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Success Dragon International Holdings Limited

勝龍國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1182)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

The audited consolidated results of Success Dragon International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the financial year ended 31 March 2025 together with the comparative figures for the preceding financial year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Revenue	4	125,245	422,733
Cost of sales		<u>(94,520)</u>	<u>(385,496)</u>
Gross profit		30,725	37,237
Other gain or loss, net	4	2,850	3,312
Administrative and other operating expenses		<u>(20,128)</u>	<u>(28,651)</u>
Profit from operations		13,447	11,898
Finance costs	5	(210)	(566)
Share of results of an associate		<u>(118)</u>	<u>1,180</u>
Profit before tax	6	13,119	12,512
Income tax expense	7	<u>(4,605)</u>	<u>(6,334)</u>
PROFIT FOR THE YEAR		<u>8,514</u>	<u>6,178</u>

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive losses			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(1,159)</u>	<u>(4,091)</u>
Other comprehensive losses for the year, net of tax		<u>(1,159)</u>	<u>(4,091)</u>
Total comprehensive income for the year		<u><u>7,355</u></u>	<u><u>2,087</u></u>
		2025	2024
		<i>HK Cents</i>	<i>HK Cents</i>
Earnings per share			
	9		
Basic		2.44	1.77
Diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		27,109	3,693
Right-of-use assets		2,481	3,841
Investment in an associate		3,639	3,757
		<u>33,229</u>	<u>11,291</u>
Current assets			
Inventories		91,952	12,813
Trade receivables	10	7,538	10,168
Other receivables, deposits and prepayments	11	16,929	90,826
Bank and cash balances		72,972	79,751
		<u>189,391</u>	<u>193,558</u>
Current liabilities			
Trade payables	12	61,515	29,823
Other payables and accruals		14,188	28,966
Contract liabilities		7,372	11,207
Lease liabilities		1,892	3,005
Amounts due to directors		3,575	4,034
Tax payables		11,304	8,823
		<u>99,846</u>	<u>85,858</u>
Net current assets		<u>89,545</u>	<u>107,700</u>
Total assets less current liabilities		<u>122,774</u>	<u>118,991</u>

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		<u>700</u>	<u>1,034</u>
		<u>700</u>	<u>1,034</u>
NET ASSETS		<u><u>122,074</u></u>	<u><u>117,957</u></u>
Capital and reserves			
Share capital	13	3,495	3,495
Reserves		<u>118,579</u>	<u>114,462</u>
TOTAL EQUITY		<u><u>122,074</u></u>	<u><u>117,957</u></u>

Notes:

1 GENERAL INFORMATION

Success Dragon International Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability under the Bermuda Companies Act. Its immediate holding company and its ultimate holding company are Stone Steps Investments Limited, a company incorporated in the British Virgin Islands and Positive Kindness Limited, a company incorporated in the British Virgin Islands. Its ultimate controlling party is Ms. Liu Shannon Shuting. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of the principal place of business of the Company is 19/F., Guangdong Finance Building, 88 Connaught Road West, Hong Kong. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The company together with its subsidiaries (collectively referred to as the “Group”) are principally engaged in gold processing and trading business in the People’s Republic of China (the “PRC”).

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

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied 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 or after 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 (the “2020 Amendments”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”)
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 applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability Disclosures ³

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

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

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual/reporting periods beginning on or after 1 January 2027.

⁴ No mandatory effective date yet determined but available for adoption.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRS Accounting Standards, which are not effective, will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3 SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision-makers, review the Group's internal reporting in order to assess performance and allocate resource. The Group focuses on provision of gold processing and the sale of gold and other precious metals in the PRC during the year. Information reported to the chief operating decision makers, for the purpose of resources 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 financial information is available. Accordingly, no operating segment information is presented.

Geographical information

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

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

Revenue by geographical market

	2025 HK\$'000	2024 HK\$'000
The PRC	<u>125,245</u>	<u>422,733</u>

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

	2025 HK\$'000	2024 HK\$'000
Customer A	54,341	55,272
Customer B	N/A [#]	89,463
Customer C	N/A [#]	69,861
Customer D	N/A [#]	83,547
Customer E	<u>45,882</u>	<u>52,066</u>

Notes:

[#] Customer B, C and D did not contribute over 10% of the Group's revenue for the year ended 31 March 2025.

