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金山科技工業有限公司

Gold Peak Technology Group Limited

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 40)



PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to provide an update on the financial performance of the Group for FY2024 to the shareholders and potential investors.

The Group's operating earnings have improved significantly during FY2024. The Group's profit before finance costs and share of results of associates for FY2024 is expected to be within the range of approximately HK\$325 million to HK\$335 million as compared with the Group's profit before finance costs and share of results of associates of HK\$167.6 million for FY2023. The expected operating profit enhancement is mainly attributable to the improved gross profit margin and effective cost control measures.

Based on the information currently available and the management's preliminary review of the unaudited consolidated management accounts of the Group for FY2024, the Group is expected to record a loss attributable to equity holders of the Company for FY2024 within the range of approximately HK\$362 million to HK\$412 million as compared with the Group's profit attributable to equity holders of the Company of HK\$36.9 million for FY2023. This expected change from profit to loss for FY2024 is mainly attributable to the Group's share of attributable loss (including the impairment loss) of XIC Innovation for FY2024 which is expected to be within the range of approximately HK\$407 million to HK\$447 million. The impairment loss of XIC Innovation for FY2024 is derived based on the valuation report prepared by an independent external valuer and such loss is expected to be within the range of approximately HK\$1,085 million to HK\$1,174 million. The Group's share of the impairment loss of XIC Innovation for FY2024 is therefore expected to be within the range of approximately HK\$382 million to HK\$412 million, as the Company is holding a 39.13% indirect equity interest in XIC Innovation.

Excluding the Group's share of attributable loss (including impairment loss) of XIC Innovation for FY2024, the Group is expected to record a profit attributable to equity holders of the Company within the range of approximately HK\$35 million to HK\$45 million for FY2024.

The Group's share of attributable loss (including impairment loss) of XIC Innovation for FY2024 is non-cash in nature and will not have a substantial adverse impact on the Group's current and future operating cash flow and the Group's future operating earnings.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Gold Peak Technology Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**").

Update on the Financial Performance of the Group

The board of directors of the Company (the "**Board**") wishes to provide an update on the financial performance of the Group for the financial year ended 31 March 2024 ("**FY2024**") to the shareholders and potential investors.

The Group's operating earnings have improved significantly during FY2024. The Group's profit before finance costs and share of results of associates for FY2024 is expected to be within the range of approximately HK\$325 million to HK\$335 million as compared with the Group's profit before finance costs and share of results of associates of HK\$167.6 million for FY2023. The expected operating profit enhancement is mainly attributable to the improved gross profit margin and effective cost control measures.

Based on the information currently available and the management's preliminary review of the unaudited consolidated management accounts of the Group for FY2024, the Group is expected to record a loss attributable to equity holders of the Company for FY2024 within the range of approximately HK\$362 million to HK\$412 million as compared with the Group's profit attributable to equity holders of the Company of HK\$36.9 million for the financial year ended 31 March 2023 ("**FY2023**"). This expected change from profit to loss for FY2024 is mainly attributable to the Group's share of attributable loss (including the impairment loss) of XIC Innovation Limited ("**XIC Innovation**") for FY2024 which is expected to be within the range of approximately HK\$407 million to HK\$447 million. The impairment loss of XIC Innovation for FY2024 is derived based on the valuation report prepared by an independent external valuer and such loss is expected to be within the range of approximately HK\$1,085 million to HK\$1,174 million. The Group's share of the impairment loss of XIC Innovation for FY2024 is therefore expected to be within the range of approximately HK\$382 million to HK\$412 million, as GP

Industries Limited, an 85.59%-owned subsidiary of the Company which is listed on the Singapore Exchange Securities Trading Limited, is holding a 39.13% effective equity interest in XIC Innovation.

Excluding the Group's share of attributable loss (including impairment loss) of XIC Innovation for FY2024, the Group is expected to record a profit attributable to equity holders of the Company within the range of approximately HK\$35 million to HK\$45 million for FY2024.

The Group's share of attributable loss (including impairment loss) of XIC Innovation for FY2024 is non-cash in nature and will not have a substantial adverse impact on the Group's current and future operating cash flow and the Group's future operating earnings.

Impairment Loss of XIC Innovation

The carrying amount of the Group's interest in XIC Innovation as at 1 April 2023 was HK\$755.1 million. After considering XIC Innovation's underperformance and its viability to continue as a going concern during FY2024, the Group engaged an independent external valuer, Ascent Partners Valuation Service Limited, to assess the fair values of all the assets and liabilities of XIC Innovation and its subsidiaries ("**XIC Group**") as at 31 March 2024. The independent external valuer decided to use the asset-based approach to determine the impairment loss of XIC Group for FY2024.

XIC and certain of its subsidiaries have received winding up petitions filed by a bank to High Court of Hong Kong, SAR. Though XIC Group is currently under financial distress, with the support from major customers and suppliers, XIC Group is maintaining and continuing with its business operations. XIC Innovation has engaged a financial advisor to prepare and evaluate its restructuring program, and exploring the possibility in obtaining potential new funding from third parties to provide XIC Group with a runway to continue its business operations. Given XIC Group's current circumstances, the independent external valuer is of the view that both the market and income approaches are not appropriate to value XIC Group.

Based on the assessment of the independent external valuer engaged by the Group, the asset-based approach, which is based on the cost approach, considers the current fair values of all the assets and liabilities of the XIC Group, with the net value attributable to shareholders of XIC, and is therefore considered more appropriate. The cost approach, which considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history, is being adopted instead. According to the professional independent external valuer, this approach is the most practical way to produce a reliable valuation without a known established market. Unlike the market and income approaches which incorporate either market sentiments or future earnings capacity of an asset as a function to determine its current value, the cost approach considers the fundamental cost that takes to form the asset.

As the size of the impairment loss of XIC Group is substantial, any major new development in XIC Group's business operations, the effect of its restructuring program, the outcome of the winding up petition, the results of the disposal of non-core assets owned by XIC Group and certain assets owned by its major shareholder to provide liquidity to XIC Group, and/or the availability of potential new funding from third parties, can affect the valuation and valuation approach and basis adopted by the independent external valuer. Shareholders and potential investors are advised that there may be further changes to the results of the Group for FY2024.

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

The Company is still in the process of finalising the annual results of the Group for FY2024 and the information contained in this announcement is only a preliminary assessment on the unaudited consolidated management accounts of the Group which has not been reviewed by the audit committee or confirmed by the auditors of the Company and is subject to potential adjustments upon further review. Shareholders and potential investors of the Company are advised to refer to the annual results of the Group for FY2024 which is expected to be released by the end of June 2024.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board of
Gold Peak Technology Group Limited
Louis WONG Man Kon
Company Secretary

Hong Kong, 27 May 2024
www.goldpeak.com

As at the date of this announcement, the Board consists of Messrs. Victor LO Chung Wing (Chairman & Chief Executive), Brian LI Yiu Cheung (Vice Chairman & Executive Vice President), Michael LAM Hin Lap, Victor CHONG Toong Ying, Waltery LAW Wang Chak and Christopher LAU Kwan 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.