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Innovativity To Productivity

PRODUCTIVE TECHNOLOGIES COMPANY LIMITED

普達特科技有限公司*

(Incorporated in Bermuda and continued in the Cayman Islands with limited liability)

(Stock Code: 650)

PROFIT WARNING

This announcement is made by Productive Technologies Company Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the latest unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2024 (“**FY2023**”) and the information currently available to the Board, despite that the revenue of the Company’s equipment business saw a steady increase from HK\$379.2 million for the year ended 31 March 2023 (“**FY2022**”) to approximately HK\$385.9 million for FY2023, the Group is expected to record a net loss attributable to the equity shareholders of the Company of approximately HK\$347.5 million (FY2022: HK\$222.5 million). The net loss attributable to the equity shareholders of the Company was primarily attributable to the research and development (“**R&D**”) and administrative expenses of approximately HK\$339.9 million in relation to the rapid development and expansion of the Company’s business in semiconductor and solar industry, including share-based compensation to employees and depreciation & amortisation expenses caused by the acquisition of solar companies completed in FY2022, both of which are non-cash in nature. In addition, from the beginning of FY2023 to the date of this announcement, the Company has shipped 95 sets of equipment to clients’ sites. Currently, a total of 8 sets of semiconductor equipment with contract value of approximately RMB134.5 million excluding value added tax are in the process of final acceptance. The increase of such loss of approximately HK\$125.0 million as compared to that for FY2022 was mainly attributable to the increase in the net loss caused by the increase of R&D and administrative expenses stated above of approximately HK\$123.0 million.

The Board would like to also draw the Shareholders' attention to that following a recently completed fundraising of RMB70 million from third-party investors, the pre-money equity valuation of one associate of the Company engaging in the business of semiconductor ASHER equipment and EPI equipment increased to RMB350 million compared with that of RMB50 million when the Company made the investment as one of the founding shareholders. However, under the prevailing accounting standards, the Company recognized the net loss amounting to approximately HK\$5.3 million in such associate rather than recognizing the fair value gain of approximately HK\$100.9 million.

Looking forward, in spite of the current downturn in the solar industry, the Board is still positive towards the Company's business performance due to the optimistic outlook of the middle-term and long-term market, particularly in the semiconductor industry and the competitive advantages of the Company's products.

The Company is in the course of preparing its final results for FY2023. The information contained in this announcement is only a preliminary assessment by the Board based on the latest unaudited consolidated management accounts of the Group and the latest information currently available. Such information has not been audited or reviewed by the Company's auditor or its audit committee and will be subject to change and finalization. Shareholders and potential investors are advised to refer to the details in the audited final results announcement of the Company to be published on 28 June 2024.

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

By Order of the Board
Productive Technologies Company Limited
Liu Erzhuang
Chairman and Chief Executive Officer

Hong Kong, 14 June 2024

As at the date hereof, the Board comprises seven Directors, of whom three are executive Directors, namely Dr. Liu Erzhuang (Chairman), Mr. Tan Jue and Mr. Liu Zhihai; one is non-executive Director, namely Mr. Cao Xiaohui; and three are independent non-executive Directors, namely Ms. Ge Aiji, Mr. Chau Shing Yim David, and Mr. Wang Guoping.

* *For identification purposes only*