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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 )



**Announcement of 2019/2020 Final Results of  
GP Industries Limited**

Pursuant to Paragraph 13.09(2) of the Listing Rules, the Board of Directors of Gold Peak Industries (Holdings) Limited is pleased to announce the unaudited consolidated results of GP Industries Limited for the year ended 31 March 2020. GP Industries Group's turnover decreased by 9.0% to S\$1,062 million and the net profit attributable to equity holders of GP Industries decreased by 33.2% to S\$19.5 million for the year ended 31 March 2020.

Pursuant to Paragraph 13.09(2) of the Listing Rules, the Board of Directors of Gold Peak Industries (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated results of GP Industries Limited ("GP Industries" and together with its subsidiaries, "GP Industries Group") for the year ended 31 March 2020. GP Industries is an 85.5%-owned subsidiary of the Company and is listed on the Singapore Exchange Securities Trading Limited.

**GP INDUSTRIES LIMITED**  
**UNAUDITED CONSOLIDATED RESULTS**

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	S\$'000	HK\$'000 (Note)	S\$'000	HK\$'000 (Note)
Turnover	1,062,358	6,051,510	1,167,142	6,767,673
Cost of sales	<u>(782,864)</u>	<u>(4,459,428)</u>	<u>(875,476)</u>	<u>(5,076,448)</u>
Gross profit	279,494	1,592,082	291,666	1,691,225
Other operating income	66,004	375,978	38,017	220,442
Distribution costs	(126,659)	(721,487)	(135,580)	(786,160)
Administrative expenses	(129,919)	(740,058)	(129,711)	(752,129)
Allowance for expected credit losses	(1,681)	(9,575)	(106)	(615)
Exchange gain	3,332	18,980	6,598	38,259
Other operating expenses	<u>(36,874)</u>	<u>(210,046)</u>	<u>(8,633)</u>	<u>(50,058)</u>
Profit from operations	53,697	305,874	62,251	360,964
Finance costs	(25,957)	(147,859)	(25,625)	(148,587)
Share of results of associates	<u>27,518</u>	<u>156,751</u>	<u>27,662</u>	<u>160,398</u>
Profit before taxation	55,258	314,766	64,288	372,775
Taxation	<u>(26,293)</u>	<u>(149,773)</u>	<u>(18,260)</u>	<u>(105,881)</u>
Profit after taxation	<u>28,965</u>	<u>164,993</u>	<u>46,028</u>	<u>266,894</u>
Attributable to:				
Equity holders of GP Industries	19,466	110,884	29,157	169,068
Non-controlling interests	<u>9,499</u>	<u>54,109</u>	<u>16,871</u>	<u>97,826</u>
	<u>28,965</u>	<u>164,993</u>	<u>46,028</u>	<u>266,894</u>
	S cents	HK cents	S cents	HK cents
Earnings per share	<u>4.02</u>	<u>22.90</u>	<u>6.02</u>	<u>34.91</u>
	S cents	HK cents	S cents	HK cents
Final dividend per share	<u>Nil</u>	<u>Nil</u>	<u>2.25</u>	<u>13.05</u>

\* Prior period comparative figures have been reclassified to conform to current period's presentation.

Note:-

The Hong Kong dollar equivalents as shown above for illustrative purposes are converted at the average exchange rates for the respective periods.

