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Peiport Holdings Ltd.

彼岸控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2885)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Peiport Holdings Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
REVENUE	4	257,749	264,037
Cost of sales		<u>(180,750)</u>	<u>(182,608)</u>
Gross profit		76,999	81,429
Other income and gains, net	4	8,189	4,903
Selling and distribution expenses		(35,223)	(33,313)
Administrative expenses		(38,044)	(38,541)
Impairment losses on financial assets, net	5	(6,552)	(12,689)
Other expenses		(5,116)	(5,579)
Finance costs	6	<u>(645)</u>	<u>(576)</u>
LOSS BEFORE TAX	5	(392)	(4,366)
Income tax (expense)/credit	7	<u>(3,186)</u>	<u>770</u>
LOSS FOR THE YEAR		<u>(3,578)</u>	<u>(3,596)</u>

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(515)</u>	<u>(1,240)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(515)</u>	<u>(1,240)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(4,093)</u>	<u>(4,836)</u>
Loss attributable to:			
Owners of the parent		(3,464)	(3,263)
Non-controlling interests		<u>(114)</u>	<u>(333)</u>
		<u>(3,578)</u>	<u>(3,596)</u>
Total comprehensive loss attributable to:			
Owners of the parent		(3,979)	(4,503)
Non-controlling interests		<u>(114)</u>	<u>(333)</u>
		<u>(4,093)</u>	<u>(4,836)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	<u>HK(0.87) cents</u>	<u>HK(0.82) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

		31 December 2024 HK\$'000	31 December 2023 HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		5,382	6,616
Right-of-use assets		10,804	5,147
Intangible assets		149	538
Deferred tax assets		10,795	10,498
Total non-current assets		27,130	22,799
CURRENT ASSETS			
Inventories		70,473	71,223
Trade and bills receivables	10	38,586	57,705
Prepayments, deposits and other receivables		10,006	13,745
Cash and cash equivalents		252,463	243,342
Total current assets		371,528	386,015
CURRENT LIABILITIES			
Trade payables	11	14,329	17,012
Other payables and accruals		18,327	18,935
Contract liabilities		21,765	20,321
Lease liabilities		5,007	4,211
Tax payable		5,637	4,967
Total current liabilities		65,065	65,446
NET CURRENT ASSETS		306,463	320,569
TOTAL ASSETS LESS CURRENT LIABILITIES		333,593	343,368
NON-CURRENT LIABILITIES			
Lease liabilities		6,026	1,058
Deferred tax liabilities		14	65
Total non-current liabilities		6,040	1,123
Net assets		327,553	342,245
EQUITY			
Equity attributable to owners of the parent			
Share capital		4,000	4,000
Reserves		323,553	338,332
		327,553	342,332
Non-controlling interests		–	(87)
Total equity		327,553	342,245

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the revised HKFRSs does not have any material impact on the consolidated financial statements of the Group.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of thermal imaging products and services, self-stabilised imaging products and services and general aviation products and services. Information reported to the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	2024 HK\$'000	2023 HK\$'000
Mainland China	190,459	212,584
Hong Kong and Macau	61,725	44,761
Overseas	5,565	6,692
Total	257,749	264,037

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
Mainland China	8,170	5,942
Hong Kong	8,165	6,359
Total	16,335	12,301

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Revenue derived from sales to customers which individually amounted to over 10% of the total revenue of the Group during the years ended 31 December 2024 and 2023 is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	38,119	67,183
Customer B	32,087	N/A*
Customer C	N/A*	27,173

* The corresponding revenue from this customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective period.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains, net is as follows:

Revenue

	2024 HK\$'000	2023 HK\$'000
Thermal imaging products and services		
— Sale of goods ^{Note (A)}	56,903	56,766
— Rendering of maintenance services ^{Note (B)}	13,037	15,012
	<u>69,940</u>	<u>71,778</u>
Self-stabilised imaging products and services		
— Sale of goods ^{Note (A)}	36,509	39,674
— Rendering of maintenance services ^{Note (B)}	19,907	4,446
	<u>56,416</u>	<u>44,120</u>
General aviation products and services		
— Sale of goods ^{Note (A)}	127,731	145,304
— Rendering of maintenance services ^{Note (B)}	1,150	1,253
	<u>128,881</u>	<u>146,557</u>
Others	<u>2,512</u>	<u>1,582</u>
Total	<u>257,749</u>	<u>264,037</u>

Note (A): The revenue from the sale of goods was recognised at a point in time.

