

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

## Success Dragon International Holdings Limited

勝龍國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

### FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

The audited consolidated results of Success Dragon International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the financial year ended 31 March 2024 together with the comparative figures for the preceding financial year are as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CONTINUING OPERATIONS</b>			
Revenue	4	422,733	363,764
Cost of sales		<u>(385,496)</u>	<u>(329,977)</u>
Gross profit		37,237	33,787
Other gain or loss, net	4	3,312	2,123
Administrative and other operating expenses		<u>(28,651)</u>	<u>(23,031)</u>
<b>Profit from continuing operations</b>		<b>11,898</b>	12,879
Finance costs	5	(566)	(696)
Share of results of an associate		<u>1,180</u>	<u>(1,184)</u>
<b>Profit before tax from continuing operations</b>	6	<b>12,512</b>	10,999
Income tax expenses	7	<u>(6,334)</u>	<u>(6,380)</u>
<b>Profit for the year from continuing operations</b>		<b>6,178</b>	4,619
<b>DISCONTINUED OPERATIONS</b>			
Loss from discontinued operations		<u>–</u>	<u>(3,803)</u>
<b>PROFIT FOR THE YEAR</b>		<b><u>6,178</u></b>	<b><u>816</u></b>

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>Other comprehensive losses</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>(4,091)</b>	(2,716)
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		—	(47)
<b>Other comprehensive losses for the year, net of tax</b>		<b>(4,091)</b>	(2,763)
<b>Total comprehensive income/(losses) for the year</b>		<b>2,087</b>	(1,947)
<b>Profit/(loss) for the year attributable to owners of the Company</b>			
– from continuing operations		<b>6,178</b>	4,619
– from discontinued operations		—	(3,803)
		<b>6,178</b>	816
<b>Total comprehensive income/(losses) attributable to owners of the Company</b>			
– from continuing operations		<b>2,087</b>	1,903
– from discontinued operations		—	(3,850)
		<b>2,087</b>	(1,947)
		<b>2024</b> <b>HK Cents</b>	2023 HK Cents
<b>Earnings per share</b>			
	9		
<b>From continuing and discontinued operations</b>			
Basic		<b>1.77</b>	0.27
Diluted		<b>N/A</b>	N/A
<b>From continuing operations</b>			
Basic		<b>1.77</b>	1.53
Diluted		<b>N/A</b>	N/A

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		3,693	4,847
Right-of-use assets		3,841	6,387
Investment in an associate		3,757	577
		<u>11,291</u>	<u>11,811</u>
<b>Current assets</b>			
Inventories		12,813	31,934
Trade receivables	10	10,168	1,528
Other receivables, deposits and prepayments	11	90,826	74,921
Bank and cash balances		79,751	91,789
		<u>193,558</u>	<u>200,172</u>
<b>Current liabilities</b>			
Trade payables	12	29,823	16,587
Other payables and accruals		28,966	27,763
Contract liabilities		11,207	35,389
Lease liabilities		3,005	3,085
Amount due to directors		4,034	3,968
Tax payables		8,823	5,955
		<u>85,858</u>	<u>92,747</u>
<b>Net current assets</b>		<u>107,700</u>	<u>107,425</u>
<b>Total assets less current liabilities</b>		<u>118,991</u>	<u>119,236</u>

	<i>Note</i>	<b>2024</b> <b><i>HK\$'000</i></b>	2023 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<u>1,034</u>	<u>3,366</u>
		<u>1,034</u>	<u>3,366</u>
<b>NET ASSETS</b>		<b><u>117,957</u></b>	<b><u>115,870</u></b>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>3,495</b>	3,495
Reserves		<u>114,462</u>	<u>112,375</u>
<b>TOTAL EQUITY</b>		<b><u>117,957</u></b>	<b><u>115,870</u></b>

Notes:

## 1 GENERAL INFORMATION

Success Dragon International Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability under the Bermuda Companies Act. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of the principal place of business of the Company is 19/F., Guangdong Finance Building, 88 Connaught Road West, Hong Kong. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding and the principal activities of the Group are gold processing business in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### **New and amendments to HKFRSs that are mandatorily effective for current year**

In the current year, the Group has applied new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

## Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs, which are not effective, will have no material impact on the consolidated financial statements in the foreseeable future.

