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龍翼航空科技控股有限公司
MAJESTIC DRAGON AEROTECH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 918)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Majestic Dragon Aerotech Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2025, together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
CONTINUING OPERATIONS			
Revenue	4	118,791	245,978
Cost of sales		(93,283)	(190,629)
Gross profit		25,508	55,349
Other gains and losses	5	630	(2,290)
Other income	5	1,709	2,550
Selling and distribution expenses		(13,819)	(16,166)
Administrative expenses		(32,343)	(30,956)
Impairment losses under expected credit loss model, net of reversal		3,591	(69,596)
Impairment loss on intangible assets		(1,551)	—
Impairment loss on goodwill		(696)	—
Fair value loss on investment properties		(3,782)	(3,115)
Finance costs	6	(1,967)	(3,022)
Loss before taxation	7	(22,720)	(67,246)
Taxation	8	1,424	669
Loss for the year from continuing operations		(21,296)	(66,577)
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	16	—	8,213
Loss for the year attributable to owners of the Company		(21,296)	(58,364)
Other comprehensive (expense) income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(1,150)	(3,583)
Release of exchange reserve upon disposal of subsidiaries		—	(938)
Item that will not be reclassified to profit or loss:			
(Loss) gain on revaluation of land and building held for own use		(81)	353
Total comprehensive expense for the year attributable to owners of the Company		(22,527)	(62,532)

		2025	2024
	Notes	HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company			
Loss from continuing operations		(21,296)	(66,577)
Profit from discontinued operation		—	8,213
		<u> </u>	<u> </u>
Loss for the year		<u>(21,296)</u>	<u>(58,364)</u>
Total comprehensive expense for the year attributable to owners of the Company			
Total comprehensive expense from continuing operations		(22,527)	(70,116)
Total comprehensive income from discontinued operation		—	7,584
		<u> </u>	<u> </u>
Total comprehensive expense for the year		<u>(22,527)</u>	<u>(62,532)</u>
Loss per share attributable to owners of the Company			
From continuing and discontinued operations			
— Basic and diluted (HK cents)	10	<u>(1.91)</u>	<u>(5.94)</u>
From continuing operations			
— Basic and diluted (HK cents)	10	<u>(1.91)</u>	<u>(6.77)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		33,001	32,288
Investment properties	11	91,807	95,858
Right-of-use assets		126	232
Goodwill		13,193	14,035
Other intangible assets		24,603	32,309
Prepayment for property, plant and equipment		2,285	—
Other receivables	12	—	20,156
		<u>165,015</u>	<u>194,878</u>
Current assets			
Inventories		67,564	56,107
Trade and other receivables	12	80,937	126,751
Tax recoverables		108	420
Financial assets at fair value through profit or loss		262	350
Bank balances and cash		33,065	29,393
		<u>181,936</u>	<u>213,021</u>
Total assets		<u><u>346,951</u></u>	<u><u>407,899</u></u>
Current liabilities			
Trade and other payables	13	68,156	56,858
Contract liabilities		1,383	10,758
Amount due to a director	13	10,534	7,800
Bank and other borrowings	14	600	41,954
Lease liabilities		128	236
		<u>80,801</u>	<u>117,606</u>
Net current assets		<u><u>101,135</u></u>	<u><u>95,415</u></u>
Total assets less current liabilities		<u><u>266,150</u></u>	<u><u>290,293</u></u>

		2025	2024
	Notes	HK\$'000	HK\$'000
Non-current liabilities			
Rental deposits received	13	—	174
Deferred tax liabilities		<u>4,446</u>	<u>5,888</u>
		<u>4,446</u>	<u>6,062</u>
Net assets		<u>261,704</u>	<u>284,231</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		11,141	11,141
Reserves		<u>250,563</u>	<u>273,090</u>
Total equity		<u>261,704</u>	<u>284,231</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

Majestic Dragon Aerotech Holdings Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability and its shares (the “**Share**”) are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Always Profit Development Limited, a company incorporated in British Virgin Islands. Its ultimate controlling party is Mr. Zhang Jinbing, who is also the Chairman and Executive Director of the Company. The address of its principal place of business is Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (the “**Group**”) are the wholesale of consumer products including timepieces and accessories and garment and sportswear products, the sale of unmanned aerial vehicles and related parts for fire-fighting, logistics transportation, communication and agricultural use and property investment.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

AMENDMENTS TO HKFRS ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Company and its subsidiaries (the “**Group**”) have applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards 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 these consolidated financial statements.

NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the wholesale of consumer products including timepieces and accessories (“**Watch products**”) and garment and sportswear products, sales of unmanned aerial vehicles and related parts for fire-fighting, logistics transportation, communication and agricultural use and property investment. Revenue mainly represents the consideration of goods sold, rental income received. An analysis of revenue is as follows:

(i) Analysis of revenue

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15 – at point in time basis		
Sales of garment and sportswear products	67,130	31,642
Sales of Watch products	23,794	76,210
Sales of unmanned aerial vehicles and related parts	26,850	134,508
	<u>117,774</u>	<u>242,360</u>
Revenue from other sources		
Rental income	1,017	3,618
	<u>118,791</u>	<u>245,978</u>

(ii) Performance obligations for contracts with customers

Revenue from sales of Watch products and sales of garment and sales of unmanned aerial vehicles and related parts and sportswear products is recognised when control of the goods has transferred, being when the goods have been shipped to the customer’s specific location (delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for sale of Watch products, sales of garment and sportswear products and sales of unmanned aerial vehicles and related parts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contracts for sale of Watch products, sales of garments and sportswear products and sales of unmanned aerial vehicles and related parts that had an original expected duration of one year or less.

i) Wholesale business

The Group satisfies its performance obligation upon delivery of the goods sold to the customers;

ii) Property investment: Investing and letting of properties; and

iii) Unmanned aerial vehicles business: Sales of unmanned aerial vehicles and related parts.