**GP INDUSTRIES LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31 March 2020		As at 31 March 2019	
	SS'000	HKS'000 (Note)	SS'000	HKS'000 (Note)
<b>Non-current assets</b>				
Property, plant and equipment	336,061	1,829,550	273,864	1,586,576
Right-of-use assets	25,696	139,892	-	-
Interests in associates	270,887	1,474,736	251,568	1,457,409
Equity instruments at fair value through other comprehensive income	2,496	13,588	3,665	21,232
Non-current receivables	15,318	83,393	-	-
Deferred tax assets	3,833	20,867	3,882	22,490
Deposits and prepayments	3,879	21,118	1,451	8,406
Intangible assets	13,660	74,366	13,165	76,269
	<u>671,830</u>	<u>3,657,510</u>	<u>547,595</u>	<u>3,172,382</u>
<b>Current assets</b>				
Inventories	167,917	914,157	182,301	1,056,125
Receivables and prepayments	220,566	1,200,783	222,405	1,288,459
Dividend receivable	4,909	26,725	4,723	27,362
Taxation recoverable	4,592	24,999	3,774	21,864
Derivative financial instruments	-	-	15	87
Bank balances, deposits and cash	221,098	1,203,680	247,478	1,433,714
	<u>619,082</u>	<u>3,370,344</u>	<u>660,696</u>	<u>3,827,611</u>
Assets classified as held for sale	7,969	43,384	33,917	196,491
	<u>627,051</u>	<u>3,413,728</u>	<u>694,613</u>	<u>4,024,102</u>
<b>Current liabilities</b>				
Trade and other payables	236,840	1,289,381	272,735	1,580,036
Contract liabilities	8,004	43,575	2,733	15,833
Lease liabilities	9,536	51,915	-	-
Obligations under finance leases	-	-	219	1,269
Income tax payable	6,403	34,858	7,213	41,787
Derivative financial instruments	1,203	6,549	14	81
Bank and other loans	516,435	2,811,524	321,424	1,862,106
	<u>778,421</u>	<u>4,237,802</u>	<u>604,338</u>	<u>3,501,112</u>
<b>Net current (liabilities) assets</b>	<u>(151,370)</u>	<u>(824,074)</u>	<u>90,275</u>	<u>522,990</u>
<b>Non-current liabilities</b>				
Bank and other loans	14,089	76,702	177,813	1,030,124
Lease liabilities	12,266	66,777	-	-
Obligations under finance leases	-	-	564	3,268
Derivative financial instruments	-	-	356	2,062
Provision for restructuring	18,369	100,003	-	-
Deferred tax liabilities	7,201	39,203	3,839	22,240
	<u>51,925</u>	<u>282,685</u>	<u>182,572</u>	<u>1,057,694</u>
<b>Net assets</b>	<u>468,535</u>	<u>2,550,751</u>	<u>455,298</u>	<u>2,637,678</u>
<b>Represented by:</b>				
Issued capital	286,307	1,558,684	286,307	1,658,662
Treasury shares	(20,865)	(113,591)	(20,865)	(120,877)
Reserves	109,006	593,439	103,070	597,116
Equity attributable to owners of GP Industries	<u>374,448</u>	<u>2,038,532</u>	<u>368,512</u>	<u>2,134,901</u>
Non-controlling interests	94,087	512,219	86,786	502,777
<b>Total equity</b>	<u>468,535</u>	<u>2,550,751</u>	<u>455,298</u>	<u>2,637,678</u>

Note:-

The Hong Kong dollar equivalents as shown above for illustrative purposes are converted at the closing exchange rates for the respective periods.

## REVIEW OF RESULTS

The financial year ended 31 March 2020 (“FY2020”) has been a most challenging year for GP Industries Group. The trade dispute between The People’s Republic of China (“PRC” or “China”) and the United States (“US”), and increased tariff, contributed to reduced demand from the US markets for some of GP Industries Group’s products. The outbreak of COVID-19 in January 2020 led to the closure of GP Industries Group’s factories in China from two to four weeks in February and March 2020. After the factories resumed operation, some of the workers in GP Industries Group’s PRC’s factories were further delayed in their return journey to the factories by local travel restrictions. The resulting manpower shortages slowed the resumption of production, lowered output and reduced operating efficiency in the financial quarter ended on 31 March 2020 (“4QFY2020”). As a result, GP Industries Group’s revenue in 4QFY2020 decreased by 15.1% when compared to the corresponding financial quarter in the last financial year ended 31 March 2019 (“4QFY2019”). Revenue for FY2020 decreased by 9.0% when compared to the last financial year ended 31 March 2019 (“FY2019”).

Despite a decline in revenue, gross profit margin improved from 25.0% in FY2019 to 26.3% in FY2020. This increase was due mainly to the result of a more favorable Chinese Renminbi versus US dollar exchange rate, lower price for some raw materials and the Management’s focus on cost reduction and efficiency improvements as well as their focus on better quality businesses. Nevertheless, total gross profit decreased by S\$12.2 million as annual revenue decreased by 9.0%.

During 4QFY2020, despite the Management’s effort to quickly adjust GP Industries Group’s operations to counter the impact of the unexpected disruptions caused by the COVID-19 outbreak, administrative expenses for FY2020 increased by 0.2% while distribution costs decreased by 6.6%.

For FY2020, GP Industries Group reported other operating income of S\$66.0 million and other operating expenses of S\$36.9 million, resulted in a net other operating income of S\$29.1 million. For FY2019, a net income of S\$29.4 million was reported as a result of other operating income of S\$38.0 million and other operating expenses of S\$8.6 million. In FY2020, while GP Industries Group reported an increase in asset disposal gain net of restructuring cost due mainly to the disposal of land and buildings by GP Electronics (Huizhou) Co., Ltd. (“GPEHZ”), a wholly owned subsidiary, the Batteries Business reported an increase in other operating expenses.