### 3 SEGMENT INFORMATION

The executive directors of the Company (the “Executive Directors”) are regarded as the chief operating decision-maker. The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. For management purpose, the Group’s operating segments and their principal activities are as follows:

Gold processing and trading business	– Provision of gold processing and the sale of gold and other precious metals in the PRC
Outsourced business process management (Discontinued operations)	– Provision of services on management of electronic gaming equipment in Macau
Money lending services (Discontinued operations)	– Provision of money lending services in Hong Kong

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

During the prior year ended 31 March 2023, the outsourced business process management business was operated up to June 2022 due to the expiring of the service contract on management of electronic gaming equipment and the operations was terminated thereafter.

For the Money lending services, the Group decided not to renew the money lending licence and ceased operation for the prior year ended 31 March 2023.

Information regarding the above segment is reported below.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	For the year ended 31 March									
	Discontinued operations						Continued operations			
	Outsourced business		Money lending services		Sub-total		Gold processing and trading business		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE:										
Revenue from external customers	<u>-</u>	<u>7,118</u>	<u>-</u>	<u>516</u>	<u>-</u>	<u>7,634</u>	<u>422,733</u>	<u>363,764</u>	<u>422,733</u>	<u>371,398</u>
Segment (loss)/profit	<u>-</u>	<u>(4,360)</u>	<u>-</u>	<u>557</u>	<u>-</u>	<u>(3,803)</u>	<u>24,526</u>	<u>26,178</u>	<u>24,526</u>	<u>22,375</u>
Interest income									<u>1,723</u>	<u>754</u>
Unallocated income									<u>2,000</u>	<u>1,764</u>
Unallocated corporate expenses									<u>(16,351)</u>	<u>(15,817)</u>
Share of results of an associate									<u>1,180</u>	<u>(1,184)</u>
Finance costs									<u>(566)</u>	<u>(696)</u>
Profit before tax									<u>12,512</u>	<u>7,196</u>

Segment revenue represents revenue from external customers shown above. There are no sales between the reportable segments for both year ended 31 March 2024 and 2023.

The accounting policies of the reportable segments are the same as the Group's accounting policies set out in note 3 to the consolidated financial statements. Segment (loss)/profit represents the (loss)/profit of each segment without allocation of interest income, impairment loss on investment in an associate reversed, finance costs, share of results of an associate and unallocated income and expenses. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Segment assets</b>		
Gold processing and trading business	121,198	114,605
Bank and cash balances	79,751	91,789
Investment in an associate	3,757	577
Other unallocated assets	143	3,647
<b>Total for continuing operations</b>	<b>204,849</b>	<b>210,618</b>
<b>Discontinued operations</b>		
– Outsourced business process management	–	1,365
	–	1,365
<b>Consolidated assets</b>	<b>204,849</b>	<b>211,983</b>
<b>Segment liabilities</b>		
Gold processing and trading business	75,793	83,411
Other unallocated liabilities	11,099	6,974
<b>Total for continuing operations</b>	<b>86,892</b>	<b>90,385</b>
<b>Discontinued operations</b>		
– Outsourced business process management	–	5,725
– Money lending services	–	3
	–	5,728
<b>Consolidated liabilities</b>	<b>86,892</b>	<b>96,113</b>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than investment in an associate, bank and cash balances and unallocated corporate assets; and
- all liabilities are allocated to reportable segments other than unallocated corporate liabilities.



(c) **Geographical information**

The geographical location of customers is based on the location of the customers, irrespective of the origin of the goods or services.

The Group's revenue from external customers by geographical location is detailed below:

***Revenue by geographical market***

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
The PRC	<b>422,733</b>	363,764

Information about revenue from the Group's customer individually contributing over 10% of total revenue of the Group is as follows:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Customer A – Gold processing and trading business segment	<b>55,272</b>	128,730
Customer B – Gold processing and trading business segment	<b>89,463</b>	102,028
Customer C – Gold processing and trading business segment	<b>69,861</b>	63,246
Customer D – Gold processing and trading business segment	N/A <sup>#</sup>	40,260
Customer E – Gold processing and trading business segment	<b>83,547</b>	N/A*
Customer F – Gold processing and trading business segment	<b>52,066</b>	N/A*

*Notes:*

<sup>#</sup> Customer D did not contribute over 10% of the Group's revenue for the year ended 31 March 2024.