Segment profit or loss represents the profit or loss from each segment without allocation of corporate income, central administrative costs, finance costs and professional expenses which are for corporate use purpose.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, goodwill, other intangible assets, inventories, financial assets at FVTPL, bank balances and cash, trade receivables, deposits, prepayments and other receivables. They exclude assets used for corporate functions.

Segment liabilities consist primarily of trade payables, other payables and accrued charges, contract liabilities, bank and other borrowings, rental deposit received and lease liabilities. They exclude tax payable, deferred tax liabilities and liabilities used for corporate functions.

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS

	2025			
	Continuing operations			
	Wholesale	Property	Unmanned	
	business	investment	aerial vehicles	Total
	HK\$'000	HK\$'000	business	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<u>90,924</u>	<u>1,017</u>	<u>26,850</u>	<u>118,791</u>
Segment operating loss	<u>(541)</u>	<u>(3,466)</u>	<u>(11,247)</u>	<u>(15,254)</u>
Unallocated corporate income				1,709
Unallocated corporate expenses				<u>(7,208)</u>
Operating loss				(20,753)
Finance costs				<u>(1,967)</u>
Loss before taxation				(22,720)
Income tax credit				<u>1,424</u>
Loss from continuing operations				<u>(21,296)</u>
Segment assets	122,142	91,962	79,015	293,119
Unallocated assets				<u>53,832</u>
Total				<u>346,951</u>
Segment liabilities	19,467	269	46,526	66,262
Unallocated liabilities				14,539
Deferred tax liabilities				<u>4,446</u>
Total				<u>85,247</u>

	2025				
	Continuing operations				
	Unmanned				
	Wholesale	Property	aerial vehicles	Corporate	Total
	business	investment	business		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of other intangible assets	2,326	—	3,644	—	5,970
Decrease in fair value of financial assets at FVTPL	48	—	—	—	48
Depreciation of property, plant and equipment	27	—	808	1,319	2,154
Depreciation of right-of-use assets	607	—	262	—	869
Fair value loss on investment properties	—	3,782	—	—	3,782
Impairment losses under ECL model, net of reversal	(4,934)	(167)	1,510	—	(3,591)

	2024			Total HK\$'000
	Continuing operations			
	Wholesale business HK\$'000	Property investment HK\$'000	Unmanned	
			aerial vehicles business HK\$'000	
Revenue	<u>107,852</u>	<u>3,618</u>	<u>134,508</u>	<u>245,978</u>
Segment operating profit (loss)	<u>(86,926)</u>	<u>(6,438)</u>	<u>35,377</u>	<u>(57,987)</u>
Unallocated corporate income				2,550
Unallocated corporate expenses				<u>(8,920)</u>
Operating loss				(64,357)
Gain on disposal of subsidiaries				133
Finance costs				<u>(3,022)</u>
Loss before taxation				(67,246)
Income tax credit				<u>669</u>
Loss from continuing operations				<u>(66,577)</u>
Segment assets	151,259	96,392	106,680	354,331
Unallocated assets				<u>53,568</u>
Total				<u>407,899</u>
Segment liabilities	80,071	371	25,624	106,066
Unallocated liabilities				11,714
Deferred tax liabilities				<u>5,888</u>
Total				<u>123,668</u>

	2024				
	Continuing operations				
	Unmanned				
	Wholesale	Property	aerial vehicles	Corporate	Total
	business	investment	business		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of other intangible assets	2,326	—	2,476	—	4,802
Decrease in fair value of financial assets at FVTPL	174	—	—	—	174
Depreciation of property, plant and equipment	21	—	328	1,313	1,662
Depreciation of right-of-use assets	627	—	133	—	760
Fair value loss on investment properties	—	3,115	—	—	3,115
Impairment losses under					
ECL model, net of reversal	62,209	5,615	1,772	—	69,596
Provision of inventories	26,114	—	—	—	26,114

SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS

2025		
	Revenue from continuing operations HK\$'000	Non-current assets HK\$'000
Africa	56,996	—
Hong Kong	17,575	95,000
Mainland China	39,578	70,015
Taiwan	4,642	—
	<u>118,791</u>	<u>165,015</u>
2024		
	Revenue from continuing operations HK\$'000	Non-current assets HK\$'000
Africa	31,642	—
Hong Kong	32,889	103,850
Mainland China	108,836	70,794
Taiwan	14,200	78
Middle East	58,411	—
	<u>245,978</u>	<u>174,722</u>

Revenue is allocated based on the country in which the customers are located. Non-current assets, excluding non-current other receivables, are allocated based on where the assets are located.

