

## Press Release

For Immediate Release

30 May 2024, Hong Kong



### Singapore-listed GP Industries announces 2023/2024 final results

Gold Peak Technology Group 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 2024.

#### Summary of results of GP Industries

	<i>(For the year ended 31 March)</i>		% of change
	2024	2023	
Revenue	S\$1,108 million	S\$1,150 million	- 3.6%
(Loss) Profit attributable to equity holders of GP Industries	( S\$58.75million )	S\$22.04 million	-

#### Review of Results

During the financial year which ended on 31 March 2024 ("FY2024"), revenue of GP Industries Group declined by S\$41.9 million or 3.6% to S\$1,108.1 million when compared to the last financial year which ended on 31 March 2023 ("FY2023"). The decline was mainly due to a S\$33.4 million or 3.8% decrease in revenue reported by Batteries Business when compared to FY2023. In terms of geographical markets, the sales decline is mainly contributed by Europe and Asia.

Gross profit margin increased from 26.6% in FY2023 to 28.5% in FY2024, as GP Industries Group enhanced its product mix, implemented stricter cost control measures and monitored the optimal level and timing of commodities purchases.

Distribution costs remained at approximately the same level as in FY2023. The effect of reduced global shipping cost in FY2024 and the drop in sales volume offset by the increased advertising and promotion expenses to further improve the brand awareness. Administrative expenses decreased by S\$12.7 million or 8.8% to S\$131.5 million due mainly to a drop in staff cost due to GP Industries Group's cost reduction efforts, which included headcount reduction, salary reduction for senior management, a reduction in rental expense and back-office expenses.

# Gold Peak Technology Group Limited

## 金山科技工業有限公司

Singapore-listed GP Industries announces 2023/2024 final results

Other operating income decreased by S\$19.2 million to S\$26.7 million in FY2024 when compared to FY2023 due mainly to the one-off disposal gain from GP Industries Group's disposal of shareholding in STL Technology Co., Ltd ("STL") from 29.28% to 15.14%, a fair value gain on the 15.14% interest in STL after disposal, and a gain from disposal of Huizhou Modern Battery Limited ("Modern Battery"), a wholly-owned subsidiary of GP Industries in FY2023. Other operating income for FY2024 mainly included reversal of impairment loss on interest in an associate amounting to S\$7.8 million and government grant amounting to S\$5.6 million.

Other operating expenses decreased by S\$8.6 million to S\$11.9 million. Other operating expenses in FY2024 mainly included the cumulative translation deficit charged to profit or loss upon the completion of distribution in specie for the Nickel Metal Hydride rechargeable batteries manufacturing business to the shareholders of GP Industries ("DIS") in January 2024. The decrease in FY2024 was contributed by the one-off impairment loss charged for the property, plant and equipment of Lithium rechargeable business and closure and relocation costs for Shenzhen and Huizhou factories in China during FY2023.

GP Industries Group's operating earnings have improved significantly during FY2024. Its profit before finance costs and share of results of associates for FY2024 is S\$54.9 million as compared with that of S\$35.1 million for FY2023. The operating profit enhancement is mainly attributable to the improved gross profit margin and effective cost control measures.

GP Industries Group's share of attributable loss (including impairment loss) of XIC Innovation Limited ("XIC Innovation") for FY2024 is S\$76.4 million in total as compared to GP Industries Group's share of attributable profit of XIC Innovation of S\$3.6 million for FY2023.

Profit (Loss) attributable to equity holders of GP Industries decreased from profit of S\$22.0 million to loss of S\$58.7 million.

Excluding the share of attributable loss (including impairment loss) of XIC Innovation for FY2024 and FY 2023, the Group's profit attributable to equity holders of the Company for FY2024 decreased slightly by S\$0.8 million to S\$17.6 million.

The Directors of GP Industries have proposed a final dividend of 1.0 Singapore cents per share which, together with the interim dividend of 1.0 Singapore cent per share, will bring the full-year dividend to 2.0 Singapore cents per share (FY2023: 2.5 Singapore cents per share), representing a payout ratio of 54.8% for FY2024.

## **Business Review of GP Industries**

*(for the year ended 31 March 2024)*

### **Batteries Business**

Revenue of the Batteries Business for FY2024 was S\$836.7 million, a decline of 3.8% when compared to FY2023. Sales of primary batteries and rechargeable batteries decreased by 1.1% and 18.7%, respectively. The decrease in the sales of rechargeable

# Gold Peak Technology Group Limited

## 金山科技工業有限公司

Singapore-listed GP Industries announces 2023/2024 final results

batteries was mainly due to the completion of DIS in January 2024. In geographical terms, sales to the Americas, Europe and Asia decreased by 4.4%, 5.2% and 3.0%, respectively. Gross profit margin of the Batteries Business increased from 21.2% in FY2023 to 24.2% in FY2024. The improvement of gross profit margin was due mainly to lower cost of some commodities, improvement in product mix and the strengthening of the United States dollars (“US dollars”) against the Chinese Renminbi.

During FY2024, GP Industries Group reversed an impairment loss of S\$7.8 million related to the 40%-owned AZ Limited and share of the land disposal gain amounting to S\$4.0 million from Changzhou Lithium Batteries Limited (“CZLB”), which is an indirect associate of the Company.

During FY2023, GP Industries Group recognized a one-off gain from disposal of interest in STL amounting to S\$4.3 million, a fair value gain related to interest in STL amounting to S\$8.2 million and gain from disposal of Modern Battery amounting to S\$10.6 million.

