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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)



VOLUNTARY ANNOUNCEMENT

**BUSINESS UPDATE OF GP INDUSTRIES LIMITED
FOR THE NINE-MONTH PERIOD ENDED 31 DECEMBER 2020**

This announcement is made by Gold Peak Industries (Holdings) Limited (the “**Company**”) on a voluntary basis.

The board of directors (the “**Board**”) of the Company wishes to announce that on 5 February 2021 (after trading hours), GP Industries Limited (“**GP Industries**”, and together with its subsidiaries, “**GP Industries Group**”), an 85.5%-owned subsidiary of the Company, made an announcement on the website of Singapore Exchange Securities Trading Limited providing an overview of GP Industries Group’s business performance for the nine-month period ended 31 December 2020 (“**3QYTDFY2021**”) to the shareholders and potential investors of GP Industries.

Overview of GP Industries Group’s business performance

GP Industries Group’s revenue for 3QYTDFY2021 amounted to S\$873.9 million, representing a 5.6% increase when compared to the revenue for the nine-month period which ended on 31 December 2019 (“**3QYTDFY2020**”). Revenue of the Batteries Business increased by 13.7%, due mainly to a 16.4% increase in sales of primary batteries. Revenue of the Electronics and Acoustics Business decreased by 19.1% despite a year-on-year 16.6% increase in sales of KEF products. Sales of both KEF’s traditional premium loudspeakers and new media products increased. KEF’s new products launched during the three-month period ended 31 December 2020 (“**3QFY2021**”) were very well received in both the American and European markets. Sales of private label professional audio products and Celestion professional speaker drivers decreased

by 46.4% and 32.9% respectively, due mainly to cessation of public performances in most major markets amid the COVID-19 pandemic. Revenue of the Automotive Wire Harness Business also decreased by 18.2% during 3QYTDFY2021 due mainly to the impact of the pandemic on the automotive market in the US and in Europe.

GP Industries Group's revenue for 3QFY2021 increased by 12.4% when compared to the three-month period ended 31 December 2019, attributable also mainly to increase in sales of GP Batteries products and KEF products.

Gross profit margin for 3QYTDFY2021 improved slightly to 27.3% when compared to 26.9% for 3QYTDFY2020. A surge in freight rates during 3QFY2021 and increase in brand building activities during 3QYTDFY2021 contributed to an increase in distribution costs for 3QYTDFY2021 when compared to 3QYTDFY2020.

Appreciation of Chinese Renminbi ("**Renminbi**") against United States ("**US**") dollar during 3QYTDFY2021 contributed to an exchange loss of S\$8.2 million for 3QYTDFY2021, compared to an exchange gain of S\$2.3 million for 3QYTDFY2020.

Profit for 3QYTDFY2020 also included a significant net gain attributable to the disposal of a factory building by the Electronics and Acoustics Business, net of related restructuring cost provision. Excluding such net exceptional gain reported during 3QYTDFY2020, profit attributable to the equity holders of GP Industries for 3QYTDFY2021 was at a similar level to that for 3QYTDFY2020.

Impact of COVID-19

In early January 2021, two of GP Industries Group's battery factories in Malaysia voluntarily suspended their operations for about a week for complete factory cleaning and all employees scanned for COVID-19 after an asymptomatic case was identified among its employees.

Production of Nickel Metal Hydride rechargeable batteries in Malaysia has commenced during 3QFY2021. However, the relocation of production facilities for private label professional audio products to Thailand has yet to be completed.

Outlook

Although the COVID-19 pandemic is still prevalent globally, consumer demand for GP Industries Group's batteries and premium loudspeakers remains satisfactory. Availability of vaccines now may lead to the end of the pandemic and may subsequently restart the demand for GP Industries Group's professional audio products as music performances resume after social distancing measures are relaxed.

The on-going trade issues between the People's Republic of China ("**China**") and the US, if remain unresolved, will likely continue to have an impact on GP Industries Group's businesses. Strengthening of the Renminbi and volatility of raw material prices may affect profitability.

Global component supply shortages and insufficient global shipping capacity could also temporarily affect the operation effectiveness and our logistics costs.

On 5 January 2021, GP Industries announced that the Batteries Business has entered into an agreement to lease certain land and buildings located in Dongguan, China, as a new manufacturing campus. On 31 January 2021, GP Industries announced that GP Industries Group has entered into agreements to dispose of two of its subsidiaries, which owns certain land and buildings in China. The existing batteries manufacturing activities of these two subsidiaries will be transferred either to the new Dongguan campus or to other facilities in Southeast Asia.

GP Industries Group will continue its strategy to build its brands, business network and e-Commerce infrastructure and capabilities. GP Industries Group will also continue to invest into technology, developing new products and further automating its factories to further enhance GP Industries Group's competitiveness.

By Order of the Board
Louis WONG Man Kon
Company Secretary

Hong Kong, 5 February 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.