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers in the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Customer A ¹ from the Wholesale business	N/A	29,322
Customer B ² from the Wholesale business	33,526	N/A
Customer C ² from the Wholesale business	23,470	N/A
Customer D from the unmanned aerial vehicles business	14,172	83,705
Customer E ¹ from the unmanned aerial vehicles business	N/A	27,277

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2025.

² The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2024.

5. OTHER GAINS AND LOSSES/OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Other gains and losses		
Decrease in fair value of financial assets at FVTPL	(48)	(174)
Gain on disposal of a subsidiary	—	133
Gain on lease termination	12	—
Net exchange gain (loss)	666	(2,249)
	630	(2,290)
Continuing operations		
Other income		
Interest income from loans to third parties	1,093	928
Bank interest income	63	194
Government grants	264	1,356
Sundry income	289	72
	1,709	2,550

During the year ended 31 March 2025, government subsidies of HK\$264,000 (2024: HK\$1,356,000) represent incentives received and recognised upon completion of related research activities and development projects.

6. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Interest on bank and other borrowings	1,919	2,995
Interest on lease liabilities	48	27
	<u>1,967</u>	<u>3,022</u>

7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Cost of inventories recognised as an expense (including provision of inventories amounting to nil (2024: HK\$26,114,000))	93,283	190,629
Auditor's remuneration	650	650
Amortisation of other intangible assets	5,970	4,802
Depreciation of property, plant and equipment	2,154	1,662
Depreciation of right-of-use assets	869	760
Legal and professional fees	951	2,093
Staff costs, including directors' emoluments		
—Salaries, bonus and allowance	10,531	9,460
—Retirement benefits scheme contributions	2,014	711
Total staff costs	<u>12,545</u>	<u>10,171</u>

8. TAXATION

The amount of taxation credited to the consolidated statement of profit or loss and other comprehensive income represents:

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Current tax		
Mainland China Enterprise Income tax (the “EIT”)	—	15
	—	15
Underprovision (over) in prior years:		
Hong Kong Profits Tax	—	(130)
Taiwan profit-seeking enterprise income tax	—	664
EIT	4	(734)
Deferred tax		
Current year	(1,428)	(484)
Income tax credit	<u>(1,424)</u>	<u>(669)</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No Hong Kong Profits Tax was provided for the year ended 31 March 2025 as there was no chargeable profits under Hong Kong Profits Tax.

Under the Law of the Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% for both years.

Under the applicable corporate tax law in Taiwan, income tax is charged at 20% of the estimated assessable profits. No provision for Taiwan profit-seeking enterprise income tax has been made in the consolidated financial statements as the subsidiary operating in Taiwan has no assessable profits for both years.

9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the years ended 31 March 2025 and 2024.

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) From continuing and discontinued operations

The calculation of the basic and diluted loss per share is based on the following data:

	2025 HK\$'000	2024 HK\$'000
Loss attributable to owners of the Company	<u>(21,296)</u>	<u>(58,364)</u>
	<hr/>	
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,114,069</u>	<u>983,350</u>

(b) From continuing operations

The calculation of the basic and diluted loss per share is based on the following data:

	2025 HK\$'000	2024 HK\$'000
Loss attributable to owners of the Company	<u>(21,296)</u>	<u>(66,577)</u>
	<hr/>	
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,114,069</u>	<u>983,350</u>

11. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	95,858	100,527
Changes in fair value included in profit or loss	(3,782)	(3,115)
Exchange adjustment	(269)	(1,554)
	<u>91,807</u>	<u>95,858</u>
At the end of the year	<u>91,807</u>	<u>95,858</u>

12. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables		
– Contracts with customers	142,030	199,568
– Lease receivables	6,310	6,472
Less: Allowance for credit losses	(87,442)	(91,015)
Trade receivables, net	<u>60,898</u>	<u>115,025</u>
Deposits paid to suppliers (note i)	9,772	4,950
Other receivables, net (note ii)	7,153	22,716
Prepayments	2,428	3,443
Rental, utility and sundry deposits	686	773
	<u>20,039</u>	<u>31,882</u>
Total trade and other receivables	80,937	146,907
Less: current portion	<u>80,937</u>	<u>126,751</u>
Non-current portion	<u>—</u>	<u>20,156</u>

Notes:

- (i) As at 31 March 2025, included in deposits paid to suppliers of approximately HK\$9,772,000 (2024: HK\$4,950,000) is deposits paid to suppliers for unmanned aerial vehicles business.

- (ii) As at 31 March 2025, other receivables comprised of a loan to a third party amounting to approximately HK\$ 5,905,000 (2024: HK\$ 5,184,000), net of loss allowance with repayment date within one year and interest bearing at 6% per annum (2024: with repayment date after one year and interest bearing at 6% per annum). As at 31 March 2024, other receivables also comprised of a loan to another third party amounting to approximately HK\$14,972,000, net of loss allowance with repayment date after one year, interest bearing at 1% per month with personal guarantee by shareholders of the borrower.

At the end of the reporting period, the ageing analysis of trade receivables and lease receivables based on the invoice date and net of allowance for credit losses, is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days	17,177	5,770
31-60 days	6,162	11,481
61-180 days	32,365	57,711
181-365 days	3,419	27,413
Over 1 year	1,775	12,650
	<u>60,898</u>	<u>115,025</u>

The trade receivables and lease receivables were denominated in United States dollars (“US\$”), HK\$, Renminbi (“RMB”) and Taiwan New dollars (“TWD”).

