*Press Release*

For Immediate Release

20 November 2024, Hong Kong

# Gold Peak announces 2024/2025 interim results

Gold Peak Technology Group Limited *(stock code: 40)* today announced its unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 September 2024.

## HIGHLIGHTS

- Group revenue increased by 7.7% to HK$3,535.6 million
- Battery Business revenue increased by 8.8% to HK$2,780.3 million
- Branded Acoustics Business revenue increased 14.7% to HK$510.4 million
- Gross profit margin improved from 27.4% to 29.4%
- Profit before finance costs and share of results of associates increased by 59.9% to HK$201.3 million.
- Profit for the period attributable to owners of the Company increased by 648.3% to HK$26.1 million
- Earnings per share: 2.86 Hong Kong cents (2023/24: 0.38 Hong Kong cents)
- The Board declared payment of an interim dividend of 1.5 Hong Kong cents per share (2023/24: Nil)
- Total equity improved by HK$34.0 million including issuance of Perpetual Bonds by GP Industries

## SUMMARY OF RESULTS

For the first half year ("**1H**") ended 30 September 2024 ("**1HFY2025**"), the Group's revenue increased by HK$251.9 million or 7.7% to HK$3,535.6 million, compared to the revenue reported for the first half last year ("**1HFY2024**"). The increment was mainly due to a 8.8% and 3.6% increase in revenue of the Battery Business and the Audio Business, respectively. In terms of geographical markets, sales to the Americas and Asia increased while sales to Europe decreased.

During 1HFY2025, the Group has enhanced factory efficiency, implemented strict cost control measures and monitored the optimal level and timing of commodities purchases. As a result, the Group's gross profit margin increased from 27.4% in 1HFY2024 to 29.4% in 1HFY2025 and achieved an increase in gross profit for 1HFY2025 from HK$898.3 million to HK$1,038.8 million.

Other operating income for 1HFY2025 decreased to HK$73.2 million, compared to HK$73.5 million for 1HFY2024. During 1HFY2025, the Group reported a gain on de-registration of a dormant battery subsidiary in Malaysia of HK$11.6 million.

Distribution costs increased by HK$25.1 million or 6.2% to HK$431.6 million, when compared to 1HFY2024, due mainly to increase global shipping cost in 1HFY2025 and was in line with the increase in sales volume for 1HFY2025 especially sales to the Americas.

Administrative costs increased by HK$34.9 million or 8.0% to HK$468.4 million, when compared to 1HFY2024, due to increase in running cost and research and development expenses for new generation rechargeable batteries, which were partially offset by the cost savings through strict expense control measures in 1HFY2025.

Other operating expenses for 1HFY2025 increased to HK$10.6 million, compared to HK$5.9 million for 1HFY2024. The increase in 1HFY2025 was due mainly to property, plant and equipment write-off for 1HFY2025 related to some aged production lines being upgraded to new production line in the Battery Business.

The Group's operating earnings have improved significantly during 1HFY2025. The Group's profit before finance costs and share of results of associate ("**PBFCRA**") for 1HFY2025 increased by 59.9% to HK$201.3 million, compared to HK$125.9 million for 1HFY2024. The adjusted PBFCRA, calculated by adding back the "**Other Operating Expenses**" and deducting "**Other Operating Income**" from PBFCRA, increased by 138.0% to HK$138.7 million for 1HFY2025, as compared to HK$58.3 million in 1HFY2024, reflecting a substantial improvement in the operating results before other operating items in 1HFY2025 as compared to 1HFY2024.

Finance costs for 1HFY2025 was HK$117.2 million, a decrease of HK$3.4 million or 2.8% from HK$120.6 million reported for 1HFY2024, due mainly to repayment of bank borrowings during 1HFY2025.

Share of results of associates excluding XIC Innovation Limited ("**XIC Innovation**") for 1HFY2025 decreased by HK$27 million to HK$37.2 million. During 1HFY2024, there was a share of the one-off land disposal gain amounted to HK$23.3 million from Changzhou Lithium Batteries Ltd.

Total profit attributable to equity holders of the Company increased by HK$22.6 million to HK$26.1 million for 1HFY2025, as compared to HK$3.5 million for 1HFY2024.

## BUSINESS REVIEW

***Battery Business***

The revenue of the Battery Business for 1HFY2025 increased by 8.8% to HK$2,780.3 million, as compared to that of 1HFY2024. The increase was mainly due to increase in sales of primary battery business by HK$233.4 million. Sales of rechargeable battery business remain stable with a slight gross profit margin improvement during 1HFY2025.

In geographical terms, sales to Asia and the Americas increased by 7.3% and 38.0%, respectively, while sales to Europe decreased by 2.3%.

The gross profit margin of the Battery Business for 1HFY2025 improved to 25.2% when compared to 23.4% for 1HFY2024. The improvement in the gross profit margin was due mainly to improvement in factory efficiency, product mix and lower commodity costs. The increase in gross profit margin of the Battery Business contributed to the increase in profit contribution from the Battery Business in 1HFY2025.

***Audio Business***

The revenue of the Audio Business for 1HFY2025 was HK$755.4 million, a 3.6% increase when compared to the HK$729.5 million revenue reported for 1HFY2024.

