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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 2020/2021 Interim 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 six months ended 30 September 2020. GP Industries Group's turnover increased by 2.5% to S\$576 million and the net profit attributable to equity holders of GP Industries decreased by 64.6% to S\$13.7 million.

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 six months ended 30 September 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 six months ended 30 September 2020		For the six months ended 30 September 2019	
	SS\$'000	HK\$'000 (Note)	SS\$'000	HK\$'000 (Note)
Revenue	576,228	3,208,380	562,330	3,217,933
Cost of sales	<u>(423,226)</u>	<u>(2,356,480)</u>	<u>(414,525)</u>	<u>(2,372,119)</u>
Gross profit	153,002	851,900	147,805	845,814
Other operating income	5,657	31,498	58,399	334,188
Distribution costs	(66,682)	(371,279)	(63,002)	(360,529)
Administrative expenses	(62,304)	(346,903)	(63,237)	(361,873)
Allowance for expected credit losses, net	(79)	(440)	(119)	(681)
Exchange (loss) gain	(5,377)	(29,939)	4,345	24,864
Other operating expenses	<u>(2,964)</u>	<u>(16,503)</u>	<u>(25,521)</u>	<u>(146,044)</u>
Profit from operations	21,253	118,334	58,670	335,739
Finance costs	(9,982)	(55,579)	(13,284)	(76,018)
Share of results of associates	17,913	99,738	17,426	99,720
Profit before taxation	29,184	162,493	62,812	359,441
Taxation	<u>(8,338)</u>	<u>(46,425)</u>	<u>(18,183)</u>	<u>(104,052)</u>
Profit after taxation	<u>20,846</u>	<u>116,068</u>	<u>44,629</u>	<u>255,389</u>
Attributable to:				
Equity holders of GP Industries	13,716	76,369	38,711	221,523
Non-controlling interests	<u>7,130</u>	<u>39,699</u>	<u>5,918</u>	<u>33,866</u>
	<u>20,846</u>	<u>116,068</u>	<u>44,629</u>	<u>255,389</u>
	<b>S cents</b>	<b>HK cents</b>	<b>S cents</b>	<b>HK cents</b>
Earnings per share	<u>2.83</u>	<u>15.76</u>	<u>8.00</u>	<u>45.78</u>
Dividend per share				
Interim	Nil	Nil	1.25	7.15
Interim special	<u>Nil</u>	<u>Nil</u>	<u>0.55</u>	<u>3.15</u>

Note:-

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

## REVIEW OF RESULTS

GP Industries Group's revenue for the six-month period ended 30 September 2020 ("1HFY2021") was S\$576.2 million, a 2.5% increase compared to the revenue reported for the six-month period ended 30 September 2019 ("1HFY2020"). Revenue of the Batteries Business increased by 12.3% while revenue of the Electronics and Acoustics Business declined by 29.6% and the Automotive Wire Harness Business decreased by 27.8%.

Gross profit for 1HFY2021 increased by 3.5% to S\$153.0 million due to improvement in gross profit margin from 26.3% in 1HFY2020 to 26.6% in 1HFY2021.

GP Industries Group's other operating income decreased by S\$52.7 million from S\$58.4 million for 1HFY2020 to S\$5.7 million for 1HFY2021. In 1HFY2020, the S\$58.4 million income included a gain of S\$48.4 million from the disposal of property.

Appreciation of Chinese Renminbi ("Renminbi") against United States ("US") dollar during 1HFY2021 contributed to an exchange loss of S\$5.4 million for the period, compared to an exchange gain of S\$4.3 million for 1HFY2020. Other operating expenses decreased by S\$22.6 million in 1HFY2021 when compared to 1HFY2020 as, in 1HFY2020, GP Industries Group reported a provision for restructuring costs of S\$17.5 million for relocation of the operations of GP Electronics (Huizhou) Co., Ltd. and a S\$4.1 million realised loss on derivative financial instruments due to depreciation of Renminbi against US dollar.

Finance costs decreased from S\$13.3 million for 1HFY2020 to S\$10.0 million for 1HFY2021 due to a decrease in interest rates and taxation expenses decreased by S\$9.8 million to S\$8.3 million in 1HFY2021 due mainly to taxation expense on the property disposal gain in 1HFY2020.

GP Industries Group's profit after taxation attributable to equity holders for 1HFY2021 was S\$13.7 million, compared to S\$38.7 million reported for 1HFY2020.

Based on the weighted average of 484,046,682 shares of GP Industries in issue, basic earnings per share of GP Industries for 1HFY2021 was 2.83 Singapore cents, compared to 8.00 Singapore cents reported in 1HFY2020.

The Directors of GP Industries do not declare any interim dividend for the financial year ending 31 March 2021, so as to conserve GP Industries Group's financial resources in view of the uncertainties ahead.

## **BUSINESS REVIEW**

*Batteries Business* - The revenue of the Batteries Business for 1HFY2021 was S\$482.2 million, a 12.3% increase when compared to the revenue reported in 1HFY2020. Sales of primary batteries increased by 15.5% while sales of rechargeable batteries decreased by 4.1%. In geographical terms, sales in the Americas and Asia increased by 44.9% and 9.6% respectively while sales in Europe maintained. The increase in sales in the Americas was due mainly to increase in sales of primary batteries.

