

Press Release

For Immediate Release

27 May 2021, Hong Kong



Singapore-listed GP Industries announces 2020/2021 final results

Gold Peak Industries (Holdings) Limited's (stock code: 40) 85.59% subsidiary, the Singapore-listed GP Industries Limited, today announced its unaudited consolidated results for the year ended 31 March 2021.

Summary of results of GP Industries

| | <i>(For the year ended 31 March)</i> | | % of change |
|--|--------------------------------------|------------------|-------------|
| | 2021 | 2020 | |
| Turnover | S\$1,182 million | S\$1,062 million | + 11.3% |
| Profit attributable to equity holders of GP Industries | S\$31.72 million | S\$19.47 million | + 63.0% |

Review of Results

During the financial year ended 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, and they also created serious challenges for GP Industries' operations. Fortunately, consumer demand for batteries remained steady during the pandemic and GP Industries' 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 ended 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' 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' Celestion professional speaker driver business and the Automotive Wire Harness Business, GP Industries reported a total revenue of S\$1,182.1 million for FY2021, representing an increase by 11.3%.

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 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 it 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' 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.

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 of GP Industries

(for the year ended 31 March 2021)

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 and rechargeable batteries increased by 21.2% and 5.4% respectively. 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 decreased by 11.9% to S\$202.9 million. 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.

Automotive Wire Harness Business

The 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%. 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' 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' 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 of GP Industries

Commenting on the prospects of GP Industries, Chairman and Chief Executive Officer, Victor Lo 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 GP Industries, disruptions to global shipping services and gradual strengthening of the RMB may drive up GP Industries' 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. GP Industries' 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 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 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’ 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 it to maintain its business performance during the COVID-19 pandemic. GP Industries will continue with this strategy to further strengthen the competitiveness of its brands and products in key priority markets.” Lo is also Chairman and Chief Executive of Gold Peak.

#