



GP Industries Limited  
(Incorporated in the Republic of Singapore)  
Co. Reg. No. 199502128C

## PROFIT GUIDANCE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### Update on the Financial Performance of the Group

The board of directors (the “**Board**”) of GP Industries Limited (the “**Company**”) wishes to provide an update on the financial performance of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 March 2024 (“**FY2024**”) to 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 S\$53.0 million to S\$55.0 million as compared with the Group’s profit before finance costs and share of results of associates of S\$35.1 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 shareholders of the Company for FY2024 within the range of approximately S\$58.0 million to S\$68.0 million as compared with the Group’s profit attributable to shareholders of the Company of S\$22.0 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 S\$76.0 million to S\$84.0 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 S\$181.0 million to S\$197.0 million. The Group’s share of the impairment loss of XIC Innovation for FY2024 is therefore expected to be within the range of approximately S\$71.0 million to S\$77.0 million as the Group holds a 39.13% effective equity interest in XIC Innovation.

Excluding the share of attributable loss (including impairment loss) of XIC Innovation for FY2024, the Group is expected to record a profit attributable to shareholders of the Company within the range of approximately S\$16.0 million to S\$18.0 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 S\$123.0 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 has 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% direct 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 course of finalising the Group's financial results for FY2024. The information contained in this announcement is only a preliminary assessment based on the information currently available to the Company and the unaudited consolidated management accounts of the Group which has not been reviewed by the Audit and Risk Committee of the Company or confirmed by the auditors of the Company, and is subject to potential adjustments upon further review or the completion of audit. Shareholders and potential investors are advised to refer to the Group's unaudited financial results for FY2024 which will be released by 30 May 2024 for further details.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take, should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers before trading in or making any investment decision regarding the Company's securities.

By Order of the Board

Waltery Law Wang Chak  
Executive Director  
27 May 2024