Note (B): The revenue from the rendering of maintenance services was recognised over time.

Performance obligations

The performance obligation for the sale of goods is satisfied upon delivery of the goods and the performance obligation for the rendering of maintenance services is satisfied over time as services are rendered.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 HK\$'000	2023 HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	7,426	7,569
After one year	6,225	9,007
	<hr/>	<hr/>
Total	13,651	16,576
	<hr/>	<hr/>

For contracts of the sale of goods with original expected duration of less than one year, the Group has elected not to disclose information about the remaining performance obligations. All considerations from contracts with customers with original expected duration of not less than one year have been included in the transaction prices and, therefore, were included in the information disclosed in the above table.

Other income and gains, net

	2024 HK\$'000	2023 HK\$'000
Bank interest income	7,725	4,279
Government grants*	223	269
Recovery of written-off trade receivables	8	–
Gain on disposal of subsidiaries	4	–
Others	229	355
	<hr/>	<hr/>
Total	8,189	4,903
	<hr/>	<hr/>

* Government grants mainly represented subsidies obtained from local government authorities. There are no unfulfilled conditions or contingencies relating to these grants.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		2024 HK\$'000	2023 HK\$'000
	Notes		
Cost of inventories sold		165,416	173,646
Cost of services provided		15,334	8,962
Depreciation of property, plant and equipment		1,582	1,817
Depreciation of right-of-use assets		6,918	7,137
Amortisation of intangible assets		290	338
Research and development costs		11,476	10,672
Impairment losses on financial assets, net	10	6,552	12,689
Recovery of written-off trade receivables	4	(8)	–
Provision for inventory obsolescence, net		4,724	291
Lease payments not included in the measurement of lease liabilities		92	–
Employee benefit expense (excluding directors' and chief executive officer's remuneration):			
Wages and salaries		47,510	43,051
Pension scheme contributions (defined contribution scheme)*		6,522	6,450
Total		54,032	49,501
Auditor's remuneration		1,280	1,280
Foreign exchange differences, net**		4,601	4,947
Loss on disposal of items of property, plant and equipment		3	136
Gain on disposal of subsidiaries	4	(4)	–
Bank interest income	4	(7,725)	(4,279)

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** The foreign exchange differences, net is included in "Other expenses" (2023: "Other expenses") in the consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	645	576

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group, which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Pursuant to the People's Republic of China Income Tax Law and the respective regulations, corporate income tax has been provided at the rate of 25% (2023: 25%) on the taxable income of the subsidiaries operating in Mainland China during the year, except for certain subsidiaries of the Group, which are qualified small and micro-sized enterprises under preferential tax treatment. Pursuant to the preferential tax policy, taxable income not exceeding RMB3,000,000 shall be calculated at 25% (2023: 25%) of taxable income with a reduced tax rate of 20%.

	2024 HK\$'000	2023 HK\$'000
Current	3,824	2,562
Deferred	(638)	(3,332)
Total tax expense/(credit) for the year	<u>3,186</u>	<u>(770)</u>

A reconciliation of the tax expense/(credit) applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense/(credit) at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2024 HK\$'000	%	2023 HK\$'000	%
Loss before tax	<u>(392)</u>		<u>(4,366)</u>	
Tax at the statutory tax rate of 16.5%	(65)	16.5	(720)	16.5
Effect on different taxation rate in				
Mainland China	(2,675)	682.4	(1,837)	42.1
Lower tax rates enacted by local tax authorities	115	(29.3)	(373)	8.5
Income not subject to tax	(1,249)	318.6	(455)	10.4
Expenses not deductible for tax	1,145	(292.2)	264	(6.1)
Tax losses not recognised	<u>5,915</u>	<u>(1,508.8)</u>	<u>2,351</u>	<u>(53.8)</u>
Total tax expense/(credit) for the year	<u>3,186</u>	<u>(812.8)</u>	<u>(770)</u>	<u>17.6</u>

8. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Proposed final — HK1.35 cents (2023: HK1.35 cents) per ordinary share	5,400	5,400
Proposed special — HK2.70 cents (2023: HK1.35 cents) per ordinary share	10,800	5,400
	<u>16,200</u>	<u>10,800</u>

The proposed final dividend for the year and special dividend are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 400,000,000 (2023: 400,000,000) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculations of basic and diluted loss per share are based on:

Loss	2024 HK\$'000	2023 HK\$'000
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	<u>(3,464)</u>	<u>(3,263)</u>
Shares	Number of shares	
	2024 '000	2023 '000
Weighted average number of ordinary shares used in the basic and diluted loss per share calculations	<u>400,000</u>	<u>400,000</u>

10. TRADE AND BILLS RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	53,174	69,747
Bills receivable	5,588	2,104
	<u>58,762</u>	71,851
Impairment	<u>(20,176)</u>	<u>(14,146)</u>
Total	<u>38,586</u>	<u>57,705</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Less than 3 months	18,561	24,310
3 to 6 months	3,830	1,574
6 to 12 months	1,839	3,448
Over 1 year	14,356	28,373
	<hr/>	<hr/>
Total	38,586	57,705
	<hr/> <hr/>	<hr/> <hr/>

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
At beginning of year	14,146	2,272
Impairment losses, net (<i>note 5</i>)	6,552	12,689
Amount written-off as uncollectible	–	(810)
Exchange realignment	(522)	(5)
	<hr/>	<hr/>
At end of year	20,176	14,146
	<hr/> <hr/>	<hr/> <hr/>

An impairment analysis of trade and bills receivables is performed at each reporting date using a provision matrix to measure expected credit losses (“ECLs”). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than three years and are not subject to enforcement activity.

Impairment provision amounting to HK\$18,670,000 (2023: HK\$12,477,000) is provided for trade and bills receivables from certain customers at the end of the reporting period after taking into account of the financial position of these customers.

Except for the trade receivables from certain customers mentioned above, the remaining trade and bills receivables are related to a lot of diversified customers and set out below is the information about the credit risk exposure on the Group’s remaining trade and bills receivables using a provision matrix:

As at 31 December 2024

		Past due within 1 year	Past due more than 1 year but within 2 years	Past due more than 2 years but within 3 years	Past due over 3 years	Total
	Current					
ECLs rate	0%–0.5%	2.3%	11.1%	47.4%	100.0%	0%–5.2%
Gross carrying amount (HK\$'000)	27,986	4,516	908	19	1,180	34,609
ECLs (HK\$'000)	112	104	101	9	1,180	1,506

As at 31 December 2023

		Past due within 1 year	Past due more than 1 year but within 2 years	Past due more than 2 years but within 3 years	Past due over 3 years	Total
	Current					
ECLs rate	0%–1.0%	2.5%	8.0%	33.3%	100.0%	0%–3.7%
Gross carrying amount (HK\$'000)	37,109	7,057	985	1,037	709	46,897
ECLs (HK\$'000)	360	176	79	345	709	1,669

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	787	1,815
1 to 3 months	2,798	2,695
Over 3 months	10,744	12,502
Total	14,329	17,012

The trade payables are interest-free and are normally settled ranging from 30 to 90 days.

12. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 31 December 2024 and up to the approval date of this results announcement (the “**Results Announcement**”).

13. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year’s presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of thermal imaging products and services, self-stabilised imaging products and services, and general aviation products and services in Mainland China and Hong Kong.

The Hong Kong economy posted moderate growth in 2024. Hong Kong's Gross Domestic Product (the "GDP") in 2024 grew by 2.5% on a year-to-year basis. For Mainland China, the GDP in 2024 grew by 5.0% on a year-to-year basis. Nevertheless, economy downside risks remain. In 2024, global economy had continued to navigate a complex landscape, balancing recovery with persistent challenges including high interest rates and geopolitical uncertainties. Under the highly volatile and uncertain economic conditions, our Group business have faced different challenges and pressure on product pricing.

During the year ended 31 December 2024, the Group recorded a decrease in revenue of approximately HK\$6.3 million to approximately HK\$257.7 million and incurred loss attributable to owners of the parent of approximately HK\$3.5 million.