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	5,212	3,803
The PRC	<u>28,017</u>	<u>7,488</u>
	<u><u>33,229</u></u>	<u><u>11,291</u></u>

4 REVENUE AND OTHER GAIN OR LOSS, NET

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers:		
Gold processing and trading business	<u>125,245</u>	<u>422,733</u>

Disaggregation of revenue from contracts with customers:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Gold processing and trading business		
Time of revenue recognition		
– At a point in time	<u>125,245</u>	<u>422,733</u>

Gold processing and trading business

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other gain or loss, net:		
Interest income on bank deposits	1,100	1,723
Gain on termination of lease	75	36
Loss on disposal of property, plant and equipment	(23)	(525)
Impairment loss on investment in an associate reversed	–	2,000
Impairment loss on trade receivables reversed	1,206	–
Impairment loss on financial assets included in other receivables, deposits and prepayments reversed	124	–
Government subsidies	–	76
Sundry income	368	2
	<u>2,850</u>	<u>3,312</u>

5 FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on lease liabilities	<u>210</u>	<u>566</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>210</u>	<u>566</u>

6 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Depreciation of property, plant and equipment	2,690	907
Depreciation of right-of-use assets	1,696	3,411
Cost of inventories sold (included in "cost of sales")	94,520	385,496
Auditor's remuneration	900	900
Impairment loss on trade receivables recognised	—	2,373
Impairment loss on financial assets included in other receivables, deposits and prepayments recognised	—	323
Staff costs (including Directors' remuneration):		
Salaries, allowances and other benefits in kind	10,366	10,140
Pension scheme contributions	1,271	1,240
Total staff costs	<u>11,637</u>	<u>11,380</u>

Cost of inventories sold includes raw materials, staff costs, depreciation charges and other direct overheads of approximately HK\$94,520,000 (2024: HK\$385,496,000) which are included in the amounts disclosed separately above.

7 INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax – The PRC		
Provision for the year	<u>4,605</u>	<u>6,334</u>

No provision for Hong Kong profits tax is required since the Group has no assessable profits for the years ended 31 March 2025 and 2024.

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

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

8 DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2025 (2024: Nil).

9 EARNINGS PER SHARE

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

Basic earnings per share

	2025	2024
Profit for the purpose of basic earnings per share		
Profit for the year attributable to owners of the Company (<i>in HK\$ '000</i>)	8,514	6,178

	2025	2024
Number of shares for the purpose of basic earnings per share		
Weighted average number of ordinary shares in issue (excluding treasury shares) (<i>'000</i>)	348,335	349,520

Diluted earnings per share

No diluted earnings per share for both of the years ended 31 March 2025 and 2024 is presented as there were no potential ordinary shares in issue for both of the years presented.

10 TRADE RECEIVABLES

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables, gross amount	8,705	12,541
Less: Provision for impairment of trade receivables	<u>(1,167)</u>	<u>(2,373)</u>
	<u>7,538</u>	<u>10,168</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 90 days	8,546	3,685
Over 91 days	<u>159</u>	<u>8,856</u>
	<u>8,705</u>	<u>12,541</u>

11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Prepayments for gold processing and trading business	14,880	88,601
Deposits and prepayments	<u>1,756</u>	<u>3,434</u>
	16,636	92,035
Less: Accumulated impairment losses	<u>—</u>	<u>(1,660)</u>
	<u>16,636</u>	<u>90,375</u>
Other receivables	300	582
Less: Accumulated impairment losses	<u>(7)</u>	<u>(131)</u>
	<u>293</u>	<u>451</u>
	<u>16,929</u>	<u>90,826</u>

12 TRADE PAYABLES

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

	2025 HK\$'000	2024 HK\$'000
0 to 90 days	39,874	7,611
91 to 180 days	2,935	16,375
181 to 365 days	7,095	1,792
Over 365 days	11,611	4,045
	<u>61,515</u>	<u>29,823</u>

13 SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised:		
30,000,000,000 (31 March 2024: 30,000,000,000) ordinary shares of HK\$0.01 each	<u>300,000</u>	<u>300,000</u>
Issued and fully paid:		
349,519,567 (31 March 2024: 349,519,567) ordinary shares of HK\$0.01 each	<u>3,495</u>	<u>3,495</u>

Movement of the number of shares issued and the share capital during the reporting periods are as follows:

	Number of share issued '000	Share capital HK\$'000
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	<u>349,520</u>	<u>3,495</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK\$125.2 million for the financial year ended 31 March 2025 (“FY2025” or the “Year”) as compared with approximately HK\$422.7 million in the financial year ended 31 March 2024 (“FY2024”), representing a significant decrease of approximately 70.4%. During the Year, the Group was principally engaged in the business of gold processing and trading. The decrease in the Group’s revenue was mainly attributable to the decrease in revenue in gold ore processing in Henan province during the Year.