\* Customer E and Customer F did not contribute over 10% of the Group's revenue for the year ended 31 March 2023.

The geographical location of the non-current assets is based on the physical location of the assets.

The Group's non-current assets by geographical location are detailed below:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong	<b>3,803</b>	2,395
The PRC	<b>7,488</b>	9,416
	<b>11,291</b>	11,811

(d) **Other segment information**

Amounts included in the measure of segment profit or loss or segment assets:

	For the year ended 31 March									
	Outsourced business process management (Discontinued operations)		Money lending services (Discontinued operations)		Gold processing and trading business		Unallocated		Consolidated total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Addition to property, plant and equipment	-	-	-	-	728	1,797	-	334	728	2,131
Depreciation of property, plant and equipment	-	91	-	-	320	643	587	505	907	1,239

4 **REVENUE AND OTHER GAIN OR LOSS, NET**

An analysis of the Group's revenue and other gain or loss, net for the years are as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Revenue from contracts with customers:</b>		
Gold processing and trading business	<u>422,733</u>	<u>363,764</u>

Disaggregation of revenue from contracts with customers:

	2024 HK\$'000	2023 HK\$'000
<b>Gold processing and trading business</b>		
Time of revenue recognition		
– At a point in time	<u>422,733</u>	<u>363,764</u>

**Gold processing and trading business**

The Group process gold and sales of gold and other precious metal to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

A receivable is recognised when the products are delivered to the customers as this is at a point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Deposits received from customers are recognised as contract liabilities.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Other gain or loss, net:</b>		
Net gain on disposal of subsidiaries	–	1,685
Interest income on bank deposits	1,723	754
Goodwill impairment	–	(409)
Gain on termination of lease	36	1
Loss on disposal of property, plant and equipment	(525)	–
Impairment loss on investment in an associate reversed	2,000	–
Government subsidies	76	79
Sundry income	2	13
	<u>3,312</u>	<u>2,123</u>

## 5 FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on lease liabilities	566	153
Interest on other loans	–	543
	<u>566</u>	<u>696</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>566</u>	<u>696</u>

## 6 PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit for the year from continuing operation is arrived at after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Impairment loss on investment in an associate recognised	–	2,000
Depreciation of property, plant and equipment	907	1,148
Depreciation of right-of-use assets	3,411	1,074
Cost of inventories sold (included in “cost of sales”)	385,496	329,977
Auditor's remuneration	900	900
Impairment loss on trade receivables	2,373	–
Impairment loss on financial assets included in other receivables, deposits and prepayments	323	1,666
Staff costs (including Directors' remuneration):		
Salaries, allowances and other benefits in kind	10,140	9,082
Pension scheme contributions	1,240	1,079
Total staff costs	11,380	10,161

Cost of inventories sold includes raw materials, staff costs, depreciation charges and other direct overheads of approximately HK\$385,496,000 (2023: HK\$329,977,000) which are included in the amounts disclosed separately above.

## 7 INCOME TAX EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – The PRC		
Provision for the year	6,334	6,380

No provision for Hong Kong profits tax is required since the Group has no assessable profits for the years ended 31 March 2024 and 2023.

Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profit for the years ended 31 March 2024 and 2023. No provision for Macau Complementary Tax is required as the Company's subsidiary in Macau incurred tax losses for the years ended 31 March 2024 and 2023.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC was 25% in both years.

Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 8 DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2024 (2023: Nil).

## 9 EARNINGS PER SHARE

### From continuing operations

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2024	2023
<b>Profit for the purpose of basic earnings per share</b>		
Profit for the year attributable to owners of the Company <i>(in HK\$'000)</i>	6,178	816
Less: Loss for the year from discontinued operations <i>(in HK\$'000)</i>	<u>—</u>	<u>(3,803)</u>
Profit for the purpose of basic earnings per share from continuing operations <i>(in HK\$'000)</i>	<u>6,178</u>	<u>4,619</u>
	2024	2023
<b>Number of shares for the purpose of basic earnings per share</b>		
Weighted average number of ordinary shares during the year <i>('000)</i>	<u>349,520</u>	<u>301,510</u>

### From continuing and discontinued operations

	2024	2023
<b>Profit for the purpose of basic earnings per share</b>		
Profit for the year attributable to owners of the Company <i>(in HK\$'000)</i>	<u>6,178</u>	<u>816</u>

The number of ordinary shares used for the calculation of the basic earnings per share from continuing and discontinued operations is the same as that detailed above for the basic earnings per share from continuing operations.

