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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

**UPDATE ON THE IMPACT OF THE COVID-19 OUTBREAK
AND BUSINESS UPDATE OF GP INDUSTRIES LIMITED**

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 11 September 2020 (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 (the “**Singapore Stock Exchange**”) to update the shareholders and potential investors of GP Industries on the impact of the Coronavirus Disease 2019 (“**COVID-19**”) pandemic on GP Industries Group’s businesses for the financial quarter ended 30 June 2020 (“**Q1FY2021**”) and provide an overview of GP Industries Group’s business performance for Q1FY2021.

Update on impact of COVID-19 on GP Industries Group’s businesses for Q1FY2021

During Q1FY2021, GP Industries Group’s factories in China resumed normal operations. In Malaysia, although the government’s recovery movement control order has been extended to 31 December 2020, GP Industries Group’s factories were allowed to resume operations subject to compliance with the required safety management measures. However, as most of GP Industries Group’s markets in the Americas and Europe are still under various degree of movement control, some of the overseas sales offices were unable to resume normal operation.

Due to restrictions on international travel, GP Industries Group could not resume the relocations of part of its production facilities in China for rechargeable battery products and professional audio products to Malaysia and Thailand respectively.

COVID-19 also resulted in suspension of activities involving mass gathering in various countries, including concerts, conferences and major sports events on a global scale. As a result, demand for GP Industries Group's professional audio products, which comprised mainly audio systems for use in cinemas, concert halls, stadiums and schools, was adversely affected. Nevertheless, COVID-19 also provided a growth opportunity for GP Industries Group's on-line business. GP Industries Group's branded acoustics business in the United States ("US") outperformed other regions as revenue from e-commerce transactions increased rapidly.

Since the announcement of GP Industries dated 2 June 2020 on the Singapore Stock Exchange, the management of GP Industries (the "**Management**") worked closely with all stakeholders to reduce the negative impact arising from COVID-19 while taking all possible steps to protect staff employment. A number of cost-reduction and cash conservation measures were taken, including salary reduction and headcount freeze. The effectiveness of the cost-reduction and cash conservation measures is monitored closely and necessary refinements will be adopted from time to time as market situation changes. Salary reduction for executive directors and senior executives of GP Industries Group will continue until September 2020.

At the annual general meeting of GP Industries held on 11 September 2020, GP Industries shareholders approved the non-executive directors' fees of GP Industries for the financial year ended 31 March 2020 ("**FY2020**"), which were based on the fee structure adopted in financial years ended 31 March 2018 and 2019, with a 20% voluntary reduction initiated by the non-executive directors of GP Industries in support of the cost-reduction measures.

Overview of GP Industries Group's business performance for Q1FY2021

In addition to the impact of COVID-19 on GP Industries Group for Q1FY2021 as discussed above, demand for some of GP Industries Group's products for Q1FY2021 continued to be adversely affected by the added US tariff imposed on made-in-China products.

GP Industries Group's revenue for Q1FY2021 amounted to S\$265.7 million, a 3.0% decline when compared to the revenue for the financial quarter ended 30 June 2019 ("**Q1FY2020**"). In US dollar terms, GP Industries Group's revenue declined by 6.5% when comparing Q1FY2021 with Q1FY2020, as the Singapore dollar weakened by approximately 3.7% against the US dollar, the main trading currency of GP Industries Group.

Revenue of the batteries business increased by 5.2% in Singapore dollar terms, or by 1.4% in US dollar terms. However, revenue of the electronics and acoustics business decreased by 28.5% in Singapore dollar terms, or by 31.1% in US dollar terms, attributable to a 47.9% decline in sales of electronics products, which comprises mainly professional audio products, and a 15.8% decline in sales of branded acoustics products, both in US dollar terms. Revenue of the

automotive wire harness business decreased by 41.9% in Singapore dollar terms or 44.0% in US dollar terms.

Due mainly to lower sales of branded acoustics products, the gross profit margin for Q1FY2021 dropped slightly to 25.5% when compared to 26.1% for Q1FY2020.

Comparing Q1FY2021 to Q1FY2020, the Singapore dollar also weakened by 4.8% against the Hong Kong dollar, and a substantial portion of GP Industries Group's distribution costs and administrative expenses are denominated in Hong Kong dollar. As a result, the positive effect of some of the Management's cost-reduction measures were negated upon translating these expenses into Singapore dollar for reporting purpose.

During Q1FY2021, GP Industries Group reported a restructuring cost of approximately S\$1.4 million, mainly for the relocation of the rechargeable battery factory located in Huizhou, China.

Amid the very difficult business environment, GP Industries Group reported a net profit attributable to its equity holders for Q1FY2021, albeit a decline when compared with the net profit reported for Q1FY2020.

Outlook

The adverse impact of COVID-19 on the global economy and the on-going trade dispute between China and the US will likely continue to affect GP Industries Group's businesses. GP Industries Group's effort to rebalance its manufacturing facilities within Asia is expected to be impacted but GP Industries Group is committed to complete the exercise as soon as possible.

GP Industries Group will continue to build its brands, its business network and its on-line sales capabilities. GP Industries Group will continue to invest into technology, developing new products and automating its factories to further enhance its competitiveness and businesses.

By Order of the Board
Louis WONG Man Kon
Company Secretary

Hong Kong, 11 September 2020
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, Michael LAM Hin Lap and Brian WONG Tze Hang as Executive Directors, Mr. LEUNG Pak Chuen (Non-Executive Vice Chairman) and Ms. Karen NG Ka Fai as Non-Executive Directors, Messrs. LUI Ming Wah, Frank CHAN Chi Chung, CHAN Kei Bui and Timothy TONG Wai Cheung as Independent Non-Executive Directors.