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金山科技工業有限公司

**Gold Peak Technology Group Limited**

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock Code: 40)**



## **Announcement of 2021/2022 Final Results of GP Industries Limited**

Pursuant to Paragraph 13.09(2) of the Listing Rules, the Board of Directors of Gold Peak Technology Group Limited is pleased to announce the unaudited consolidated results of GP Industries Limited for the year ended 31 March 2022. Revenue of GP Industries Group's continuing operations increased by 6.5% to S\$1,222.7 million. Profit from continuing operations attributable to equity holders of GP Industries increased by 25.7% to S\$38.3 million. Including discontinued operations, total profit attributable to equity holders of GP Industries Limited increased from S\$31.7 million for the year ended 31 March 2021 to S\$35.3 million for the year ended 31 March 2022.

Pursuant to Paragraph 13.09(2) of the Listing Rules, the Board of Directors of Gold Peak Technology Group 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 2022. 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 2022		For the year ended 31 March 2021 *	
	SS\$'000	HK\$'000 (Note)	SS\$'000	HK\$'000 (Note)
<b><u>Continuing operations</u></b>				
Revenue	1,222,749	7,061,620	1,148,508	6,515,601
Cost of sales	<u>(905,484)</u>	<u>(5,229,351)</u>	<u>(838,154)</u>	<u>(4,754,931)</u>
Gross profit	317,265	1,832,269	310,354	1,760,670
Other operating income	48,678	281,125	19,089	108,294
Distribution costs	(154,692)	(893,377)	(144,222)	(818,186)
Administrative expenses	(148,699)	(858,766)	(130,068)	(737,888)
Allowance for expected credit losses, net	(4,519)	(26,098)	(546)	(3,098)
Other operating expenses	<u>(37,086)</u>	<u>(214,179)</u>	<u>(23,025)</u>	<u>(130,623)</u>
Profit from operations	20,947	120,974	31,582	179,169
Finance costs	(19,332)	(111,646)	(19,353)	(109,792)
Share of results of associates	49,546	286,138	42,474	240,959
Profit before taxation	<u>51,161</u>	<u>295,466</u>	<u>54,703</u>	<u>310,336</u>
Taxation	<u>(6,738)</u>	<u>(38,913)</u>	<u>(13,668)</u>	<u>(77,540)</u>
Profit after taxation from continuing operations	44,423	256,553	41,035	232,796
<b><u>Discontinued operations</u></b>				
(Loss) Profit after taxation from discontinued operations	<u>(3,050)</u>	<u>(17,614)</u>	<u>1,248</u>	<u>7,080</u>
Profit after taxation	<u><u>41,373</u></u>	<u><u>238,939</u></u>	<u><u>42,283</u></u>	<u><u>239,876</u></u>
<b>Attributable to:</b>				
<b>Equity holders of GP Industries</b>				
Continuing operations	38,311	221,255	30,472	172,871
Discontinued operations	<u>(3,050)</u>	<u>(17,614)</u>	<u>1,248</u>	<u>7,080</u>
	<u>35,261</u>	<u>203,641</u>	<u>31,720</u>	<u>179,951</u>
<b>Non-controlling interests</b>				
Continuing operations	6,112	35,298	10,563	59,925
Discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,112</u>	<u>35,298</u>	<u>10,563</u>	<u>59,925</u>
	<u><u>41,373</u></u>	<u><u>238,939</u></u>	<u><u>42,283</u></u>	<u><u>239,876</u></u>
	S cents	HK cents	S cents	HK cents
<b>Earnings per share</b>				
From continuing operations	7.92	45.73	6.30	35.74
From discontinued operations	<u>(0.63)</u>	<u>(3.64)</u>	<u>0.25</u>	<u>1.41</u>
	<u>7.29</u>	<u>42.09</u>	<u>6.55</u>	<u>37.15</u>
	S cents	HK cents	S cents	HK cents
Interim dividend per share	1.25	7.21	-	-
Final dividend per share	<u>2.00</u>	<u>11.55</u>	<u>-</u>	<u>-</u>
	<u>3.25</u>	<u>18.76</u>	<u>-</u>	<u>-</u>

\* The comparative figures have been re-presented due to discontinued operations attributable to the disposed automotive wire harness business.