### From discontinued operations

Basic loss per share for the discontinued operations for the year ended 31 March 2023 is calculated based on the loss for that year attributable to owners of the Company from discontinued operations of approximately HK\$3,803,000 and 301,510,000 weighted average number of ordinary shares during that year.

### Diluted earnings per share

No diluted earnings per share for both of the years ended 31 March 2024 and 2023 is presented as there were no potential ordinary shares in issue for both of the years presented.

## 10 TRADE RECEIVABLES

The Group's trading terms generally ranged from 30 to 90 days with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding trade receivables to minimise credit risk. Ageing analysis of trade receivables are reviewed regularly by senior management.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables, gross amount	12,541	1,528
Less: Provision for impairment of trade receivables	<u>(2,373)</u>	<u>—</u>
	<u><b>10,168</b></u>	<u><b>1,528</b></u>

The ageing analysis of trade receivables (before impairment losses recognised), based on the invoice date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	3,685	356
Over 90 days	<u>8,856</u>	<u>1,172</u>
	<u><b>12,541</b></u>	<u><b>1,528</b></u>

## 11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Prepayments for gold processing and trading business	88,601	62,429
Deposits paid for acquisition of property, plant and equipment	–	2,443
Deposits and prepayments	<u>3,434</u>	<u>8,732</u>
	92,035	73,604
Less: Accumulated impairment losses	<u>(1,660)</u>	<u>(3,134)</u>
	<u>90,375</u>	<u>70,470</u>
Other receivables	582	7,451
Less: Accumulated impairment losses	<u>(131)</u>	<u>(3,000)</u>
	<u>451</u>	<u>4,451</u>
	<u>90,826</u>	<u>74,921</u>

## 12 TRADE PAYABLES

The ageing analysis of the trade payables as at the end of the reporting period, based on the date of receipt of consumables or goods purchased, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 90 days	7,611	10,686
91 to 180 days	16,375	3
181 to 365 days	1,792	5,696
Over 1 year	<u>4,045</u>	<u>202</u>
	<u>29,823</u>	<u>16,587</u>

## 13 SHARE CAPITAL

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Authorised:</b>		
30,000,000,000 (31 March 2023: 30,000,000,000) ordinary shares of HK\$0.01 each	<u>300,000</u>	<u>300,000</u>
<b>Issued and fully paid:</b>		
349,519,567 (31 March 2023: 349,519,567) ordinary shares of HK\$0.01 each	<u>3,495</u>	<u>3,495</u>

Movement of the number of shares issued and the share capital during the reporting period is as follows:

	Number of share issued '000	Share capital <i>HK\$'000</i>
At 1 April 2022	139,808	1,398
Rights issue ( <i>Note</i> )	<u>209,712</u>	<u>2,097</u>
At 31 March 2023, 1 April 2023 and 31 March 2024	<u>349,520</u>	<u>3,495</u>

*Note:* On 15 March 2022, the Board of Directors proposed to conduct the rights issue on the basis of three rights shares (“Rights Share(s)”) for every two shares held on the record date of 20 May 2022 at the subscription price of HK\$0.34 per Rights Share (“Rights Issue”), to raise gross proceeds up to approximately HK\$71.3 million, and after deduction of right issue expenses of approximately HK\$3.4 million, by way of issuing up to 209,711,740 Rights Shares. The proposed Rights Issue was duly passed by the independent shareholders by the way of poll at the special general meeting on 16 May 2022 and completed on 27 June 2022.

The proceeds from the Rights Issue will be used for a project for setting up a plant in China for gold ore processing. The project is delayed due to the Group is still locating for an appropriate site. Up to the date of the consolidated financial statements, the project is still going on and the proceeds of the Rights Issue is deposit in the bank accounts.