Gold-laden Carbon Processing

The Group has a production line in Yunnan province, the PRC, for the extraction of gold and other precious metals from gold-laden carbon. The Group purchases the gold-laden carbon from suppliers including mining enterprises and traders. At the Group’s production line, gold and other precious metals are extracted from the gold-laden carbon using processes such as desorption and electrodeposition and turn into bullion. The extracted gold and other precious metals will be sold to buyers and dealers in the PRC. During the Year, the Group has recorded approximately HK\$108.2 million revenue from gold-laden carbon processing (FY2024: approximately HK\$153.8 million). The volume for the gold-laden carbon processing was stable and the decrease in revenue was attributable to the stock up of the bullion and proposed for sale at a higher price in future.

Gold Ore Processing

The Group has entered into lease agreements with independent third parties in respect of several gold processing plants located in Henan province of the PRC. The gold processing plants purchase gold ore from suppliers and process the gold ore by way of a series of crushing and grinding, gravity separation/flotation, concentration and dehydration, and turn it into gold concentrate. The Group sells the gold concentrate to gold smelters and recognizes revenue upon such sale. The Group only recorded approximately HK\$17.0 million revenue from gold ore processing during the Year (FY2024: approximately HK\$268.9 million). The significant decrease in revenue was mainly derived by the reduction of production due to the insufficient supply of gold ore from suppliers as there were infrastructure constructions in the mining zones of two suppliers in Henan which hindered the mining activities during the Year.

Cost of sales

The cost of sales decreased by approximately HK\$291.0 million or approximately 75.5%, from approximately HK\$385.5 million for FY2024 to approximately HK\$94.5 million for the Year, which was primarily due to the significant decrease in revenue in the gold processing and trading business during the Year.

Gross profit and gross profit margin

The Group's gross profit only decreased by approximately HK\$6.5 million, or approximately 17.5%, from approximately HK\$37.2 million for FY2024 to approximately HK\$30.7 million despite there was significant decrease in revenue during the Year. The drop in gross profit was not proportionate to the decrease in revenue mainly due to the (i) higher grade of gold-laden carbon (which reflects the gold content) supplied by the Group's supplier during the Year; (ii) the significant decrease in revenue for gold ore processing in Henan which contributed the lower gross profit margin and (iii) significant rise in gold price during the Year which drove up gross profit to the Group. This resulted in the overall gross profit margin significantly increased from approximately 8.8% in FY2024 to 24.5% for the Year.

Other gain or loss, net

The decrease of HK\$0.5 million in the Group's other gain or loss, net was mainly attributable to the decrease in interest income on bank deposits of HK\$0.6 million.

Administrative and other operating expenses

The administrative and other operating expenses decreased by approximately HK\$8.5 million or 29.7% from approximately HK\$28.6 million for FY2024 to approximately HK\$20.1 million for the Year. The decrease was mainly attributable to (i) decrease in impairment loss on trade receivables; (ii) decrease in other receivable and deposits written off and (iii) decrease in depreciation of right-of-use assets during the Year.

Finance costs

The finance costs decreased by approximately HK\$0.4 million or 62.9% from approximately HK\$0.6 million for FY2024 to approximately HK\$0.2 million for the Year. The finance costs for the Year mainly derived by the interest on lease liabilities from the right-of-use assets.

Income tax expenses

The income tax expenses decreased by approximately HK\$1.7 million or 27.3% from approximately HK\$6.3 million for FY2024 to approximately HK\$4.6 million for the Year. The decrease was mainly derived by the decrease of the profit before taxation in the gold processing and trading business.

Profit for the year

As a result of the foregoing, the Group reported a net profit attributable to owners of the Company of approximately HK\$8.5 million for the Year (FY2024: HK\$6.2 million).

LIQUIDITY, FINANCIAL RESOURCES AND FOREIGN CURRENCY EXPOSURE

The Group had current assets of approximately HK\$189.4 million as at 31 March 2025 (2024: HK\$193.6 million) which comprised cash and cash equivalents of approximately HK\$73.0 million (2024: HK\$79.8 million) and inventories of approximately HK\$92.0 million (2024: HK\$12.8 million) which mainly comprised the finished goods of gold concentrates and bullion in Henan and Yunan respectively. The significant increase in inventories is mainly attributable to the stock up of the bullion in the gold-laden carbon processing in Yunan and the resumption of gold ore processing in Henan in March 2025. The Group had current liabilities amounted to approximately HK\$99.8 million as at 31 March 2025 (2024: HK\$85.9 million). Accordingly, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.9 times as at 31 March 2025 (2024: 2.3 times).

The Group had net current assets of approximately HK\$89.5 million (2024: approximately HK\$107.7 million) as at 31 March 2025, the Directors are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from the date of approval for issuance of these consolidated financial statements.

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

The gearing ratio, which is calculated on the basis of the Group's total loans to the total equity, as at 31 March 2025 was nil (2024: nil).

