share for the year ended 31 March 2016 did not assume the exercise of the outstanding share options of the Company because the exercise price of the Company's share options was higher than the average market prices for the Company's shares for the year ended 31 March 2016.

8. Dividend

	For the year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Dividends recognised as distribution during the year:		
2016 Final dividend - 1.0 HK cent (2016: 2015 Final dividend - 2.5 HK cents) per share	**7,847**	19,617
2017 Interim dividend - 1.2 HK cents (2016: 2016 Interim dividend - 2.5 HK cents) per share	**9,416**	19,617
	17,263	39,234

A final dividend of 1.2 HK cents (2016: 1.0 HK cent) per share has been proposed by the directors and it is subject to approval by the shareholders in the forthcoming annual general meeting. This dividend of HK$ 9,416,000 (2016: HK$7,847,000) has been recognised in the dividend reserve of the Company.

On the basis of 2.4 HK cents (2016: 3.5 HK cents) per share for 2017, total interim and final dividends amount to HK$ 18,832,000 (2016: HK$27,464,000).

9. Trade and other receivables and prepayments

The Group allows its trade customers with credit periods normally ranging from 30 days to 120 days. The following is an ageing of trade and bills receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Trade and bills receivables		
0 - 60 days	**747,553**	579,039
61 - 90 days	**90,729**	132,939
Over 90 days	**76,602**	85,105
	914,884	797,083
Other receivables, deposits and prepayments	**293,325**	230,626
	1,208,209	1,027,709
Less: Non-current portion of other receivables, deposits and prepayments	**(37,384)**	(24,704)
	1,170,825	1,003,005

10. Creditors and accrued charges

The following is the ageing of creditors presented based on the invoice date at the end of the reporting period:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Trade creditors		
0 - 60 days	**740,446**	596,423
61 - 90 days	**71,070**	106,423
Over 90 days	**87,612**	99,086
	899,128	801,932
Other payables and accrued charges	**400,042**	348,298
	1,299,170	1,150,230

FINANCIAL REVIEW

During the year, the Group's net bank borrowings increased by HK$133 million to HK$1,279 million. As at 31 March 2017, the aggregate of the Group’s shareholders’ funds and non-controlling interests was HK$2,454 million and the Group’s gearing ratio (the ratio of consolidated net bank borrowings to shareholders’ funds and non-controlling interests) was 0.52 (31 March 2016: 0.45). The gearing ratios of the Company, GP Industries and GP Batteries were 0.47 (31 March 2016: 0.44), 0.30 (31 March 2016: 0.25) and 0.20 (31 March 2016: 0.16) respectively.

At 31 March 2017, 62% (31 March 2016: 61%) of the Group’s bank borrowings was revolving or repayable within one year whereas 38% (31 March 2016: 39%) was repayable from one to five years. Most of these bank borrowings are in US dollars, Singapore dollars and Hong Kong dollars.

The Group’s exposure to foreign currency arises mainly from the net cash flow and the translation of net monetary assets or liabilities of its overseas subsidiaries. The Group continued to manage foreign exchange risks prudently. Forward contracts, borrowings in local currencies and local sourcing have been arranged to minimise the impact of currency fluctuation.

DIVIDENDS

An interim dividend of 1.2 HK cents (2015/16: 2.5 HK cents) per share was paid in January 2017.

The Board will propose at the forthcoming annual general meeting of the Company (the “AGM”) the payment of a final dividend of 1.2 HK cents (2015/16: 1.0 HK cent) per share to shareholders on the Register of Shareholders of the Company on 15 September 2017, making a total dividend of 2.4 HK cents (2015/16: 3.5 HK cents) per share for the whole year. If approved at the AGM, the proposed final dividend will be paid on 22 September 2017.

CLOSURE OF REGISTER

The AGM will be held on 5 September 2017. The Register of Shareholders of the Company will be closed from 31 August to 5 September 2017, both days inclusive, during which period no transfer will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Registrars, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 30 August 2017.

Shareholders whose names appear on the Register of Shareholders of the Company on 15 September 2017 will be entitled to receive the proposed final dividend. The Register of Shareholders of the Company will be closed from 13 to 15 September 2017, both days inclusive, during which period no transfer will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Registrars, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 12 September 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year, except for the deviation from Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Victor LO Chung Wing is currently the Chairman and Chief Executive of the Company. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Group's principal businesses are separately listed and each business is run by a different board of directors.

DIRECTORS' DEALING IN SECURITIES OF THE COMPANY

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct regarding the directors' securities transactions. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code throughout the year.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company. The final results for the year ended 31 March 2017 have been reviewed by the Company's audit committee.

By Order of the Board
WONG Man Kit
Company Secretary

Hong Kong, 20 June 2017
www.goldpeak.com

BOARD OF DIRECTORS

As at the date of this announcement, the Board consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), LEUNG Pak Chuen, Richard KU Yuk Hing, Andrew CHUANG Siu Leung and Brian LI Yiu Cheung as Executive Directors, Messrs. LUI Ming Wah, Frank CHAN Chi Chung and CHAN Kei Biu as Independent Non-Executive Directors, and Ms. Karen NG Ka Fai as a Non-Executive Director.