The strong products program, successful dealer and distributor connections, and the opening of new experience centers in Tokyo and London have positively impacted the KEF branded acoustics business. In 1HFY2025, revenue from branded acoustics business increased by 14.7% compared to the same period in FY2024. This growth reflects the effectiveness of the strategic initiatives in enhancing market presence and customer engagement. Sales of KEF products increased by 16.3%, with sales improved in the Americas, Europe and Asia markets. The Celestion brand professional speaker driver business reported a 8.7% revenue increase in 1HFY2025 when compared to 1HFY2024.

Revenue of the professional audio manufacturing business decreased by 13.9% due mainly to the sales decline in the Americas and Europe.

Gross profit margin of the Audio Business for 1HFY2025 increased to 44.8%, an increment of 3.7% when compared with 1HFY2024. The increase in gross profit margin is mainly contributed by the increase in branded acoustics products with higher margin.

***Other Industrial Investments***

This business segment mainly includes the Group's investments in Meiloon Industrial Co., Ltd. ("Meiloon"), Shinwa Industries (H.K.) Limited ("Shinwa") and Wisefull Technology Limited. The contribution before taxation from this segment increased from HK$24.8 million for 1HFY2024 to HK$31.0 million for 1HFY2025, due mainly to the improvement in the share of results of Meiloon and Shinwa for 1HFY2025.

XIC Innovation and its subsidiaries ("XIC Group") are maintaining and continuing its business operations with support from major customers and suppliers and continues to explore the possibility of obtaining new funding from third parties to overcome the financial distress. The Group's 39.13% direct equity interest in XIC Innovation as at 31 March 2024 of HK$267.8 million was classified as financial assets at fair value through other comprehensive income. Starting from 1 April 2024, any fair value changes of XIC Group will be recognised in other comprehensive income ("OCI") and will not affect the profit or loss of the Group.

Based on the valuation report prepared by an independent external valuer ("XIC Valuation Report"), the fair value of the Group's interest in XIC Innovation as at 30 September 2024 was HK$92.3 million, after considering the additional impairment on certain assets of XIC Group based on updated information obtained up to the date of this results announcement, and a fair value loss of HK$175.5 million was recognized in OCI of the Group during 1HFY2025.

The independent external valuer used the asset-based approach, same approach as adopted for financial year ended 31 March 2024, in the preparation of the XIC Valuation Report. The asset-based approach involves estimating the price at which an orderly transaction would take place in the principal or most advantageous market. The concept of orderly transaction implies that the transaction is not forced, such as forced liquidation or distress sale, which aligns with the current condition of XIC Group.

### Total Equity Enhancement of the Group

During 1HFY2025, the Group has strengthened its total equity by (i) GP Industries issuing perpetual subordinated bonds of an aggregate principal amount of US$11.0 million (HK$85.0 million); (ii) transferring certain portion of an industrial complex located in China with carrying amount of HK$47.2 million to investment properties after recognized a revaluation gain of HK$34.3 million and (iii) enhancing the earnings with profit for 1HFY2025 of HK$81.7 million. The total positive effect of these measures on net assets of the Group for 1HFY2025 was HK$201.0 million.

The Group intends to speed up the divestment of another vacant land and buildings of the Group's unused factories in China and generate rental income before the completion of the disposal, which would further strengthen the Group's net asset position.

## PROSPECTS

Commenting on the prospects of the Group, Victor Lo, Chairman and Chief Executive of Gold Peak, said, "The global economy remains soft with high inflation and high interest rates persisting through 1HFY2025. These economic conditions may negatively impact consumer spending on electronic and acoustics products, potentially leading to slower growth in these sectors. Demand for the Group's battery products is expected to remain stable as major overseas customers' demand is stabilized following their inventory optimization processes that have been ongoing for the past few years."

"With the new experience center in London opened in 1HFY2025 and combined with the strong products program, demand for KEF speakers is expected to gradually strengthen. Successful distribution channel expansion will further support this growth, enhancing customer engagement and product availability in the market."

"Despite the interest rate reductions that began in September 2024, interest rates are expected to remain high throughout the year ending 31 March 2025, leading to significant finance costs which may continue to affect the profitability of the Group. The Group may explore funding some of its future expansions by other sources of financing, when appropriate, in order to reduce the Group's bank borrowing and finance costs."

"The future developments of XIC Group, including the results of its restructuring program, the outcome of the winding up petitions and its efforts in obtaining new funding from third parties is uncertain. Management will closely monitor the future developments of XIC Group and make further announcements to keep its shareholders and potential investors informed of any progress, if and when appropriate."

"The Group continues investing in developing rechargeable energy storage solutions for large scale data centres, smart cities and industrial applications. An advanced R&D center has been established in China to focus on the research and manufacturing of new generation Nickel-Zinc (NiZn) batteries for consumer and industrial applications."

"The Group will further strengthen its capital structure and base and provide sufficient buffer to accommodate any possible adverse financial impact on the liquidity position of the Group resulted from the continued challenges in the global economic landscape and any adverse changes in the fair value of the assets of the Group by (i) speeding up the divestment of non-core assets including the vacant land and buildings after the relocation of the Group's unused factories and generate rental income before the conclusion of the sale agreements with potential buyers; (ii) implementing continuous cost reduction programs to enhance the financial resilience of the Group; and (iii) streamlining the corporate structure and simplify the work flows to increase the profitability of the Group."

"No significant "Other Operating Income or Expenses" related to disposal of non-core assets is expected for the second half year ending 31 March 2025."

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