Despite the increase in gross profit margin of Batteries Business, the land disposal gain from CZLB and reversal of AZ Limited’s impairment during FY2024, the disposal of STL and Modern Battery in FY2023 contributed to the decrease in profit contribution from the Batteries Business in FY2024.

### **Audio Business**

KEF GP Group Limited (“KGG”), a wholly-owned subsidiary of GP Industries, acts as the intermediate holding company for GP Industries Group’s principal subsidiaries in the Audio Business. KGG and its subsidiaries (“KGG Group”) better reflect the synergies and mutually reinforcing relationships of the principal subsidiaries of the Audio Business in research, product design and development, manufacturing, branding, marketing and sales activities.

The revenue of the KGG Group for FY2024 was S\$271.4 million, a 3.1% decrease when compared to the revenue reported in FY2023.

KEF’s sales decreased by 6.3%, with decrease in sales to Europe and Asia by 11.5% and 14.4%, respectively outweighing the 4.3% increase in sales to the Americas. The Celestion brand professional speaker driver business reported a 6.0% revenue decline, as a result of a 22.4% and a 17.6% decrease in sales to the Americas and Europe, respectively and a 7.2% increase in sales to Asia.

The professional audio manufacturing business reported a 3.7% increase in revenue in FY2024 with increased sales to major geographical markets, including a 5.0% and 27.6% increase to the Americas and Asia, respectively while sales to Europe decreased by 11.4%.

Gross profit margin of the KGG Group for FY2024 decreased slightly to 42.0%, a decline of 1.4% when compared with FY2023. The decline of gross profit margin is mainly contributed by the decrease in branded acoustics products with higher margin.

Despite the decrease in revenue, the actively implemented operational efficiency enhancement and expense control measures contributed to the increase in profitability of the Audio Business in FY2024.

### **Other Industrial Investments**

This business segment mainly includes the Group's investments in Meiloon Industrial Co., Ltd. and XIC Innovation.

### **Impairment Loss of XIC Innovation**

As mentioned in the Profit Guidance Announcement of GP Industries of 27 May 2024, XIC Innovation and its subsidiaries ("XIC Group") is currently under financial distress, XIC and certain of its subsidiaries have received winding up petitions filed by a bank to the High Court of Hong Kong, SAR. However, XIC Group is maintaining and continuing its business operations with the support from major customers and suppliers. XIC Innovation is preparing and evaluating its restructuring program and exploring the possibility in obtaining new funding from third parties to provide XIC Group with a way to continue its business operations.

GP Industries Group's share of attributable loss (including impairment loss of S\$71.9 million) of XIC Innovation for FY2024 is S\$76.4 million in total as compared to GP Industries Group's share of attributable profit of XIC Innovation of S\$3.6 million for FY2023. The carrying amount of GP Industries Group's interest in XIC Innovation as at 31 March 2024 was S\$46.2 million.

GP Industries Group's share of attributable loss (including impairment loss) of XIC Innovation for FY2024 are non-cash and extraordinary in nature and will not have a substantial adverse impact on its current and future cash flow and daily operations.

As of 31 March 2024, GP Industries no longer has significant influence over XIC Innovation and hence GP Industries discontinued the use of the equity method to account for the results of XIC Innovation. As a result, GP Industries' 39.13% direct equity interest in XIC Innovation will be classified as financial assets at fair value through other comprehensive income as at 31 March 2024.

### **Prospects of GP Industries**

Commenting on the prospects of GP Industries, Chairman and Chief Executive Officer, Victor Lo said, "The global economy may remain soft with high inflation and high interest continuing through most of FY2024. It may adversely affect consumer spending on electronic and acoustics products. Also, demand for GP Industries Group's batteries products may be affected when the major overseas customers continue to optimize their inventory level and reduce their inventories."

# Gold Peak Technology Group Limited

## 金山科技工業有限公司

*Singapore-listed GP Industries announces 2023/2024 final results*

“High interest rates significantly increase GP Industries Group’s finance costs. GP Industries Group may explore funding some of its future expansions by other sources of financing, when appropriate, in order to reduce its bank borrowing and finance costs.”

“Recent strengthening of the US dollars against the Chinese Renminbi, if it continues, may reduce some of GP Industries Group’s cost pressure and provide more flexibility to price its products and optimize its production capacity.”

“Disruption to global shipping services is improving but shortages of certain electronics components are expected to continue, posing challenges to GP Industries Group in optimizing its inventory level and in reducing its working capital requirements for fulfilling its delivery commitments.”

“With a strong product program, KEF Music Gallery in Tokyo opened in December 2023 and new experience center in London to be opened in the first half of the financial year ending 31 March 2025, demand for KEF consumer speakers is expected to gradually strengthen. Demand for Celestion professional speaker drivers and professional audio manufacturing businesses is expected to benefit from strong consumer reception for public performance events and the ending of inventory adjustments at the trade level.”

“Upon completion of the DIS in January 2024, the Batteries Business of GP Industries Group will focus on manufacturing consumer batteries and marketing its own GP brand products for the global consumer market.”

“The outcome of the future developments of XIC Innovation including results of execution of its restructuring program, the outcome of the winding up petition and in obtaining new funding from third parties is uncertain. Management will closely monitor the future developments of XIC Innovation and make further announcements to keep its shareholders and potential investors informed of any progress, if and when appropriate.”  
Lo is also the Chairman and Chief Executive of Gold Peak.

###