Details of the above Rights Issue are set forth in the announcements dated 15 March 2022, 4 April 2022, 8 April 2022, 22 April 2022, 16 May 2022, 15 June 2022 and 24 June 2022, the circular dated 22 April 2022 and prospectus dated 27 May 2022.

## 14 EVENT AFTER THE REPORTING PERIOD

As at the approval date on the consolidated financial statements, the Group had no event after the reporting period which need to be disclosed.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

The Group recorded revenue of approximately HK\$422.7 million for the financial year ended 31 March 2024 (“FY2024” or the “Year”) as compared with approximately HK\$363.8 million in the financial year ended 31 March 2023 (“FY2023”), representing an increase of approximately 16.2%. During the Year, the Group was principally engaged in the business of gold processing and trading. The increase in the Group’s revenue was mainly attributable to the rise in gold price which boost up the revenue from the gold-laden carbon and gold ore processing during the Year.

#### *Gold-laden Carbon Processing*

The Group has a production line in Yunnan province, the PRC, for the extraction of gold and other precious metals from gold-laden carbon. The Group purchases the gold-laden carbon from suppliers including mining enterprises and traders. At the Group’s production line, gold and other precious metals are extracted from the gold-laden carbon using processes such as desorption and electrodeposition and turn into bullion. The extracted gold and other precious metals will be sold to buyers and dealers in the PRC. During the Year, the Group has recorded approximately HK\$153.8 million revenue from gold-laden carbon processing (FY2023: approximately HK\$134.7 million). The volume for the gold-laden carbon processing was stable and the increase in revenue was attributable to the rise in gold price during the Year as compared with FY2023.

#### *Gold Ore Processing*

Since FY2023, the Group has entered into lease agreements with independent third parties in respect of the several gold processing plants located in Henan province of the PRC. The gold processing plants purchase gold ore from suppliers and process the gold ore by way of a series of crushing and grinding, gravity separation/flotation, concentration and dehydration, and turn it into gold concentrate. The Group sells the gold concentrate to gold smelters and recognize revenue upon such sale. The Group recorded approximately HK\$268.9 million revenue from gold ore processing during the Year (FY2023: approximately HK\$228.7 million). The volume for gold ore processing was stable and the increase in revenue was attributable to the rise in gold price during the Year as compared with FY2023.

#### Cost of sales

The cost of sales increased by approximately HK\$55.5 million or approximately 16.8%, from approximately HK\$330.0 million for FY2023 to approximately HK\$385.5 million for the Year, which was primarily due to the significant increase in revenue in the gold processing and trading business during the Year.

## **Gross profit and gross profit margin**

The Group's gross profit only increased by approximately HK\$3.4 million, or approximately 10.2%, from approximately HK\$33.8 million for FY2023 to approximately HK\$37.2 million for the Year. The growth in gross profit was not proportionate to the increase in revenue mainly due to the grade of gold-ore (which reflects the gold content) supplied by the Group's supplier during the Year was lower than that in FY2023 which resulted in the decrease in gross profit margin from the gold ore processing. This resulted in the overall gross profit margin to decrease from approximately 9.3% in FY2023 to 8.8% for the Year.

## **Other gain or loss, net**

The increase of HK\$1.2 million in the Group's other gain or loss, net was mainly attributable to (i) increase in interest income on bank deposits of HK\$1.0 million; (ii) impairment loss on investment in an associate reversed of HK\$2.0 million, and offset by the decrease in the net gain on disposal of subsidiaries of HK\$1.7 million upon completion of the disposal in FY2023.

## **Administrative and other operating expenses**

The administrative and other operating expenses increased by approximately HK\$5.6 million or 24.4% from approximately HK\$23.0 million for FY2023 to approximately HK\$28.6 million for the Year. The increase was mainly attributable to (i) increase in depreciation of right-of-use assets due to the lease of new processing plants in PRC during the current year; (ii) increase in impairment loss on trade receivables; and (iii) increase in staff costs due to the increase in directors' emoluments.

## **Finance costs**

The finance costs decreased by approximately HK\$0.1 million or 18.7% from approximately HK\$0.7 million for FY2023 to approximately HK\$0.6 million for the Year. The finance costs for the Year mainly derived by the interest on lease liabilities from the rights-of-use assets.