The majority of the Group’s customers for overseas sales are generally on open account from 120 to 150 days (2024: 120 to 150 days) from the date of invoice. The credit period granted to local customers is 30 to 90 days (2024: 30 to 90 days).

13. TRADE AND OTHER PAYABLES AND AMOUNT DUE TO A DIRECTOR

	2025 HK\$'000	2024 HK\$'000
Trade payables	49,562	38,314
Deposits received	269	372
Accrued expenses	4,425	5,794
Other tax payables	11	60
Other payables	13,889	12,492
	<hr/>	<hr/>
Total trade and other payables	68,156	57,032
Less: Current portion	68,156	56,858
	<hr/>	<hr/>
Non-current portion	—	174
	<hr/>	<hr/>

At the end of the reporting period, the ageing analysis of trade and bills payables based on the invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
0 - 30 days	11,710	2,471
31 - 90 days	3,335	2,353
91 - 180 days	14,459	167
Over 180 days	20,058	33,323
	<hr/>	<hr/>
	49,562	38,314
	<hr/>	<hr/>

The trade payables were mainly denominated in HK\$, US\$ and RMB.

For purchases from overseas suppliers, trade payables are normally settled on terms of 30 to 60 days (2024: 30 to 60 days) from the date of bill of lading. For purchases from local suppliers, the credit period was 30 days (2024: 30 days).

The amount due to a director is unsecured, interest-free and repayable on demand.

14. BANK AND OTHERS BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Fixed rate and unsecured other borrowings, repayable within one year	600	6,954
Variable rate and secured bank borrowings, repayable within one year	—	35,000
	<u>600</u>	<u>41,954</u>

At 31 March 2025, the other borrowings denominated in HK\$ (2024: RMB) carry interest at 5.25% (2024: 5%) per annum.

At 31 March 2024, variable-rate bank borrowings are denominated in HK\$ amounting to HK\$35,000,000 and carry interests at Hong Kong Interbank Offered Rate (“HIBOR”) + 2%.

At 31 March 2024, the bank borrowings are secured and guaranteed by:

- (a) first legal charge over the Group’s investment properties and a land and building in Hong Kong with an aggregate carrying value of approximately HK\$99,230,000;
- (b) corporate guarantees from the Company and certain of its subsidiaries; and
- (c) personal guarantee from the ultimate controlling party Mr. Zhang Jinbing, who is also the Chairman and Executive Director of the Company.

15. ACQUISITION OF A SUBSIDIARY

On 29 March 2023, the Group entered into a sale and purchase agreement with several independent third parties to acquire the entire issued shares of Shandong Longyi Aviation Technology Co., Ltd at a total consideration of approximately HK\$30,946,000, which shall be satisfied by the allotment and issue of 154,731,827 ordinary shares of the Company (“**Consideration Shares**”) at the issue price of HK\$0.2 per Consideration Shares. The Acquisition was completed on 1 August 2023, the date on which the control of Longyi Group was passed to the Group. This consolidated financial statements include the results of Longyi Group for the period from 1 August 2023 to 31 March 2024.

The fair values of the identifiable assets and liabilities of Longyi Group as at the date of acquisition were:

	Longyi Group HK\$'000
Assets	
Property, plant and equipment	601
Other intangible assets	31,264
Inventories	4,545
Trade and other receivables	1,176
Bank balances and cash	25,419
	<hr/>
	63,005
	<hr/>
Liabilities	
Trade and other payables	(29,731)
Bank borrowings	(5,024)
Deferred tax liabilities	(4,658)
	<hr/>
	(39,413)
	<hr/>
Total identifiable net assets at fair value	23,592
Goodwill arising on acquisition	13,544
	<hr/>
Purchase consideration transferred	37,136
	<hr/>
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	25,419
Cash paid	—
	<hr/>
Net cash flows on acquisition	25,419
	<hr/> <hr/>

16. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

On 17 May 2023, the Group entered into a sale and purchase agreement with an independent third party (the “Purchaser”), pursuant to which the Group has agreed to sell and the Purchaser has agreed to purchase the entire issued share capital of GBR (HK) Limited (“GBR (HK)”), an indirect wholly-owned subsidiary of the Company, at the consideration of HK\$1,000,000. The disposal is completed on 31 May 2023 (“Date of Disposal”), the date on which the control of GBR (HK) was passed to the Purchaser. The Group’s discontinued operation for both years represented the business of the provision of marketing services operated by GBR (HK) and its subsidiary (“Disposal Group”).

On 5 December 2023, the Group entered into a sale and purchase agreement with two independent third parties (the “Buyers”), pursuant to which the Group has agreed to sell and the Buyer has agreed to purchase the entire issued share capital of Shandong Fengyi Intelligent Technology Co., Ltd. (山東豐翼智能科技有限責任公司) (“Fengyi”), an indirectly wholly-owned subsidiary of the Company, at the consideration of RMB 2 (approximately HK\$2). The disposal is completed on 27 December 2023, the date on which the control of Fengyi was passed to the Buyers.