PERFORMANCE OF BUSINESS SEGMENT

A summary of revenue from different business segments of the Group is set out below:

(1) Thermal imaging products and provision of services

Our products and services in this business segment can broadly be divided into three categories: (i) products under our own brand name, PTi; (ii) products of other brands; and (iii) thermal imaging inspection services. Our products are widely used in general consumption, commercial and industrial fields.

During the year ended 31 December 2024, the revenue from this business segment reduced by approximately 2.6%. It is mainly due to the decrease in revenue from rendering of maintenance services.

Revenue from this business segment during the year ended 31 December 2024 was approximately HK\$69.9 million (2023: HK\$71.8 million). It accounted for approximately 27.1% (2023: 27.2%) of the Group's revenue during the year.

(2) Self-stabilised imaging products and provision of services

The products in this business segment are designed to be mounted on moving platforms such as aircraft, helicopters, vessels and ships. The Group deploys a self-stabilisation technology whereby the imaging products are mounted on a multiple-axis gimbaled structure and achieve maximum stabilisation. The products are traded under own brand name, SkyEye, SeaVision and PGs. We also rent our self-stabilised imaging products for aircraft to our customers for a fixed period at a rental fee as well as provide product training and technical assistance to our customers based on their requirements.

During the year ended 31 December 2024, the revenue from this business segment increased significantly by approximately HK\$12.4 million on a year-to-year basis. It is mainly due to the increase in rendering of maintenance services. The revenue from this business segment during the year ended 31 December 2024 was approximately HK\$56.4 million (2023: HK\$44.0 million). It accounted for approximately 21.9% (2023: 16.7%) of the Group's revenue during the year.

(3) General aviation products and provision of services

The services and products in this business segment can be broadly divided into three categories, namely (i) light and ultra-light aircraft engines and related components distribution; (ii) maintenance training course; and (iii) maintenance and support services. Our maintenance training courses and maintenance and support services are mainly carried out in our maintenance centre with a gross floor area of approximately 1,200 square metres which is located in Zhuhai City, Guangdong Province. Our customers in this business segment include light and ultra-light aircraft manufacturers, flight schools, flying entertainment clubs, light aircraft research institutions and private flight owners.

From January to November 2024, the total general aviation flight time in Mainland China was 1.23 million hours, which achieved an average annual growth rate of approximately 12% in the past three years. According to the China's Low-altitude Economic Development Research Report (2024) released by China Center for Information Industry Development, low-altitude economy in Mainland China reached RMB506.0 billion and is expected to reach RMB1,064.5 billion by 2026. In December 2024, the National Development and Reform Commission set up the Department of Low-altitude Economic Development for formulating and implementing low-altitude economic development strategies and medium- and long-term development plans. The Group recognises the significant potential in this business segment and expects it would boost the Group's long-term business performance. The Group will continue to focus on the development of the general aviation value chain in the Mainland China.

Revenue from this business segment during the year ended 31 December 2024 decreased by approximately 12.1% on a year-to-year basis. It was mainly attributable to the decrease in sale of general aviation products. Revenue from this business segment was approximately HK\$128.9 million (2023: HK\$146.6 million). It accounted for approximately 50.0% (2023: 55.5%) of the Group's revenue during the year.

PROSPECT

Looking ahead, geopolitical tensions are intensifying, and trade conflicts are escalating further. The global economy will face heightened uncertainties, including the economic policies of the new term of the United States administration to Mainland China and Hong Kong. Exports of goods are expected to be adversely affected by the United States trade protection measures, which could lead to significant disruptions in global trade and economic stability.

These uncertainties are compounded by other global factors, such as geopolitical tensions and trade restrictions, which are likely to create volatility in financial markets and affect global trade. The International Monetary Fund projected the global growth to be at 3.3% in 2025, below the historical average of 3.7%.

Nonetheless, our Group remains dedicated to leveraging our extensive expertise to maintain and enhance our relationships with business partners in both Hong Kong and Mainland China. In January 2025, we took a significant step by establishing a new subsidiary in Malaysia aiming to expand our presence in East Asian and South East Asian markets.