Profit before taxation decreased by S\$9.0 million, from S\$64.3 million in FY2019 to S\$55.3 million in FY2020. Taxation expenses for FY2020 increased by S\$8.0 million to S\$26.3 million due mainly to taxation expense on GPEHZ’s property disposal gain and a net under-provision of S\$2.1 million in FY2020, compared to a net over-provision of S\$3.3 million in FY2019. As a result, GP Industries Group’s profit after taxation attributable to equity holders for FY2020 was S\$19.5 million, a decrease of S\$9.7 million or 33.2% when compared to the S\$29.2 million reported in FY2019.

Based on the weighted average of 484,046,682 shares in issue, basic earnings per share for FY2020 was 4.02 Singapore cents, a 33.2% decrease from the 6.02 Singapore cents reported in FY2019.

The Directors of GP Industries Limited do not propose a final dividend for FY2020, so as to conserve GP Industries Group’s financial resources in view of the uncertainties ahead.

Due to the adverse impact of the COVID-19 outbreak on GP Industries Group's 4QFY2020 revenue and consequentially its results of operations, GP Industries Group could not comply with certain financial covenants (computed based on GP Industries Group's borrowings and earnings) committed under certain loan and banking facility agreements (the "Affected Loans") for the test period ended 31 March 2020.

The Affected Loans of GP Industries Group are analysed as follows:

	S\$'000
Scheduled to be repaid before 31 March 2021	78,276
Scheduled to be repaid after 31 March 2021	<u>130,157</u>
Total outstanding principal of the Affected Loans as at 31 March 2020	<u><u>208,433</u></u>

GP Industries Group has requested for consents from lenders of the Affected Loans to waive such non-compliance (the "Consents"). As the Consents were not in place as at 31 March 2020, an amount of S\$130,157,000 being principal amount of the Affected Loans which were scheduled to be repaid after 31 March 2021, were presented under bank and other loans repayable within one year of GP Industries Group as at 31 March 2020.

As at the date of this announcement, GP Industries Group has received Consents in respect of S\$186,278,000 of the Affected Loans. GP Industries Group expect to further receive Consents in respect of S\$15,632,000 of the Affected Loans.

## **BUSINESS REVIEW**

*Batteries Business* - The revenue of the Batteries Business for FY2020 was S\$796.3 million, an 8.7% decline compared to the revenue recorded in FY2019. Revenue for 4QFY2020 was S\$172.6 million, a decline of 15.7% when compared to 4QFY2019. Sales of primary batteries in FY2020 decreased by 10.6% while sales of rechargeable batteries increased by 2.6%. For FY2020 and in geographical terms, sales in Asia and Americas decreased by 14.4% and 12.0% respectively while sales in Europe increased by 4.1%.

For FY2020, the Batteries Business reported a S\$4.8 million realised loss on derivative financial instruments due to Chinese Renminbi depreciation, a S\$5.7 million closure cost mainly for a factory in Dongguan, China and a S\$5.6 million translation deficit recognized as a loss upon liquidation of a subsidiary. In FY2019, the Batteries Business reported a net other operating income due mainly to a total compensation for relocation of S\$25.2 million.

Aggregate profit contribution from associates of the Batteries Business increased by S\$1.9 million in FY2020 as compared to FY2019.

*Electronics and Acoustics Business* - The revenue of the Electronics and Acoustics Business for FY2020 was S\$230.3 million, a 9.6% decrease compared to the revenue reported in FY2019. Revenue reported for 4QFY2020 was S\$55.1 million, a decline of 13.2% when compared to 4QFY2019. For FY2020, sales of electronics products decreased by 17.9% while sales of acoustics products decreased marginally by 0.7%. For FY2020, sales of acoustics products to Europe decreased by 2.2%, sales to the Americas decreased by 0.8% while sales to Asia increased by 2.8%.

During FY2020, GPEHZ reported a property disposal gain of S\$48.6 million and a provision for restructuring costs of S\$17.6 million in connection with the disposal of the land and buildings of the current factory of GPEHZ, relocation of part of its operations to Thailand and to set up another factory in a new location in China.

Aggregate profit contributed from associated companies which manufacture parts and components decreased by S\$1.8 million in FY2020 as compared to FY2019.