- (a) The net liabilities of the Disposal Group and Fengyi and gain on disposal as the date of disposal were as follows:

Consideration received:

	Fengyi (date of disposal: 27 December 2023) HK\$’000	Disposal Group (date of disposal: 31 May 2023) HK\$’000
Cash received	<u>—</u>	<u>1,000</u>

Analysis of assets and liabilities over which control was lost:

	Fengyi (date of disposal: 27 December 2023) HK\$'000	Disposal Group (date of disposal: 31 May 2023) HK\$'000
Inventories	282	2
Trade and other receivables	129	49,538
Trade and other payables	(554)	(46,991)
Contract liabilities	—	(2,167)
Tax payable	—	(6,914)
Cash and cash equivalents	10	324
	<hr/>	<hr/>
Net liabilities disposed of	(133)	(6,208)

Gain on disposal of a subsidiary:

	Fengyi (date of disposal: 27 December 2023) HK\$'000	Disposal Group (date of disposal: 31 May 2023) HK\$'000
Consideration received	—	1,000
Net liabilities disposed of	133	6,208
Release of exchange reserve upon disposal	—	938
	<hr/>	<hr/>
Gain on disposal	133	8,146

Net cash inflow arising on disposal:

	Fengyi (date of disposal: 27 December 2023) HK\$'000	Disposal Group (date of disposal: 31 May 2023) HK\$'000
Cash consideration received	—	1,000
Less: cash and cash equivalents disposed of	(10)	(324)
	<u>(10)</u>	<u>676</u>

- (b) The results of the discontinued operation of the Disposal Group for the period from 1 April 2023 to the Date of Disposal, which have been included in the consolidated profit or loss, are as follows:

	2024 HK\$'000
Other income	138
Selling and distribution expenses	(65)
Administrative expenses	(6)
Gain on disposal of subsidiaries	8,146
	<u>8,213</u>
Profit before taxation from discontinued operation	8,213
Income tax expense	—
	<u>8,213</u>
Profit for the period from discontinued operation	<u>8,213</u>

No tax charge or credit arose on gain on disposal of the discontinued operation.

- (c) The results of the discontinued operation of the Disposal Group for the period from 1 April 2023 to the Date of Disposal, which have been included in the consolidated profit or loss, are as follows:

Cash flows from discontinued operation:

	2024 HK\$'000
Net cash used in operating activities	(341)
Net cash outflow from investing activities	—
Net cash outflow from financing activities	—

SCOPE OF WORK OF GLOBAL LINK 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 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Global Link CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Global Link CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Global Link CPA Limited on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the year ended 31 March 2025 (the “**Year**”, “**Reporting Period**”), the Group is principally engaged in the wholesale of consumer products including timepieces and accessories and garment and sportswear products (the “**Wholesale Business**”), the sale of unmanned aerial vehicles and related parts (the “**Unmanned Aerial Vehicles Business**”) and property investment (the “**Property Investment Business**”).

WHOLESALE BUSINESS

Watch products

The Group commenced the wholesale of timepieces and accessories (“**Watch Products**”) through Sinoforce Group Limited, a wholly-owned subsidiary of the Group, and its subsidiaries (“**Sinoforce Group**”) since June 2022. During the Reporting Period, the exclusive distribution right of the Watch Products bearing certain trademarks of Girard-Perregaux and JEANRICHARD in territories of the Mainland China, Hong Kong and Taiwan was terminated in accordance with a settlement for termination of bilateral agreement between Sinoforce Group and a supplier. As a consequence, the sales of the Watch Products decreased during the Year, even Sinoforce Group continued the wholesale of Watch Products in other brands such as Franck Muller, Roger Dubuis, Christophe Claret, and HYT in Hong Kong and the Mainland China.

Garment and sportswear products

The Group carries on the business of wholesale and trading of garment and sportswear products in the Mainland China which are then exported to overseas market and to Africa.

The economy of the People's Republic of China (“**PRC**”), the world's second-largest economy, grew by 5.0% GDP in 2024, aligning with Beijing's 2024 target of around 5% but slightly down from the 5.4% growth recorded in 2023. On a quarter-on-quarter basis, the first quarter of 2025 maintained the same pace as in the forth quarter, expended by 5.4%. On the trade front, exports recorded their strongest growth since October 2024 as firms accelerated shipments ahead of looming tariffs, while a drop in imports narrowed. The statistics bureau said the Chinese economy was “off to a good and steady start” and highlighted the growing role of innovation. However, intensifying trade tensions with the U.S. have quickly darkened the outlook, increasing pressure on Beijing to roll out additional support measures. Ongoing property downturn, record high unemployment rates among young adults, and the possibility of disinflation, the temporary retardation of economic growth in the PRC. In addition, tighter monetary policy in the US and Europe and global hyperinflation, have not only dampened consumer sentiment but also hampered the pace of the economic recovery of the world.

Retail sales in Hong Kong dropped by 4.8% year-on-year in March 2025, following a 15.1% drop in January 2025 marking the thirteenth straight month of falling retail activity. This was mainly driven by the decrease in consumer goods by 17.9% year-on-year in March 2025; clothing & footwear by 9.7% year-on-year in March 2025; jewellery, watches and clocks & valuable gifts by 6% year-on-year in March 2025. On a monthly basis, retail sales rose by 2.1% in March 2025, reversing the sharp 17.3% drop in February 2025. A government spokesman noted that the growing uncertainty in the global economic outlook, along with the ongoing shift in consumption patterns, will continue to pose challenges for the sector.