In the meantime, the Group would remain alert to adapt to the changing dynamics in the market trend and development that may impact the demand of our products. We would continue to navigate the ever-evolving market landscape and drive sustainable success ahead.

FINANCIAL REVIEW

Revenue

The revenue of the Group was derived from business consisting of: (i) thermal imaging products and services; (ii) self-stabilised imaging products and services; and (iii) general aviation products and services. For the year ended 31 December 2024, the total revenue of the Group slightly decreased by approximately HK\$6.3 million, or 2.4% from approximately HK\$264.0 million for the year ended 31 December 2023 to approximately HK\$257.7 million. The decrease was primarily attributable to the following reasons:

(i) Thermal imaging products and services

Revenue derived from thermal imaging products and services decreased slightly by approximately HK\$1.9 million, or 2.6%, from approximately HK\$71.8 million for the year ended 31 December 2023 to approximately HK\$69.9 million for the year ended 31 December 2024. The decrease was primarily attributable to a decrease in rendering of maintenance services of approximately HK\$2.0 million.

(ii) Self-stabilised imaging products and services

Revenue derived from self-stabilised imaging products and services increased by approximately HK\$12.4 million, or 28.2%, from approximately HK\$44.0 million for the year ended 31 December 2023 to approximately HK\$56.4 million for the year ended 31 December 2024. The increase was primarily attributable to an increase in rendering of maintenance services of approximately HK\$15.6 million and increase in sale of self-stabilised imaging product for vessels and self-stabilised imaging parts of approximately HK\$12.3 million and was partially offset by decrease in sale of self-stabilised imaging product for aircraft of approximately HK\$15.5 million.

(iii) General aviation products and services

Revenue derived from general aviation products and services decreased by approximately HK\$17.7 million, or 12.1%, from approximately HK\$146.6 million for the year ended 31 December 2023 to approximately HK\$128.9 million for the year ended 31 December 2024. The decrease was primarily attributable to a decrease in sale of light and ultra-light aircraft engine and engine parts from our existing customers due to decrease in demand of the relevant products.

Gross Profit and Gross Profit Margin

Gross profit for the Group decreased from approximately HK\$81.4 million for the year ended 31 December 2023 to approximately HK\$76.9 million for the year ended 31 December 2024, and the gross profit margin decreased by approximately 1.0% from approximately 30.8% for the year ended 31 December 2023 to approximately 29.8% for the year ended 31 December 2024.

(i) Gross profit margin of thermal imaging products and services

The gross profit margin of thermal imaging products and services decreased by approximately 4.5% from approximately 25.5% for the year ended 31 December 2023 to approximately 21.0% for the year ended 31 December 2024. The decrease in our gross profit margin was primarily attributable to the decrease in rendering of maintenance services, which had a relatively higher gross profit margin.

(ii) Gross profit margin of self-stabilised imaging products and services

The gross profit margin of self-stabilised imaging products and services remained relatively stable at approximately 43.2% and 42.9% for the years ended 31 December 2023 and 2024, respectively.

(iii) Gross profit margin of general aviation products and services

The gross profit margin of general aviation products and services remained relatively stable at approximately 29.7% and 29.0% for the years ended 31 December 2023 and 2024, respectively.

Other Income and Gains, Net

The Group's other income and gains increased by approximately HK\$3.3 million, or 67.3%, from approximately HK\$4.9 million for the year ended 31 December 2023 to approximately HK\$8.2 million for the year ended 31 December 2024. The increase was mainly attributable to an increase in bank interest income arising from increase in investment of time deposits during the year.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately HK\$1.9 million, or 5.7%, from approximately HK\$33.3 million for the year ended 31 December 2023 to approximately HK\$35.2 million for the year ended 31 December 2024. The increase was mainly attributable to an increase in staff costs of our sales and marketing personnel resulting from the increase in sales commission during the year.

Administrative Expenses

The Group's administrative expenses remained relatively stable at approximately HK\$38.5 million and HK\$38.0 million for the years ended 31 December 2023 and 2024, respectively.

Other Expenses

The Group's other expenses remained relatively stable at approximately HK\$5.6 million and HK\$5.1 million for the years ended 31 December 2023 and 2024, respectively.

