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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 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 2021. GP Industries Group's turnover increased by 11.3% to S\$1,182.1 million and the net profit attributable to equity holders of GP Industries increased by 63.0% to S\$31.7 million for the year ended 31 March 2021.

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 2021. At the date of this announcement, GP Industries is an 85.59%-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 2021		For the year ended 31 March 2020	
	S\$'000	HK\$'000 (Note)	S\$'000	HK\$'000 (Note)
Revenue	1,182,101	6,706,177	1,062,358	6,051,510
Cost of sales	(865,843)	(4,912,014)	(782,864)	(4,459,428)
Gross profit	316,258	1,794,163	279,494	1,592,082
Other operating income *	19,636	111,397	69,336	394,958
Distribution costs	(146,907)	(833,418)	(126,659)	(721,488)
Administrative expenses	(132,331)	(750,727)	(129,919)	(740,058)
Allowance for expected credit losses, net	(549)	(3,115)	(1,681)	(9,575)
Other operating expenses *	(22,943)	(130,158)	(36,874)	(210,045)
Profit from operations	33,164	188,142	53,697	305,874
Finance costs	(19,357)	(109,814)	(25,957)	(147,859)
Share of results of associates *	42,474	240,959	23,424	133,430
Profit before taxation	56,281	319,287	51,164	291,445
Taxation *	(13,998)	(79,412)	(22,199)	(126,452)
Profit after taxation	42,283	239,875	28,965	164,993
Attributable to:				
Equity holders of GP Industries	31,720	179,950	19,466	110,884
Non-controlling interests	10,563	59,925	9,499	54,109
	42,283	239,875	28,965	164,993
	S cents	HK cents	S cents	HK cents
Earnings per share	6.55	37.16	4.02	22.90

* 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 2021		As at 31 March 2020	
	SS'000	HK\$'000 (Note)	SS'000	HK\$'000 (Note)
Non-current assets				
Property, plant and equipment	386,321	2,230,772	336,061	1,829,550
Right-of-use assets	44,206	255,263	25,696	139,892
Interests in associates	304,316	1,757,242	270,887	1,474,736
Financial assets at fair value through other comprehensive income	1,968	11,364	2,496	13,588
Non-current receivables	14,924	86,177	15,318	83,393
Deferred tax assets	4,812	27,786	3,833	20,867
Deposits and prepayments	5,843	33,740	3,879	21,118
Intangible assets	12,551	72,474	13,660	74,366
	<u>774,941</u>	<u>4,474,818</u>	<u>671,830</u>	<u>3,657,510</u>
Current assets				
Inventories	206,443	1,192,084	167,917	914,157
Receivables and prepayments *	276,294	1,595,432	219,495	1,194,951
Dividend receivable	4,299	24,824	4,909	26,725
Taxation recoverable	4,729	27,307	4,592	24,999
Short-term investments	1,291	7,455	-	-
Bank balances, deposits and cash	226,067	1,305,401	221,098	1,203,680
	<u>719,123</u>	<u>4,152,503</u>	<u>618,011</u>	<u>3,364,512</u>
Assets classified as held for sale	7,311	42,217	7,969	43,384
	<u>726,434</u>	<u>4,194,720</u>	<u>625,980</u>	<u>3,407,896</u>
Current liabilities				
Trade and other payables	336,422	1,942,635	236,840	1,289,383
Contract liabilities	8,910	51,450	8,004	43,575
Lease liabilities	10,490	60,573	9,536	51,915
Income tax payable	10,664	61,578	6,403	34,858
Derivative financial instruments	1,233	7,120	1,203	6,549
Bank and other loans *	411,191	2,374,381	515,364	2,805,693
	<u>778,910</u>	<u>4,497,737</u>	<u>777,350</u>	<u>4,231,973</u>
Net current liabilities	<u>(52,476)</u>	<u>(303,017)</u>	<u>(151,370)</u>	<u>(824,077)</u>
Non-current liabilities				
Bank and other loans *	150,196	867,292	14,089	76,702
Lease liabilities	34,525	199,361	12,266	66,777
Provision for restructuring	17,318	100,001	18,369	100,003
Deferred tax liabilities	10,051	58,038	7,201	39,203
	<u>212,090</u>	<u>1,224,692</u>	<u>51,925</u>	<u>282,685</u>
Net assets	<u>510,375</u>	<u>2,947,109</u>	<u>468,535</u>	<u>2,550,748</u>
Represented by:				
Issued capital	286,307	1,385,631	286,307	1,385,631
Treasury shares	(20,865)	(124,334)	(20,865)	(124,334)
Reserves	153,788	1,159,504	109,006	777,233
Equity attributable to owners of GP Industries	<u>419,230</u>	<u>2,420,801</u>	<u>374,448</u>	<u>2,038,530</u>
Non-controlling interests	<u>91,145</u>	<u>526,308</u>	<u>94,087</u>	<u>512,218</u>
Total equity	<u>510,375</u>	<u>2,947,109</u>	<u>468,535</u>	<u>2,550,748</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 closing exchange rates for the respective periods.