## **Income tax expenses**

The income tax expenses decreased from approximately HK\$6.4 million for FY2023 to approximately HK\$6.3 million for the Year, which was mainly derived from the gold processing and trading business.

## **Profit for the year**

As a result of the foregoing, the Group reported a net profit attributable to owners of the Company of approximately HK\$6.2 million for the Year (FY2023: HK\$0.8 million).

## **LIQUIDITY, FINANCIAL RESOURCES AND FOREIGN CURRENCY EXPOSURE**

The Group had current assets of approximately HK\$193.6 million as at 31 March 2024 (2023: HK\$200.2 million) which comprised cash and cash equivalents of approximately HK\$79.8 million (2023: HK\$91.8 million). The Group had current liabilities amounted to approximately HK\$85.9 million as at 31 March 2024 (2023: HK\$92.7 million). Accordingly, the current ratio, being the ratio of current assets to current liabilities, was approximately 2.3 times as at 31 March 2024 (2023: 2.2 times).

The Group had net current assets of approximately HK\$107.7 million (2023: approximately HK\$107.5 million) as at 31 March 2024, the Directors are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from the date of approval for issuance of the consolidated financial statements.

As most bank deposits and cash on hand were denominated in US dollar and Renminbi, followed by Hong Kong dollar and Macau Pataca, the Group's exchange risk exposure depended on the movement of the exchange rates of the aforesaid currencies.

The gearing ratio, which is calculated on the basis of the Group's total loans to the total equity, as at 31 March 2024 was nil (2023: nil).

## **TREASURY POLICY**

The Group maintains a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimized. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposures during the Year. The Group will continue to monitor its foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **CAPITAL STRUCTURE**

As at 31 March 2024, the total number of issued ordinary shares of the Company was 349,519,567 (2023: 349,519,567) at par value of HK\$0.01 each.

## USE OF PROCEEDS FROM THE RIGHTS ISSUE

The net proceeds raised from the Rights Issue were approximately HK\$67.2 million. As allocated in accordance with the prospectus of the Company dated 27 May 2022 (the “Prospectus”), the net proceeds would be used to finance the costs of preparation and construction work of the New Plant. The intended and the actual use of the proceeds under the Rights Issue as of 31 March 2024 are set out below:

Items	Percentage	Intended use of proceeds <i>HK\$ '000</i>	Actual use of the proceeds from the date of completion of the Rights Issue to	Remaining proceeds as of	Expected timeline for the remaining proceeds to be utilised
			31 March 2024 <i>HK\$ '000</i>	31 March 2024 <i>HK\$ '000</i> <i>(Note)</i>	
Costs of preparation work	4.6%	3,100	3,100	–	–
Costs of construction work	95.4%	64,100	–	64,100	30 June 2025
<b>Total</b>	<b>100.0%</b>	<b>67,200</b>	<b>3,100</b>	<b>64,100</b>	

*Note:*

The unutilised proceeds of approximately HK\$64.1 million have been placed in licensed banks in Hong Kong and PRC and planned to be used as intended.

## MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Group did not have any other material acquisition, disposal and significant investment during the Year.

## PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any substantial pledge of assets and substantial contingent liabilities.

## CAPITAL COMMITMENTS

As at 31 March 2024, the Group’s capital expenditure contracted for but not provided in respect of acquisition of property, plant and equipment amounted to HK\$Nil (31 March 2023: HK\$Nil).

## **FUTURE DEVELOPMENTS IN THE BUSINESS OF THE GROUP**

During the Year, challenges such as persistent geopolitical and macro-economic uncertainties impacted the global economy, while China's economy showed signs of recovery from the impact of the COVID-19 pandemic. The profitability of the Group is highly dependent on the gold price in markets. The market prices of gold are correlated to the United States (U.S.) interest rate, global economic environment and stability. Undoubtedly gold is still the key tool to hedge against risks during uncertain political and economic environment or volatile stock markets, which generally places an upward pressure on gold prices. As of first half of 2024, the gold prices hit a record high. However, challenges including high interest rates, geo-political tensions and Sino-US trade conflicts would still cloud the global economy despite the emergence of positive signals. The global business environment is consistently challenging in the short run and the geopolitical uncertainties have brought increasing challenges to the Group. The Group will closely monitor the market trends in gold prices and take necessary actions to control any potential risks.