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 2022		As at 31 March 2021	
	SS'000	HKS'000 (Note)	SS'000	HKS'000 (Note)
<b>Non-current assets</b>				
Property, plant and equipment	411,572	2,382,179	386,321	2,230,770
Right-of-use assets	47,749	276,371	44,206	255,263
Interests in associates	298,892	1,729,987	304,316	1,757,242
Financial assets at fair value through other comprehensive income	6,739	39,005	1,968	11,364
Non-current receivables	3,226	18,672	14,924	86,177
Deferred tax assets	5,937	34,363	4,812	27,786
Deposits and prepayments	4,286	24,807	5,843	33,740
Intangible assets	10,696	61,908	12,551	72,474
	<u>789,097</u>	<u>4,567,292</u>	<u>774,941</u>	<u>4,474,816</u>
<b>Current assets</b>				
Inventories	254,500	1,473,046	206,443	1,192,084
Receivables and prepayments	278,004	1,609,087	276,294	1,595,432
Dividend receivable	4,858	28,118	4,299	24,824
Taxation recoverable	3,837	22,209	4,729	27,307
Derivative financial instruments	165	955	-	-
Short-term investments	729	4,219	1,291	7,455
Bank balances, deposits and cash	188,263	1,089,666	226,067	1,305,401
	<u>730,356</u>	<u>4,227,300</u>	<u>719,123</u>	<u>4,152,503</u>
Assets classified as held for sale	7,413	42,906	7,311	42,217
	<u>737,769</u>	<u>4,270,206</u>	<u>726,434</u>	<u>4,194,720</u>
<b>Current liabilities</b>				
Trade and other payables	302,851	1,752,902	336,422	1,942,636
Contract liabilities	18,883	109,295	8,910	51,450
Provision for restructuring	4,250	24,599	-	-
Lease liabilities	11,264	65,196	10,490	60,573
Income tax payable	8,070	46,709	10,664	61,578
Derivative financial instruments	19	110	1,233	7,120
Bank and other loans	461,611	2,671,804	411,191	2,374,381
	<u>806,948</u>	<u>4,670,615</u>	<u>778,910</u>	<u>4,497,738</u>
<b>Net current liabilities</b>	<u>(69,179)</u>	<u>(400,409)</u>	<u>(52,476)</u>	<u>(303,018)</u>
<b>Non-current liabilities</b>				
Bank and other loans	99,823	577,776	150,196	867,292
Lease liabilities	41,681	241,250	34,525	199,361
Provision for restructuring	-	-	17,318	100,001
Deferred tax liabilities	10,806	62,545	10,051	58,038
	<u>152,310</u>	<u>881,571</u>	<u>212,090</u>	<u>1,224,692</u>
<b>Net assets</b>	<u>567,608</u>	<u>3,285,312</u>	<u>510,375</u>	<u>2,947,106</u>
<b>Represented by:</b>				
Issued capital	286,307	1,385,631	286,307	1,385,631
Treasury shares	(20,978)	(124,987)	(20,865)	(124,334)
Reserves	202,231	1,445,590	153,788	1,159,502
<b>Equity attributable to owners of GP Industries</b>	<u>467,560</u>	<u>2,706,234</u>	<u>419,230</u>	<u>2,420,799</u>
<b>Non-controlling interests</b>	<u>100,048</u>	<u>579,078</u>	<u>91,145</u>	<u>526,307</u>
<b>Total equity</b>	<u>567,608</u>	<u>3,285,312</u>	<u>510,375</u>	<u>2,947,106</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

During the financial year ended 31 March 2022 (“FY2022”), revenue of GP Industries Group’s continuing operations increased by S\$74.2 million or 6.5% to S\$1,222.7 million, due mainly to a S\$79.0 million or 38.9% increase in revenue of the Electronics and Acoustics Business.

On 31 August 2021, GP Industries Group completed the disposal of the subsidiaries in the Automotive Wire Harness Business. Accordingly, results of the disposed Automotive Wire Harness Business for FY2022 and prior period comparative figures for the financial year ended on 31 March 2021 (“FY2021”) were presented separately under discontinued operations.

Gross profit margin decreased from 27.0% in FY2021 to 25.9% in FY2022. The decrease was due mainly to significant increases in material costs across a wide range of raw materials and components. However, increase of selling price to customers, improvements in sales mix and increase in sales of KEF’s acoustic systems partially offset the adverse effects of the cost increases on the gross profit margin of GP Industries Group.

Administrative expenses increased by S\$18.6 million or 14.3% to S\$148.7 million due partly to staff costs increases on a year-on-year comparison basis and partly to depreciation of new facilities which have become operational during FY2022. In addition, GP Industries Group implemented aggressive short-term cost control measures and received some government subsidies from various countries during the COVID-19 lockdown period, which reduced staff costs in FY2021.