Finance Costs

The Group's finance costs remained relatively stable at approximately HK\$0.6 million and HK\$0.6 million for the years ended 31 December 2023 and 2024, respectively.

Income Tax (Expense)/Credit

Our income tax (expense)/credit represented our total current income tax and deferred tax credit/(expense) under the relevant People's Republic of China and Hong Kong income tax laws and regulations. The Group recorded an income tax expense of approximately HK\$3.2 million for the year ended 31 December 2024 as compared to an income tax credit of approximately HK\$0.8 million for the year ended 31 December 2023.

Loss for the Year Attributable to Owners of the Parent

As a result of the cumulative effect of the above factors, the Group's loss for the year attributable to the owners of the parent remained relatively stable at approximately HK\$3.3 million and HK\$3.5 million for the years ended 31 December 2023 and 2024, respectively.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group maintained a healthy liquidity position, with working capital financed mainly by internal resources. As at 31 December 2024, the Group reported net current assets of approximately HK\$306.5 million, as compared with approximately HK\$320.6 million as at 31 December 2023.

As at 31 December 2024, the Group's cash and cash equivalents was approximately HK\$252.5 million, representing an increase of approximately HK\$9.2 million as compared to approximately HK\$243.3 million as at 31 December 2023.

For the year ended 31 December 2024, the net cash generated from operating activities was approximately HK\$30.0 million (2023: HK\$14.7 million). The cash generated from operating activities was mainly from the decrease in trade and bills receivables and interest received from bank deposits during the year ended 31 December 2024. The net cash from investing activities was approximately HK\$53.4 million (2023: net cash used in investing activities was approximately HK\$16.6 million). The net cash used in financing activities was approximately HK\$17.6 million (2023: HK\$12.6 million). The net cash from investing activities was mainly attributable to the mature of investment of time deposits during the year. The net cash used in financing activities was mainly arising from the payment of lease liabilities and the payment of final and special dividends.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had no significant capital commitments (31 December 2023: Nil).

FOREIGN EXCHANGE EXPOSURE

Functional currency of the Group's operating subsidiaries is either Hong Kong dollar or Renminbi, while some of the Group's business transactions and cost of sales are denominated in United States dollar and Euro.

The Group has transactional currency exposures and such exposures arise from sales or purchases made by subsidiaries in currencies other than the subsidiaries' functional currencies. The Group's foreign currency exposure also comprises assets and liabilities denominated in United States dollar. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

PLEDGE OF ASSETS

As at 31 December 2024, the Group did not pledge any assets (31 December 2023: Nil).

GEARING RATIO

As at 31 December 2024, since we did not have any bank borrowings, gearing ratio was not applicable to our Group.

USE OF PROCEEDS

The final offer price for the listing of the Company's shares (the "**Listing**") was HK\$1.25 per share, and the actual net proceeds from the Listing were approximately HK\$81.2 million (after deduction of the listing expenses).

As disclosed in the announcement of the Company dated 18 October 2022 (the "**Announcement**"), the ongoing 2019 Coronavirus Disease pandemic, which had led to travel restrictions and/or quarantine requirements, has made it more difficult for the Company's management to locate suitable premise and develop the research and development centre in the Mainland China in 2022. The Board considers it is appropriate to reallocate the unutilised net proceeds initially intended for the establishment of research and development centre in the Mainland China to other imminent needs of the Group. For further details, please refer to the Announcement.

As at the date of this Results Announcement, the net proceeds from the Listing were utilised as follows:

	Original allocation of net proceeds according to the prospectus of the Company HK\$'000	Revised allocation of the proceeds HK\$'000	Amount utilised as at the date of this Results Announcement HK\$'000	Amount unutilised as at the date of this Results Announcement HK\$'000
Establish new research and development centres in the Mainland China and Hong Kong	39,600	19,600	(19,600)	–
Enhance the recognition and qualification of our products	17,300	27,300	(27,300)	–
Strengthen our sales capacity and capture new sales opportunities	21,100	31,100	(31,100)	–
Purchase new information technology hard ware and software	2,500	2,500	(2,500)	–
Working capital	700	700	(700)	–
	<u>81,200</u>	<u>81,200</u>	<u>(81,200)</u>	<u>–</u>

RESTRUCTURING AND SIGNIFICANT INVESTMENTS

During the years ended 31 December 2023 and 2024, the Group did not have any restructuring and significant investments.