The Group currently has processing production line for gold-laden carbon in Yunnan province and gold ore in Henan Province in the PRC under leased plants respectively, and these plants generated revenue and profits for the gold processing and trading business of the Group during the Year. In order to expediate the expansion of the gold processing business, establishment of the self-owned gold processing plant is the long-term goal of the Group as it can generate higher revenues and maximize larger profit for the Group.

Reference is made to the business update announcement of the Company dated 25 October 2022 (the "Announcement") in respect of the establishment of the new gold ore processing plant with designed annual processing capacity of 600,000 tonnes in Luanchuan County, Henan Province of the PRC (the "Henan New Plant"). As at the date of this announcement, the preparation works in respect of the Henan New Plant was suspended as (i) the Group has not yet been able to identify any Qualifying Land (as defined in the Announcement) to undertake environmental rehabilitation works for the construction of the tailings dam for the Henan New Plant; and (ii) the use of land for the tailings dam for the Henan New Plant no longer falls within the approved applications for temporary land-use and the Group must acquire industrial-use land from the local government and apply for long-term land-use approval for the construction of the tailings dam. Throughout the lengthy communication and negotiation with the local government, there is no concrete construction proposal and formal agreement for the operating plant and tailings dam for the Group as at the date of this announcement. The construction plan has been suspended and fell behind from the original construction schedule. To proceed with the construction plan of the self-owned gold processing plant, the Group is proactively considering and assessing the possibility to establish a new plant in Yunnan Province. As at the date of this announcement, the feasibility studies for the operating plant and tailings dam for the planned site in Yunnan Province has been completed, however the relevant land use pre-examination for the operating plant and tailings dam is under negotiation with the local government in Yunnan Province, and the Group is still conducting preliminary preparation work and coordinating with relevant local government departments in Yunnan Province. Further announcement will be made by the Company as and when appropriate in compliance with the Listing Rules.

The Company is considering its operating options and strategy in respect of any potential investment in, acquisition of or upgrades made to the leased plants, and no concrete plan have been finalized as at the date of this announcement. The Board would also like to emphasize that there is no change in the planned use of the net proceeds from the Rights Issue as set out in the Prospectus.

The Company will keep the Shareholders and potential investors informed of any further updates regarding the construction and establishment of the new gold processing plant and the gold processing and trading business of the Group when necessary and in compliance with the relevant Listing Rules.

Looking forward, the Company's management is optimistic about the Group's operating performance, while staying vigilant of various ongoing uncertainties. As always, the Group will continue to explore various long-term value-added investment opportunities for shareholders and reiterate its commitment to maximizing shareholder value.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group employed approximately 80 employees as at 31 March 2024 (2023: 68).

The Group continues to review the remuneration packages of employees with reference to the level and composition of pay, general market condition and individual performance. Staff benefits offered by the Group to its employees include contribution to defined contribution retirement scheme, discretionary bonus, share option scheme, medical allowance and hospitalization scheme and housing allowance. The Group supports a fair, transparent and high performance culture through its human resources department, by developing and improving its programs particularly on recruitment, performance management, training and development and employee relations.

## **COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS**

The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during FY2024.

## **RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS**

The Group understands the importance of maintaining a good relationship with its business partners, suppliers and customers to meet its immediate and long-term goals. Accordingly, the Group's senior management have kept good communication, promptly exchanged ideas and shared business update with the stakeholders when appropriate. The Group has encouraged staff to participate in charity activities in Hong Kong and the PRC. During FY2024, there were no material and significant dispute between the Group and its business partners, suppliers and/or customers.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group encourages environmental protection and promotes awareness towards environmental protection to the employees. Details of the environmental policies and performance are set out in Environment, Social and Governance Report of the annual report of the Company (the “Annual Report”).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group’s financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group’s businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

### **Strategic Enterprise Risks**

It includes stagnant or negative growth of the Group’s current businesses and delayed implementation of new business agreements arising from economic, governmental and political instability. The management of the Group manages and monitors these exposures by carrying out feasibility assessment, forecast and projection to ensure appropriate measures are implemented on a timely and effective manner.