During the Reporting Period, the Wholesale Business had shown a decrease in revenue due to the economic retardation over the world and significant downturn of retail sales in Hong Kong.

UNMANNED AERIAL VEHICLES BUSINESS

Since August 2023, the Group commenced the Unmanned Aerial Vehicles Business through Shandong Longyi Aviation Technology Co., Ltd, a wholly owned subsidiary of the Group, and its subsidiaries (“**Longyi Group**”).

Longyi Group is based at High-tech Zone, Jining City, Shandong Province, Shandong, the PRC. The Longyi Group is also recognised as a High and New Technology Enterprise (高新技術企業) (“HNTe”) in the PRC, Specialized and Sophisticated Small and Medium-sized Enterprise (“SME”) in Shandong Province (山東省專精特新企業) and National Technology-based SME (科技型中小企業). Longyi Group has a wide range of product types and applications, and has developed a series of drone products with load capacities ranging from 20 kilograms to 600 kilograms, all of which have been applied in practice. Multiple models have demonstrated outstanding performance in industry applications, with superior performance, safety, and reliability, making important contributions to the development of industrial drones. The product application covers multiple fields such as emergency rescue, forest fire prevention, geographic information surveying, geological survey, disaster monitoring, meteorological detection, air traffic control, communication relay, power construction wiring, inspection, aerial photography, urban public safety, smart agriculture, and has received unanimous recognition and praise from customers.

During the Reporting Period, the Unmanned Aerial Vehicles Business had also shown a decrease in revenue, it was mainly due to limitation in development in international markets and delays in implementation of low-attitude economy policies by local governments in Mainland China. In September 2023, the Ministry of Commerce of China, together with relevant departments, issued an announcement on drone export control, deciding to implement export controls on specific unmanned aerial vehicles and related items. The implementation of this measure has limited the development of the Group in the international market and the Group had to focus on the market within Mainland China. However, in 2024, the implementation of low-attitude economy policies by local governments in Mainland China has experienced some delays due to insignificant hardware and infrastructure supply, this has inevitably impacted the revenue of the Group’s Unmanned Aerial Vehicles Business.

Despite the Unmanned Aerial Vehicles Business had shown underperformed results in the Reporting Period, upon the introduction and the implementation of the low-attitude economy in the PRC, National Development and Reform Commission (NDRC) recently released a report saying that the low-altitude economy is expected to become a trillion-dollar new economic race track, and predicted that the shortage of drone pilots will reach one million. As such, the Group believed that there will be more opportunities with the high technology business in Unmanned Aerial Vehicles in order to capture the prospective return on investment.

In December 2024, Longyi Group established two low-altitude economic education and training centres in Tonghua City and Jining City to provide drone technology education training, drone pilot license training services and also drone talent training and industry education for talents and youth. The centres are large-scale education and training centres providing training services to government departments, major universities and other enterprises with comprehensive solutions for education and training, and also work with partners to connect education chain, talent chain, industrial chain, and innovation chain around the low-altitude economy, and to cultivate an ecology of low-altitude economy and to increase the Group's revenue in coming years.

PROPERTY INVESTMENT BUSINESS

As at 31 March 2025, the Group held six investment properties located in the Mainland China and five investment properties (including three car parking spaces) located in Hong Kong for generating rental income purposes (the “**Investment Properties**”). As at 31 March 2025, four investment properties were leased out (2024: ten), and the remaining investment properties were vacant.

The value of the Investment Properties amounted to approximately HK\$91.8 million based on the independent valuation of the Investment Properties as at 31 March 2025 (2024: approximately HK\$95.9 million).

FINANCIAL REVIEW

REVENUE

The Group recorded a revenue of approximately HK\$118.8 million for the Year, representing a decrease of 52% as compared to that of approximately HK\$246.0 million for the year ended 31 March 2024 (the “**Previous Year**”).

Revenue derived from the Wholesale Business decreased by approximately 16% from approximately HK\$107.9 million for the Previous Year to approximately HK\$90.9 million for the Year.

Revenue derived from Unmanned Aerial Vehicles Business decreased by approximately 80% from approximately HK\$134.5 million for the Previous Year to approximately HK\$26.9 million for the Year.

Revenue derived from Property Investment Business was dropped by approximately 72% from approximately HK\$3.6 million the Previous Year to approximately HK\$1.0 million for the Year.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group recorded a gross profit of approximately HK\$25.5 million, representing a decrease of approximately 54% as compared to approximately HK\$55.3 million for the Previous Year. The gross profit margin for the Year was approximately 21.5%, as compared to the gross profit margin of 22.5% for the Previous Year. The decrease in gross profit margin was mainly attributable from decrease in revenue of high gross profit margin products in Unmanned Aerial Vehicles Business.

The Group recorded a gross profit and gross profit margin of approximately HK\$11.0 million and 12.1% respectively in the Wholesale Business for the Year, representing an increase of approximately 290% as compared to gross loss of approximately HK\$5.8 million for the Previous Year. The increase was mainly attributable from the increase in revenue driven from certain aged inventories, which were fully impaired in Previous Year, no impairment provision of inventories was provided in the Year.

