

Press Release

For Immediate Release

27 May 2024, Hong Kong



Business Update from Gold Peak Technology Group

Despite the challenging business environment, Gold Peak Technology Group Limited (stock code: 40), through the collective efforts and commitment of its global team, expects to deliver a solid operating performance as it powers towards its 60th year anniversary. Unfortunately, one of the Group's legacy investments from the automotive wire harness days, XIC Innovation, of which GP Industries holds a 39.13% equity interest, is facing very serious funding challenges which resulted in Gold Peak making a significant provision on its balance sheet. (GP Industries is an 85.59%-owned subsidiary of the Group and is publicly listed in Singapore.)

The provision is non-cash in nature and will not significantly affect Gold Peak's core businesses and its cash flow.

Key Business Highlights

Batteries Businesses:

- “GP” is a highly recognised global battery brand and #1 Consumer Battery Brand in Hong Kong and a few other key markets. “Pair Deer” brand also gets stronger and stronger in the Mainland market.
- GP Batteries is the largest primary battery producer in Asia with an annual output at around 6.5 billion pieces.
- GP Batteries is the largest global producer of Alkaline 9V and Carbon Zinc 9V Batteries.
- It is rapidly becoming a major producer of primary Lithium coin cells.

Audio Businesses (KGG – KEF GP Group):

- KEF is a global premium brand, leading in high performance wireless audio systems and HiFi speakers.
- KEF has been one of the fastest growing premium audio brands in the past five years.
- GP Electronics is a global top-tier ODM in the professional audio market.
- Celestion is a global leading brand in professional audio and guitar speaker drivers. Established in 1924 and celebrating its 100th anniversary this year, Celestion has become a brand of the longest history in the world for premium audio.
- C-Music by Celestion is a prosumer brand of portable battery powered busking and karaoke audio system targeted for the Asia Pacific market.

GP Energy Tech (“GPET”):

- A leading producer of NiMH Batteries and a strong advocate in promoting reusable batteries.
- GPET has become a direct subsidiary of Gold Peak to advance manufacturing and commercialization of high technology rechargeable batteries.
- With the advent of network storage and AI, GPET is expanding its Nickel-based battery solutions to Nickel Zinc systems, entering the very fast-growing market for safe and environmentally friendly back-up batteries for data centres, energy storage systems, and other industrial applications.

XIC Innovation Group (Lighthouse & Light Engine)

Gold Peak Technology Group’s core businesses remain strong and on the most part, operating in good health. Unfortunately, one of its investments, XIC Innovation, of which GP Industries holds a 39.13% equity interest, faced some very serious operating

Gold Peak Technology Group Limited

金山科技工業有限公司

Business Update from Gold Peak Technology Group

challenges during the past year. A substantial part of XIC's business, especially smart LED lighting systems for the horticulture market was very badly hit last year as some of its large projects / customers were very dependent on government funding which were severely affected by the wars. In the last few months, XIC also started to experience difficult liquidity issues. This will likely result in a significant NON-CASH provision to be included in the Group's financial statements for our FY2023/24 which shall be released soon. Although the potential dollar value of this non-cash provision is substantial, the Management of Gold Peak is confident this will not have any material effect on the normal operation and operating cash flows of its core businesses in Batteries, Audio and GPET.

Prospects & Challenges

Gold Peak Technology Group will continue to empower people's lives with advanced, reliable power solutions and enlighten them with better sound systems. It will continue to strive to be the market leaders in the various business segments it operates in.

The current business environment is complex and volatile due to rising geopolitical conflicts, high interest rates, and oversupply of manufacturing capacity. Gold Peak's foundation remains robust, and it is implementing rigorous business and financial improvement programmes to enhance its innovation, agility and sustainability for value creation and increasing its competitiveness.

#