### **Operational Risks**

The key operational risks of the Group are as follows:

- i) High staff turnover rates particularly on key operational staff
- ii) Crisis events leading to disruption of business

Responsibility for managing operational risks basically rests with every functional department at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. Management of the Group will identify and assess key operational exposures regularly so that appropriate risk response can be taken.



## **Financial Risks**

Financial risks include liquidity risk, foreign exchange rate risk and credit risk. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

For foreign exchange rate risk, the Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

## **Compliance Risk**

Compliance risk is the risk that the Group will be reprimanded by authorities for non-compliance. The management of the Group works with external professional parties to monitor and ensure that the business procedures and documentation are fully complied with applicable local laws and regulations.

## **EVENTS AFTER REPORTING PERIOD**

There were no material events affecting the Group that occurred from 31 March 2024 to the date of this announcement.

## **CORPORATE GOVERNANCE**

The Board adopted the code provisions set out in the Corporate Governance Code contained in Appendix C1 ("CG Code") to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers, contained in Appendix C3 ("Model Code") to the Listing Rules as the Company's corporate governance code and as the Company's code for securities transactions by directors of the Company (the "Directors") respectively.

The Company had made specific enquiry of all the Directors and confirmed that all the Directors have complied with the required standard as set out in the Model Code during the Year.

The Company has sent a written confirmation to each independent non-executive Director ("INED") requesting for their confirmation of independence during the Year with reference to the factors set out in Rule 3.13 of the Listing Rules and other relevant factors. All INEDs confirmed that they have satisfied the independence requirements and accordingly, the Company considers the INEDs to be independent during the Year.



The Board is satisfied that the Company has complied with the applicable code provisions of the CG Code throughout the Year except for the following deviation:

**Code Provision F.2.2 of CG Code provides that the chairman of the board should attend the annual general meeting.**

Mr. LIU Shiwei, the Chairman of the Board, was unable to attend the annual general meeting of the Company for 2023 due to other business engagement. However, another Director, Mr. DING Lei was appointed to chair the 2023 annual general meeting and answered questions from the shareholders of the Company.

The annual general meeting provides a channel for communication between the Board and the shareholders of the Company. Other than the annual general meeting, the shareholders may communicate with the Company through the contact information as set in the Annual Report.

## **AUDIT COMMITTEE**

As at the date of this announcement, the audit committee of the Company (the “Audit Committee”) comprises three INEDs, namely Ms. WONG Chi Yan (Chairman), Mr. DENG Yougao and Dr. CHEUNG Ka Yue. The Audit Committee had reviewed the accounting principles and practices adopted by the Group, and had discussed auditing, internal control and financial reporting matters, including the review of the annual results for the financial year ended 31 March 2024, with the Company’s management and the external auditors.

## **INTERNAL CONTROL**

For the internal audit function, the Group engaged an independent advisory firm to perform independent reviews and reported regularly the review results to the Board through the Audit Committee on the adequacy and effectiveness of the Group’s internal control and risk management systems. The Board, through the internal audit function of the Group, has conducted annual review of the effectiveness of the system of internal control of the Group including the relevant financial, operational and compliance controls and risk management procedures. Such procedures are designed to manage rather than to eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review report showed that the Group maintained an effective internal control system and no major control deficiency had been identified during the Year. The scope and findings of the review had been reported to and reviewed by the Audit Committee.

The Board also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the employees of the Group’s accounting and financial reporting function, and their training programmes and budget.

## **SCOPE OF WORK OF CCTH CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Group's auditors, CCTH CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2024. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on the preliminary announcement.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

During the Year, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CLOSURE OF REGISTER OF MEMBERS**

The forthcoming annual general meeting of the Company will be held on Friday, 20 September 2024 ("2024 AGM").

The register of members of the Company will be closed during the period from Monday, 16 September 2024 to Friday, 20 September 2024, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2024 AGM. In order to be eligible to attend and vote at the 2024 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 13 September 2024.

By order of the Board  
**Success Dragon International Holdings Limited**  
**LIU Shiwei**  
*Chairman and Executive Director*

Hong Kong, 28 June 2024

*As at the date of this announcement, the Executive Directors are Mr. LIU Shiwei, Mr. WANG Baozhi and Mr. DING Lei; the Independent Non-Executive Directors are Mr. DENG Yougao, Ms. WONG Chi Yan and Dr. CHEUNG Ka Yue.*