Other operating income increased by S\$29.6 million to S\$48.7 million due mainly to write-back of excess provision for restructuring of the Electronics and Acoustics Business relating to its factory relocation, and disposal gain together with compensation income of the Batteries Business.

Other operating expenses increased by S\$14.1 million to S\$37.1 million in FY2022, due mainly to the impairment charges for the business in Russia and the cost of relocating the factories of the Batteries Business from Huizhou to Dongguan, PRC, despite a decrease in exchange losses and other impairment charges.

Profit from continuing operations attributable to equity holders of GP Industries Limited increased by S\$7.8 million to S\$38.3 million, or 25.7% over the profit last year.

Net loss from discontinued operations attributable to the disposed Automotive Wire Harness Business in FY2022 amounted to S\$3.05 million.

Including contributions from discontinued operations, total profit attributable to equity holders of GP Industries Limited increased from S\$31.7 million for FY2021 to S\$35.3 million for FY2022. Based on the weighted average of 483,853,969 (FY2021: 484,046,682) shares in issue, basic earnings per share for FY2022 was 7.29 Singapore cents, compared to 6.55 Singapore cents reported in FY2021.

The Directors of GP Industries Limited have proposed a final dividend of 2.0 Singapore cents per share.

## BUSINESS REVIEW

*Batteries Business* – The revenue of the Batteries Business for FY2022 was S\$940.9 million, a decrease of 0.5% when compared to FY2021. Sales of primary batteries decreased by 1.1% while sales of rechargeable batteries increased by 0.7%. In geographical terms, sales to Europe and Asia increased by 3.4% and 2.5% respectively while sales to the Americas decreased by 10.1%.

Gross profit margin of the Batteries Business, particularly the rechargeable battery products, has been affected by the rapidly increasing material costs. Disruptions to global shipping also continued to cause significant shipment delays and drastic increases in shipping costs. Although the Management worked closely with customers to increase product prices, the time delay for customers accepting the price increases lagged behind the time when material prices actually increased and this resulted in reduced gross profit margin for FY2022.

During FY2022, GP Industries Group made a total of S\$14.1 million impairment on the investment in a Russia based business and allowance for credit loss against the receivables therefrom, represented full provision against the investment and approximately 52% of the unsettled receivables.

During FY2022, GP Industries Group completed the disposal of GP Batteries China Limited (“GPBC”), a wholly owned subsidiary, after relocating the production facilities of GPBC for manufacturing Carbon Zinc 9-volt primary batteries to the new manufacturing campus located at Xiegang, Dongguan. The relocation of the Nickel Metal Hydride rechargeable batteries manufacturing facilities from Huizhou to Xiegang also started during FY2022 and is expected to be completed in the first half of the financial year ending 31 March 2023 (“FY2023”). The gain from disposal of GPBC amounted to S\$8.2 million in FY2022. On the other hand, costs related to the relocation of the above-mentioned manufacturing facilities amounted to approximately S\$12.7 million in FY2022, comprised mainly of severance payments to employees in accordance with the Labor Laws in China.

During FY2022, the 70%-owned subsidiary in Ningbo, Zhongyin (Ningbo) Battery Co Ltd (“ZYNB”) has started relocating its manufacturing facilities to a new campus. Such relocation is expected to be substantially completed in FY2023, after which GP Industries Group will dispose the land currently occupied by ZYNB. During FY2022, ZYNB reported a compensation income of S\$6.7 million for certain factory buildings of the existing campus returned to the government and costs incurred in relocating the affected operations, and a write-back of relocation costs of S\$4.2 million.

Despite the gain from disposal of GPBC, ZYNB’s compensation income and write-back of provisions, the exceptional impairment charges, relocation costs and a decrease in share of profit from associates contributed to a decline in profit contribution from the Battery Business in FY2022.

Rapid material price increases and continued disruption to the supply chain during FY2022 resulted in an increase in raw materials and finished products being held in inventory at 31 March 2022.

*Electronics and Acoustics Business* – The revenue of the Electronics and Acoustics Business for FY2022 was S\$281.8 million, a 38.9% increase when compared to the revenue reported in FY2021 with strong growth in both the professional audio manufacturing business and the branded acoustics business.

The professional audio manufacturing business reported a 37.9% increase in revenue in FY2022 with increased sales to all major geographical markets, including a 52.8% increase to the Americas. The increase was mainly driven by the recovery of the professional audio business after key global markets started to reopen as the pandemic gradually subsided.