REVIEW OF RESULTS

During the financial year which ended on 31 March 2021 (“FY2021”), the COVID-19 pandemic was not only a devastating tragedy for humanity but it also created severe detrimental consequences on the global economy and key markets. The lockdown measures implemented to stop the spread of the pandemic leading to serious disruptions in production, material supply and global logistics operations also created serious challenges for GP Industries Group’s operations. Fortunately, consumer demand for batteries remained steady during the pandemic and GP Industries Groups’ production facilities in China and South East Asia provided a broader supply base than most competitors to overcome some of the operational challenges. In FY2021, the Batteries Business reported a revenue increase of 18.8% when compared to the revenue for the financial year which ended on 31 March 2020 (“FY2020”). Driven by robust consumer demand and strong market reception for new premium quality wireless network enabled home audio products, GP Industries Group’s KEF brand acoustics business also reported a revenue increase of 26.2% in FY2021 when compared to FY2020. Despite revenue declines reported by the professional audio manufacturing business, GP Industries Group’s Celestion professional speaker driver business and the Automotive Wire Harness business, GP Industries Group reported a total revenue of S\$1,182.1 million for FY2021, representing a 11.3% increase when compared to the revenue reported in FY2020.

Gross profit increased by 13.2% to S\$316.3 million due mainly to the increase in revenue, and partly to improvement in sales mix as sales of KEF products increased.

Distribution costs increased by 16.0% or S\$20.2 million due partly to the increase in revenue and brand building activities, as well as a surge in freight rates which prevailed during the second half of FY2021.

Other operating income decreased by S\$49.7 million to S\$19.6 million for FY2021, as GP Industries Group reported a S\$48.6 million gain from disposal of land and building and an exchange gain of S\$3.3 million in FY2020. Other operating expense also decreased by S\$14.0 million to S\$22.9 million for FY2021, as GP Industries Group reported an exchange loss of S\$8.1 million, due to appreciation of Chinese Renminbi (“RMB”), in FY2021 while it reported a S\$17.6 restructuring charges and a S\$5.6 million loss from liquidation of a subsidiary in FY2020.

Share of results of associates increased by S\$19.1 million to S\$42.5 million for FY2021. The increase was due mainly to a S\$13.7 million share of gain of Meiloon Industrial Co., Ltd. (“Meiloon”) from disposal of land and buildings located in Suzhou, China.

Finance costs decreased by 25.4% or S\$6.6 million to S\$19.4 million due mainly to reduced interest rates.

Profit before taxation increased by S\$5.1 million, from S\$51.2 million for FY2020 to S\$56.3 million for FY2021. GP Industries Group’s profit after taxation attributable to equity holders for FY2021 was S\$31.7 million, an increase of S\$12.2 million or 63.0% when compared to S\$19.5 million reported in FY2020.

Based on the weighted average of 484,046,682 shares in issue, basic earnings per share of GP Industries for FY2021 was 6.55 Singapore cents, compared to 4.02 Singapore cents reported in FY2020.

The directors of GP Industries do not propose a final dividend for FY2021 but expect to resume dividend payment during the current financial year.