*Automotive Wire Harness Business* - The revenue of the Automotive Wire Harness Business for FY2020 was S\$35.8 million, a decline of 11.8% when compared to the revenue reported in FY2019. Revenue reported for 4QFY2020 was S\$7.4 million, a decline of 13.8% when compared to 4QFY2019. For FY2020, sales to the Americas decreased by 10.2% while sales to China decreased by 17.5%. The decline was due mainly to the softening of the passenger car market in the US and in China.

*Other Industrial Investments* - This business segment includes GP Industries Group's investments in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). In FY2020, profit contribution from Linkz decreased during FY2020 which was due mainly to the drop in revenue and provision of an exceptional impairment charge relating to its intangible assets and the effect was partially offset by the increase in profit contribution from Meiloon.

## **PROSPECTS**

The COVID-19 outbreak severely disrupted the global economy. The social distancing and travel control measures imposed by countries around the world adversely affect business activities, global supply and logistics, and drastically reduced consumer demand in some of GP Industries Group's businesses. While some major global economies are starting to gradually relax these control measures, it is still uncertain when market conditions will return to normal, or how the "new norm" in business will be like.

Meanwhile, the US China trade dispute continues to affect some of GP Industries Group's businesses. The added import tariff will either suppress market demand as a result of higher US consumer prices or increase the cost of supplying to the US market, if the added import tariff is somehow absorbed by GP Industries Group or its US customers. If the US China trade dispute continues for a prolonged period, it is expected that some of GP Industries Group's products manufactured in China for the US market may see reduced demand and intense competition from comparable products manufactured in other countries.

Demand for GP Industries Group's battery products is expected to be less susceptible to the negative impacts of a slowed down economy, although demand may fluctuate from time to time. In addition, price competition may intensify which may affect revenue and profitability. Demand for GP Industries Group's electronics and acoustics products may continue to be adversely affected if the negative economic sentiments caused by the US China trade dispute and the COVID-19 pandemic persist.

Volatilities in raw material prices and currency exchange rates may continue to affect GP Industries Group's results.

GP Industries Group has implemented a number of stringent cost control measures to mitigate the negative financial impact attributable to the COVID-19 outbreak and the US China trade dispute, including:

- (a) Chairman and Chief Executive Officer of GP Industries Group volunteered a 30% reduction in salary for the financial quarter ending 30 June 2020 (“1QFY2021”), as a symbol of solidarity with all stakeholders;
- (b) senior executives and management team of GP Industries Group took a 15% to 20% reduction in salary for 1QFY2021; and
- (c) Non-executive Directors of GP Industries Limited also volunteered a 20% reduction in directors’ fees for FY2020, which will be tabled at the upcoming annual general meeting of GP Industries Limited for shareholders’ approval.

Management will monitor closely the effectiveness of such measures and make necessary adjustments.

GP Industries Group’s battery manufacturing subsidiaries in Ningbo is nearing the completion of a major state-of-the-art manufacturing campus. GP Industries Group is also rebalancing its manufacturing capacity among factories in China, Malaysia, Vietnam and Thailand. The completion of the Ningbo project will further strengthen GP Industries Group’s competitive advantages as a major global supplier. Completion of the factory relocation projects in Southeast Asia will also free up some of GP Industries Group’s land and buildings in China for disposal which will enhance GP Industries Group’s balance sheet and cash flow.

Despite the very challenging business environment globally, GP Industries Group will continue to build its brands and its distribution networks. GP Industries Group plans to further strengthen its eCommerce infrastructure and capabilities, in order to meet the needs of rapidly growing eCommerce channels. GP Industries Group will also continue to invest into technology, new products and automation of its factories to further enhance the competitiveness of GP Industries Group’s businesses.

By Order of the Board  
**Louis WONG Man Kon**  
*Company Secretary*

Hong Kong, 29 June 2020  
[www.goldpeak.com](http://www.goldpeak.com)

*As at the date of this announcement, the Board consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), Richard KU Yuk Hing, Brian LI Yiu Cheung, Michael LAM Hin Lap and Brian WONG Tze Hang as Executive Directors, Mr. LEUNG Pak Chuen (Non-Executive Vice Chairman) and Ms. Karen NG Ka Fai as Non-Executive Directors, Messrs. LUI Ming Wah, Frank CHAN Chi Chung, CHAN Kei Bui and Timothy TONG Wai Cheung as Independent Non-Executive Directors.*