EMPLOYEES AND REMUNERATION POLICY

The Group had a total of 142 (31 December 2023: 154) employees as at 31 December 2024. Total staff costs of the Group (excluding the Directors' and chief executive officer's remuneration) for the year ended 31 December 2024 was approximately HK\$54.0 million (2023: HK\$49.5 million). The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2024 and up to the date of this Results Announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

Since 11 January 2019, the listing date, the Company has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") during the year on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

In the opinion of the Board, the Company has complied with all the applicable code provisions and, where appropriate, adopted the recommended best practices set out in the CG Code throughout the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors in the securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to all Directors and they have confirmed that they have complied with the Model Code throughout the year under review.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. NIU Zhongjie, Ms. YEUNG Hiu Fu Helen and Mr. HOU Min. Ms. YEUNG Hiu Fu Helen is the chairwoman of the Audit Committee.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group, discussed risk management, internal controls and financial reporting matters with management and the Board, including review of the annual results of the Group for the year ended 31 December 2024.

SCOPE OF WORK OF ERNST & YOUNG

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 December 2024 as set out in this Results Announcement have been agreed by the Company’s independent auditor, Ernst & Young, to the amounts set out in the Group’s audited consolidated financial statements for the year.

The work performed by Ernst & Young 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 HKICPA and consequently no assurance has been expressed by Ernst & Young on this Results Announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Results Announcement, at least 25% of the Company’s total number of issued shares were held by the public.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**AGM**”) will be held on Thursday, 12 June 2025. A notice convening the AGM will be issued and dispatched to the shareholders in the manner as required by the Listing Rules in due course.

DIVIDENDS

Having considered the financial and cash flow position of the Company, as well as to reward the shareholders of the Company for their continued support during the challenging economic environment and enhance investors' confidence in the Company, the Board recommended the payment of a final dividend of HK1.35 cents per share for the year ended 31 December 2024 (the **"Proposed Final Dividend"**) and a special dividend of HK2.70 cents per share (the **"Proposed Special Dividend"**). Together with the final dividend of HK1.35 cents per share, the total dividends will amount to HK4.05 cents per share.

The Proposed Final Dividend and the Proposed Special Dividend shall be declared and distributed in Hong Kong dollars and will be subject to the shareholders' approval at the forthcoming AGM to be held on Thursday, 12 June 2025. It is expected that the Proposed Final Dividend and the Proposed Special Dividend will be paid on or before Tuesday, 8 July 2025 to shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 25 June 2025.

CLOSURE OF REGISTER OF MEMBERS

(A) for determining the entitlement to attend and vote at the AGM

The register of members of the Company will be closed from Thursday, 5 June 2025 to Thursday, 12 June 2025, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending and voting at the AGM to be held on Thursday, 12 June 2025, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged for registration with the Hong Kong share registrar of the Company, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Wednesday, 4 June 2025.

(B) for determining the entitlement to the Proposed Final Dividend and the Proposed Special Dividend

The register of members of the Company will be closed from Monday, 23 June 2025 to Wednesday, 25 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to receive the Proposed Final Dividend and the Proposed Special Dividend, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged for registration with the Hong Kong share registrar of the Company, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Friday, 20 June 2025.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement for the year ended 31 December 2024 required by the Listing Rules will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.peiport.com. The 2024 annual report containing all the information will be dispatched to the shareholders of the Company and made available on the above websites in due course in accordance with Rule 13.46 of the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to the management and the staff of the Group for their hard work and dedication, as well as our shareholders, customers, suppliers, business partners and other stakeholders for their continuous support to the Group.

By order of the Board
Peiport Holdings Ltd.
YEUNG Lun Ching
Chairman and Executive Director

Hong Kong, 26 March 2025

As at the date of this announcement, the executive Directors are Mr. YEUNG Lun Ching, Ms. WONG Kwan Lik and Mr. YEUNG Chun Tai, and the independent non-executive Directors are Mr. NIU Zhongjie, Ms. YEUNG Hiu Fu Helen and Mr. HOU Min.