BUSINESS REVIEW

Batteries Business - The revenue of the Batteries Business for FY2021 was S\$945.6 million, a 18.8% increase when compared to the revenue recorded in FY2020. Sales of primary batteries in FY2021 increased by 21.2% while sales of rechargeable batteries increased by 5.4%. In geographical terms, the Batteries Business reported sales growth across all major markets, with increases of 36.8%, 22.1% and 5.1% to the Americas, Asia and Europe respectively.

Despite the increase in distribution costs and the exchange loss reported in FY2021, increase in revenue and gross profit resulted in an increase in profit contribution from the Batteries Business. Gross profit margin, however, started to taper during the second half of FY2021 due to the adverse effects of increase in material prices and appreciation of RMB.

Aggregate profit contribution from associates of the Batteries Business increased by S\$4.8 million in FY2021 as compared to FY2020.

Electronics and Acoustics Business - The revenue of the Electronics and Acoustics Business for FY2021 was S\$202.9 million, an 11.9% decrease when compared to the revenue reported in FY2020. Sales of KEF products increased by 26.2%, with growth in sales of both traditional premium loudspeakers and new media products. KEF's new products launched during FY2021 were well received by the American and European markets, the revenue from which increased by 31.0% and 37.2% respectively. Sales of KEF products to the Asian market remained steady. On the other hand, revenue reported by the professional audio manufacturing business and Celestion brand professional speaker driver business declined by 40.3% and 26.6% respectively, due mainly to cessation of public performances in most major markets amid the COVID-19 pandemic which caused a significant reduction in product demand.

Aggregate profit contributed from associated companies which manufacture parts and components decreased by S\$1.7 million in FY2021 as compared to FY2020.

Automotive Wire Harness Business - The revenue of the Automotive Wire Harness Business for FY2021 was S\$33.6 million, a decline of 6.1% when compared to the revenue reported in FY2020. For FY2021, sales to the Americas decreased by 21.3% while sales to China increased by 6.3%. Revenue in the second half of FY2021 increased significantly when compared to first half of FY2021 as the automotive industry gradually recovered from lockdown during the first few months of the pandemic.

Other Industrial Investments - This business segment includes GP Industries Group's investments in Meiloon and Linkz Industries Limited ("Linkz"). During FY2021, Meiloon completed the disposal of its land and building located in Suzhou, China. GP Industries Group's share of such disposal gain amounted to approximately S\$13.7 million. As a result, share of Meiloon's profit increased. Profit contribution from Linkz for FY2021 also increased.

PROSPECTS

The current development of the COVID-19 pandemic continues to cause uncertainties to the recovery of global economy. In addition, global shortages of semi-conductors and other electronic components, rising prices of certain types of raw materials and components used by GP Industries Group, disruptions to global shipping services and gradual strengthening of the RMB may drive up GP Industries Group's business costs or disrupt GP Industries Group's production capacity. US import tariffs imposed on China-made products may continue to affect the demand for some of GP Industries Group's products from United States based customers.

However, market demand for consumer batteries and for KEF's premium loudspeakers and wireless audio systems is expected to remain strong. GP Industries Group's professional audio manufacturing business, Celestion's professional loudspeaker driver business and automotive wire harness are all showing clear signs of recovery despite uncertainties in the market. However, continued lockdown and social distancing measures may hamper such recovery.

Since early 2021, GP Industries Group started to prepare for the relocation of its Nickel Metal Hydride rechargeable and Carbon Zinc 9-volt batteries manufacturing facilities from Huizhou, China to the new manufacturing campus located at Xiegang, Dongguan, China. GP Industries Group has also resumed the transfer of some of the electronic products produced in China to the 51% owned electronic and acoustics factory in Thailand. The product transfer has been delayed by more than a year due to the outbreak of COVID-19.

GP Industries Group's strategy to invest in building its brands, its on-line and off-line sales capabilities, invest into technology and product development and to rebalance its production capacity in China and South East Asia helped GP Industries Group maintain its business performance during the COVID-19 pandemic. GP Industries Group will continue with this strategy to further strengthen the competitiveness of its brands and products in key priority markets.

By Order of the Board
Louis WONG Man Kon
Company Secretary

Hong Kong, 27 May 2021
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 (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.