Gross profit margin for 1HFY2021 improved as a result of better cost management and customer mix, and increase in sales including Delivered Duty Paid (“DDP”) terms. Distribution costs increased due to higher customs duty, transportation, packaging and other distribution costs, as a result of increase in DDP sales, and increase in advertising and promotion expenses.

Aggregate profit contribution from associates of the Batteries Business increased by S\$1.1 million in 1HFY2021 as compared to 1HFY2020.

*Electronics and Acoustics Business* - The revenue of the Electronics and Acoustics Business for 1HFY2021 was S\$80.1 million, a 29.6% decrease when compared to the revenue reported in 1HFY2020. Sales of private label professional audio products decreased by 51.0% due to COVID-19 in key markets resulting in cessation of all public performances and significantly suppressed market demand. Sales of Celestion products decreased by 37.4%. Sales of KEF products to the Americas increased by 23.3% due to increase in on-line transactions. Sales of KEF products in Europe increased by 4.5% while sales to Asia decreased by 19.7%. However, capacity and cost cutting measures implemented helped to maintain overall profitability in this business.

Aggregate profit contributed from associated companies which manufacture parts and components increased slightly.

*Automotive Wire Harness Business* - The revenue of the Automotive Wire Harness Business for 1HFY2021 was S\$14.0 million, a decline of 27.8% when compared to the revenue reported in 1HFY2020. Sales to the Americas decreased by 43.5% due mainly to reduced demand for passenger cars in the US as the market was locked down during the pandemic. Sales to China decreased by 2.4% as the lockdown order to prevent the spread of pandemic during the first few months of calendar year 2020 was removed in the later months and car sales recovered relatively quickly. Capacity and cost adjustment measures implemented also helped to maintain profitability in this business.

*Other Industrial Investments* - This business segment includes GP Industries Group’s investments in Meiloon Industrial Co., Ltd. (“Meiloon”) and Linkz Industries Limited (“Linkz”). During 1HFY2021, Meiloon reported a decrease in revenue and contributed less profit while Linkz reported a slight decrease in revenue but contributed more profit.

## PROSPECTS

The COVID-19 pandemic is still prevalent globally and is expected to continue disrupting the market demand for some of GP Industries Group's products. The US China trade dispute, if remains unresolved, will continue to affect US market demand for some of GP Industries Group's China-made products due to the additional US import tariff.

Demand for GP Industries Group's battery products is more resilient to the economic fluctuations. However, lock down and supply chain problems faced by some competitors may cause more consolidation of the market and lead to more business opportunities for GP Industries Group's battery products. Demand for GP Industries Group's private label professional audio products may continue to be adversely affected if mass gatherings stay disallowed. Sales of KEF products remained robust so far and new speakers introduced by KEF received a number of major awards thus resulting in a strong order book. The proprietary Metamaterial Absorption Technology (MAT) developed by KEF has just won the "Innovation of the Year" award from What Hi-Fi? magazine of the United Kingdom. Revenue from the sales of battery products and KEF products accounted for 83.7% and 7.4% of GP Industries Group's revenue for 1HFY2021 respectively.

Volatilities in raw material prices and currency exchange rates may continue to affect GP Industries Group's results and price competition may intensify later on, hurting revenue and profitability.

Construction of the state-of-the-art manufacturing campus by GP Industries Group's battery manufacturing subsidiaries in Ningbo, China, is nearing completion. The strategy to rebalance GP Industries Group's manufacturing capacity among factories in China, Malaysia, Vietnam and Thailand is being delayed due to travel restrictions, although GP Industries Group's new Malaysian factory is making progress. Completion of the factory relocation projects in Southeast Asia will not only provide a more diverse supply base for GP Industries Group's products but also free up some of GP Industries Group's land and buildings in China for disposal, proceeds from which will strengthen GP Industries Group's balance sheet and cash flow. GP Industries Group's 20.27% owned associate, Meiloon, started to build a new factory in Indonesia. On 23 October 2020, GP Industries had announced that a wholly owned subsidiary of Meiloon had accepted an offer to return its factory site located in Suzhou, China, to the Suzhou city government for a compensation equivalent to approximately S\$140.4 million.

Despite the very challenging business environment globally, GP Industries Group will continue to build its brands and its distribution networks. GP Industries Group is further strengthening its eCommerce infrastructure and capabilities, in order to benefit from the 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.

## **BOARD OF DIRECTORS**

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 (Executive Vice President), Michael LAM Hin Lap and Brian WONG Tze Hang as Executive Directors, Ms. Karen NG Ka Fai as Non-Executive Director and Messrs. LUI Ming Wah, Frank CHAN Chi Chung, CHAN Kei Bui and Timothy TONG Wai Cheung as Independent Non-Executive Directors.

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

Hong Kong, 13 November 2020  
*www.goldpeak.com*