The Group recorded a gross profit and gross profit margin of approximately HK\$13.5 million and 50.4% respectively of the Unmanned Aerial Vehicles Business for the Year, representing a decrease of approximately 77% as compared to approximately HK\$57.5 million for the Previous Year. The decrease in gross profit was in line with the decrease in revenue.

The Group recorded a gross profit of approximately HK\$1.0 million in respect of the property investment business for the Year, representing a decrease of approximately 72% as compared to gross profit of approximately HK\$3.6 million for the Previous Year. The decrease was in line with the decrease in revenue and occupancy of the investment properties.

SELLING, DISTRIBUTION AND MARKETING EXPENSES

Selling, distribution and marketing expenses decreased by approximately 15% from approximately HK\$16.2 million for the Previous Year to approximately HK\$13.8 million for the Year. The decrease was in line with decrease in the Group's revenue.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately 4% from approximately HK\$31.0 million for the Previous Year to approximately HK\$32.3 million for the Year. The increase was mainly attributable from newly acquired Unmanned Aerial Vehicles Business since August 2023.

IMPAIRMENT LOSSES ON ASSETS

Goodwill and other intangible assets

During the Year, the exclusive distribution right of the Watch Products bearing certain trademarks in territories of the PRC, Hong Kong and Taiwan was terminated in accordance with a settlement for termination of bilateral agreement entered between a subsidiary of the Company and a supplier. The management of the Group considered the sales of the Watch Products would decrease and determined impairment of the related goodwill and distribution rights under other intangible assets amounting to HK\$0.7 million and HK\$1.6 million respectively.

Trade and other receivables

Impairment losses under expected credit loss (“ECL”) model, net of reversal represented the net impairment losses on trade and other receivables, which decreased by 105% from approximately HK\$69.6 million for the Previous Year to reverse of approximately HK\$3.6 million for the Year.

Analysis of trade and lease receivables and allowance for credit losses at 31 March 2025:

Exposure to credit risk by business segments	As at 31 March 2025		
	Trade		Trade
	receivable,	Allowance for	receivable,
	gross	credit losses	net
	HK\$'000	HK\$'000	HK\$'000
<u>Low risk</u>			
Wholesale Business	58,790	(1,208)	57,582
Property Investment	113	—	113
Unmanned Aerial Vehicles Business	6,490	(3,287)	3,203
	<u>65,393</u>	<u>(4,495)</u>	<u>60,898</u>
<u>Loss</u>			
Wholesale Business	76,750	(76,750)	—
Property Investment	6,197	(6,197)	—
Unmanned Aerial Vehicles Business	—	—	—
	<u>82,947</u>	<u>(82,947)</u>	<u>—</u>
Total	<u>148,340</u>	<u>(87,442)</u>	<u>60,898</u>

In assessing the ECL of the Group's trade and lease receivables, a credit rating analysis of the underlying debtors was adopted by reviewing the historical observed default rates, external information published by external credit rating agency and subsequent settlement of the grouped debtors and are adjusted for the forward-looking information.

Trade and lease receivables under loss credit risk exposure were fully provided with impairment losses.

Trade receivables under low credit risk exposure, impairment losses of approximately HK\$4.5 million were provided, representing 7% of gross balance at 31 March 2025. Subsequently up to the date of this announcement, the Group received settlement approximately HK\$14 million, representing 21% of the gross balance as at 31 March 2025.

Based on the above assessment, the management considered the impairment losses on trade and lease receivables provided were sufficient.

CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

The net loss on fair value change of investment properties of approximately HK\$3.8 million (Previous Year: net loss of approximately HK\$3.1 million) represented fair value adjustment of the Group's properties located in Hong Kong and the Mainland China as at 31 March 2025.

These properties were revalued based on their open market value as at 31 March 2025 by Vincorn Consulting and Appraisal Limited, an independent qualified professional valuer.

FINANCE COSTS

Finance costs decreased by approximately 35% from approximately HK\$3.0 million for the Previous Year to approximately HK\$2.0 million for the Year. The finance costs in the Year was predominantly contributed by bank and other borrowings in the Mainland China and in Hong Kong, the bank and certain other borrowings were fully repaid during the Year resulted in decrease in the finance costs.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIO

During the Year, the Group financed its operations and investments mainly by internally generated funds and debt financing.

CASH POSITION

The Group had total cash and bank balances of approximately HK\$33.1 million as of 31 March 2025 (31 March 2024: approximately HK\$29.4 million).

BANK AND OTHER BORROWINGS

As of 31 March 2025, the Group has HK\$600,000 of the other borrowings (31 March 2024: approximately HK\$42.0 million).

LEVERAGE

The ratio of current assets to current liabilities of the Group was approximately 2.3 as at 31 March 2025, which was steady as compared to approximately 1.8 as at 31 March 2024. The Group's gearing ratio as at 31 March 2025 was approximately 0.2% (31 March 2024: approximately 14.8%), which is calculated based on the Group's bank and other borrowings of approximately HK\$0.6 million (31 March 2024: approximately HK\$42.0 million) and the Group's total equity approximately HK\$261.7 million (31 March 2024: approximately HK\$284.2 million). The gearing ratio was decreased as compared with the Previous Year due to decrease in bank and other borrowing.