Sales of KEF products increased by 37.1% in FY2022, with increases across all major geographical markets. KEF reported 49.4%, 23.8% and 37.6% revenue growth in the Americas, Europe and Asia respectively. The Celestion brand professional speaker driver business also reported a 51.6% revenue growth, as a result of a 66.3% and a 58.1% increase in sales to the Americas and Asia respectively, also mainly driven by a recovery of the professional audio market after COVID-19 started to subside in these markets.

The relocation of the manufacturing facilities of the Electronics and Acoustics Business to the new location at Dongjiang Industrial Park in Huizhou was completed in May 2022. Due to the proximity of the old and new factory sites, the costs incurred for the factory removal was less than the provision for restructuring made. Accordingly, GP Industries Group wrote back a S\$13.1 million restructuring provision previously provided.

Production at the 51%-owned subsidiary in Thailand increased during FY2022 as the COVID-19 situation in Thailand improved gradually and demand for made-in-Thailand professional audio products also increased.

Strong revenue growth of the subsidiaries, write back of excess restructuring provision and an increase in aggregate share of profit from associated companies resulted in a significant increase in profit contribution from the Electronics and Acoustics Business. GP Industries Group maintained a higher level of inventory for this business segment to support the strong sales and to prepare for the launch of new KEF products such as LS60 Wireless in the first quarter of FY2023, and to safeguard against the global supply shortages of critical electronics components and reduced global shipping capacity. While this strategy helped to support the revenue growth achieved, it also required significantly higher working capital for the business.

*Other Industrial Investments* – This business segment includes GP Industries Group’s investments in Meiloon Industrial Co., Ltd. (“Meiloon”) and XIC Innovation Limited (“XIC Innovation” which was formerly known as Linkz Industries Limited). During FY2022, Meiloon reported an increase in revenue but contributed less profit, due to the FY2021 results included a S\$13.7 million property disposal gain. In March 2022, XIC Innovation completed the disposal of its 63.58%-owned subsidiary, Time Interconnect Technology Limited, and reported a disposal gain. Therefore, profit contribution from XIC Innovation increased.

*Automotive Wire Harness Business* – During FY2022, profit after taxation of the Automotive Wire Harness Business amounted to S\$0.16 million, compared to S\$1.25 million in FY2021. The Automotive Wire Harness Business was disposed of on 31 August 2021 and the disposal resulted in a loss of S\$3.21 million in FY2022, which included S\$2.07 million exchange translation deficit charged to profit and loss and goodwill written-off amounted to S\$0.27 million.

## PROSPECTS

The gradual re-opening of travelling and other economic activities at major global economies after COVID-19 lockdown improves business sentiment. Rapid and continued cost increases across a wide spectrum of materials and record-high shipping and logistics costs put significant pressure on GP Industries Group's businesses. However, recent strengthening of the US dollar against the Chinese Renminbi, if it continues, may help to reduce some of GP Industries Group's cost pressure.

The Electronics and Acoustics Business is expected to continue its revenue growth trajectory with the launch of new products but inflation in key markets may affect consumers' discretionary spending and slowing down revenue growth. Component supply shortages and global shipping capacity shortages may also affect the businesses' ability in supplying products to meet market needs.

The Batteries Business will continue to be affected by material supply disruptions and steep cost increases. On the other hand, stabilizing sea freight rates might help to slow down shipping costs increases. When the project to rebalance GP Industries Group's manufacturing facilities is completed in the early part of FY2023, the business is expected to improve from better economy of scale and reduced redundant operations.

Disruptions to global shipping services and shortages of electronics components are expected to continue to pose challenges to GP Industries Group in optimizing inventory level and working capital requirements in order to meet delivery commitments. Higher interest rates may also increase GP Industries Group's finance costs.

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

On 28 December 2021, GP Industries Limited announced the proposed distribution in-specie of the rechargeable batteries manufacturing business (the "Proposed Distribution"). The Proposed Distribution is conditional, inter alia, on the completion of the restructuring of the rechargeable batteries manufacturing business, which is still in progress. GP Industries Limited will make further announcement to update the shareholders on the Proposed Distribution.

By Order of the Board  
**Gold Peak Technology Group Limited**  
**Louis WONG Man Kon**  
Company Secretary

Hong Kong, 30 May 2022

*As at the date of this announcement, the Board consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), Brian LI Yiu Cheung (Vice Chairman & Executive Vice President), Michael LAM Hin Lap, Brian WONG Tze Hang, Victor CHONG Toong Ying and Waltery LAW Wang Chak as Executive Directors, Ms. Karen NG Ka Fai as Non-Executive Director and Messrs. LUI Ming Wah, Frank CHAN Chi Chung, CHAN Kei Biu and Timothy TONG Wai Cheung as Independent Non-Executive Directors.*