

Press Release

For Immediate Release

28 June 2021, Hong Kong



Gold Peak announces 2020/2021 final results

Gold Peak Industries (Holdings) Limited (*SEHK: 40*) today announced its audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2021.

Financial highlights

Revenue	: HK\$6,706 million, up 10.8%
Profit attributable to owners of the Company	: HK\$121.9 million, up 483.0% (2019/20: HK\$20.9 million)
Earnings per share	: 15.5 HK cents (2019/20: 2.7 HK cents)
The Board does not propose the payment of final dividend (2019/20: Nil)	

Business Review

GP Industries (85.5% owned by Gold Peak as at 31 March 2021)

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 Group’s 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.

Batteries Business

- Revenue of the Batteries Business was S\$945.6 million, increased by 18.8%.
- Sales of primary batteries and rechargeable batteries increased by 21.2% and 5.4% respectively.
- In geographical terms, sales growth was reported across all major markets, with increases of 36.8%, 22.1% and 5.1% to the Americas, Asia and Europe respectively.
- Gross profit margin 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 increased by S\$4.8 million in FY2021 as compared to FY2020.

Electronics and Acoustics Business

- Revenue of the Electronics and Acoustics Business decreased by 11.9% to S\$202.9 million.
- Sales of KEF products increased by 26.2%. Sales to the Americas and Europe increased by 31.0% and 37.2% respectively while sales to Asia remained steady.
- Revenue of the professional audio manufacturing business and Celestion brand professional speaker driver business declined by 40.3% and 26.6% respectively.
- Aggregate profit contributed from associated companies decreased by S\$1.7 million.

Automotive Wire Harness Business

- Revenue of the Automotive Wire Harness Business declined by 6.1% to S\$33.6 million.
- Sales to the Americas decreased by 21.3% while sales to China increased by 6.3%.

Other Industrial Investments

- Share of Meiloon's profit increased as Meiloon completed the disposal of its land and building located in Suzhou, China. Share of such disposal gain to GP Industries was approximately S\$13.7 million.
- Profit contribution from Linkz Industries Limited also increased.

Prospects

Commenting on the prospects of the Group, Victor Lo, Chairman and Chief Executive of Gold Peak, said, “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 the Group, disruptions to global shipping services and gradual strengthening of the RMB may drive up its business costs or disrupt its production capacity. US import tariffs imposed on China-made products may continue to affect the demand for some of its 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. The 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, the 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. It 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.”

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

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