The cash and bank balances can provide adequate liquidity and capital resources for the ongoing operation needs of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal financial instruments include trade receivables, deposits and other receivables, cash and cash equivalents, trade and other payables, bank borrowings and lease liabilities. The Group also has various financial assets and financial liabilities arising from our business operations. The Group's financial instruments are mainly subject to foreign currency risk, credit risk and liquidity risk. The Group aims to minimise these risks and hence maximise investment returns.

FOREIGN CURRENCY RISK

The monetary assets and liabilities and business transaction of the Group are mainly based on Hong Kong dollars ("HK\$"), Renminbi ("RMB") and United States dollars ("US\$"). In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the Year. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and the Group mitigates the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the years ended 31 March 2025 and 2024, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

CREDIT RISK

The Group's credit exposure generally arises from counterparty risk in the course of engaging in the Wholesale Business, the Unmanned Aerial Vehicles Business and the Property Investment Business. As at 31 March 2025, trade receivables and trade payables of the Group were approximately HK\$60.9 million and approximately HK\$49.6 million (31 March 2024: approximately HK\$115.0 million and approximately HK\$38.3 million), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

LIQUIDITY RISK

Liquidity risk is the risk that funds will not meet liabilities as they fall due. This may arise from mismatches in amounts or time with regard to the maturity of financial assets and liabilities. The objectives of the Group's liquidity risk management are: (1) maintaining the stability of the Group's principal business, timely monitoring cash and bank balances position; (2) projecting cash flows; and (3) evaluating the level of current assets to maintain sufficient liquidity of the Group.

TREASURY POLICIES

As at 31 March 2025, bank and other borrowings of approximately HK\$0.6 million (31 March 2024: approximately HK\$35.0 million, HK\$7.0 million and HK\$Nil were denominated in HK\$, RMB and US\$ respectively). The Group's bank borrowings at 31 March 2024 were subject to floating interest rates and the other borrowing was subject to fixed interest rate.

Cash and cash equivalents held by the Group were mainly denominated in HK\$, US\$ and RMB. The Group currently does not have foreign currency and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

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

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

SIGNIFICANT INVESTMENT

The Group had no significant investment during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group had no material acquisition and disposal of subsidiaries or associated companies during the Year.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group in the Year are set out in note 4 to the consolidated financial statements.

CAPITAL COMMITMENTS

Capital expenditure contracted for but not yet provided by the Group as at 31 March 2025 was approximately HK\$2,023,000 (31 March 2024: nil), which was mainly related to the acquisition of property, plant and equipment.

CONTINGENT LIABILITIES AND LITIGATION

The Company has no executed guarantees for the banking facilities made by its subsidiaries as at 31 March 2025 (31 March 2024: has). As at 31 March 2024, the utilised facilities amounted to approximately HK\$35.0 million.

Except for the foregoing, as at 31 March 2025, the Group had no other significant contingent liabilities or pending litigation.

EVENTS AFTER THE REPORTING PERIOD

As from 31 March 2025 to the date of this result announcement, save as disclosed in this result announcement, the Board is not aware of any significant events requiring disclosure that have occurred.

STAFF AND REMUNERATION POLICIES

As of 31 March 2025, the Group had a total of 125 employees (2024: 106 employees). Total staff costs (including directors' emoluments) for the Year amounted to approximately HK\$12.5 million (Previous Year: approximately HK\$10.2 million). Primary means of remuneration include competitive wages, contributory provident funds, insurance and standard medical benefits. The emoluments of the directors are decided by the remuneration committee of the Company (the "**Remuneration Committee**") based on the Company's operating results, individual performance and comparable market statistics. The Group has also adopted an annual discretionary bonus scheme for management and staff subject to the performance of the Group and individual employees. As of 31 March 2025, the Group has no outstanding share options issued to the Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the "**Audit Committee**") include reviewing and supervising of the Group's financial reporting process, risk management and internal control. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2025 and decided that such statements were properly prepared in accordance with the statutory requirements and applicable accounting standards.

The Audit Committee currently comprises of three independent non-executive directors, namely Ms. Choi Ka Ying, Mr. Jie Yinghan and Ms. He Xiaodong.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The annual results announcement has been reviewed by the Audit Committee.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. It believes that a high standard of corporate governance provides a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain a high standard of accountability and protect interests of the shareholders and other stakeholders.

The Company has applied the principles and complied with the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the year ended 31 March 2025 (the “Year”).

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 out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors regarding any non-compliance with the Model Code during the year ended 31 March 2025, they have all confirmed their full compliance with the required standards as set out in the Model Code throughout the year ended 31 March 2025.

The Company has also established written guidelines for senior management and employees in certain functions in respect of their dealings in the securities of the Company for their strict compliance. The Company issued notices to all Directors, senior management and relevant employees reminding them to comply with the restriction on dealing of securities of the Company under the above code and guidelines 60 days prior to the publication of the annual results and 30 days prior to the publication of the interim results.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement has been published on the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.mdaerotech.com. The annual report for the year ended 31 March 2025 will be despatched to the shareholders of the Company and published on the above-mentioned websites in due course.

By Order of the Board
Majestic Dragon Aerotech Holdings Limited
Zhang Jinbing
Chairman

Hong Kong, 26 June 2025

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Jinbing, Mr. Wang Yuelai, Mr. Yang Zeyun and Mr. Wang Jian; and the independent non-executive Directors of the Company are Ms. Choi Ka Ying, Ms. He Xiaodong and Mr. Jie Yinghan.