TREASURY POLICY

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

CAPITAL STRUCTURE

As at 31 March 2025, the total number of issued ordinary shares of the Company was 349,519,567 (2024: 349,519,567) at par value of HK\$0.01 each.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

The remaining unutilised net proceeds raised from the Rights Issue were approximately HK\$64.1 million (the “**Remaining Net Proceeds**”). As disclosed in the announcement of the Company in relation to the change in use of proceeds dated 10 October 2024 (the “**Announcement**”), the net proceeds will be applied by the Company for investment and upgrade in the leased plants, acquisition of machinery and equipment and also the working capital for the gold processing and trading business of the Group. The intended and the actual use of the proceeds under the Rights Issue as of 31 March 2025 are set out below:

Items	Percentage	Revised allocation of unutilised amount of the net proceeds as disclosed in the Announcement HKD'000	Actual use of the proceeds from the date of the Announcement to 31 March 2025 HKD'000	Remaining proceeds as of 31 March 2025 HKD'000	Expected timeline for the remaining proceeds to be utilised
Investment and upgrade in the leased plants	22.0%	14,100	2,168	11,932	31 March 2026
Acquisition of machinery and equipment for the gold processing and trading business of the Group	54.6%	35,000	23,566	11,434	31 March 2026
Working capital of the gold processing and trading business of the Group	23.4%	15,000	15,000	–	
Total	100.0%	64,100	40,734	23,366	

Note:

The unutilised proceeds of approximately HK\$23.4 million have been placed in licensed banks in Hong Kong and PRC and planned to be used as intended.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

On 18 February 2025, an indirect wholly-owned subsidiary of the Company, Success Dragon Technology (Puer) Company Limited (“**the Purchaser**”), entered into an agreement with Mojiang County Laiqian Mining Limited Liability Company (“**the Vendor**”), pursuant to which, among others, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, all legal and beneficial interest in a batch of machinery and equipment for filter press, leaching, crushing and grinding in gold-laden carbon processing at the consideration of RMB22,030,877.51 (equivalent to approximately HKD23,573,000). Please refer to the announcement of the Company date 18 February 2025 for details.

Save as disclosed above, the Group did not have any other material acquisition, disposal and significant investment during the Year.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any substantial pledge of assets and substantial contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2025, the Group’s capital expenditure contracted for but not provided in respect of acquisition of property, plant and equipment amounted to HK\$Nil (31 March 2024: HK\$Nil).

FUTURE DEVELOPMENTS IN THE BUSINESS OF THE GROUP

Since the beginning of this Year, gold prices have continued to rise, with international spot gold prices reaching new highs. The positive performance was linked to the factors such as strong central bank and investor demand. The global business environment including the tariff war derived by US and the heightened geopolitical risk including the Russia-Ukraine war and the Middle East war have brought increasing challenges to the worldwide business.

In the past few years, major central banks around the world have been hoarding gold and other countries have also increased their gold reserves to hedge against US dollar risks. The global economy downturn has led to the appeal of gold as a safe-haven asset. This trend is expected to continue onwards. Investors have flocked to gold amid concerns about currency devaluation and economic instability. In view of the above, the Group will constantly develop its core gold processing business in order to capture the uptrend opportunity in this industry.

The Group currently has processing production lines for gold-laden carbon in Yunnan province and gold ore in Henan Province in the PRC under leased plants respectively, and these plants generated revenue and profits for the gold processing and trading business of the Group during the Year.

However, there was significant decrease in revenue to the Group and it was mainly derived by suspension of operation in Henan during the Year. Due to infrastructure constructions in the mining zones of two suppliers in Henan, there were insufficient supply of gold ore from suppliers, which led to the reduction of production and hindered the mining activities during the Year. Nevertheless, the infrastructure constructions in the mining zones have completed and the gold ore production in Henan was resumed in March 2025. The Board expected that there will be significant rebound in revenue in the coming year.

In addition, as disclosed in the Announcement, the establishment of self-owned gold processing plant (“**New Plant**”) was suspended, as (1) the Group was unable to source suitable qualifying land which is essential for the construction of the New Plant within the original budget mainly due to the significant increase in the prevailing market price for the suitable qualifying land, such that the total construction cost for the New Plant will be significantly higher; and (2) the use of leased plants currently appears to be a more cost-effective option for the business operation of the Group, the Board considers that to insist pursuing the construction of New Plant would derive heavy financial burden and hinder the business development of the Company, and the Group shall devote its resources to develop and expand its existing gold processing and trading business. As a result, the Board has decided not to pursue the construction of the New Plant further for the time being but to reallocate the Remaining Net Proceeds to the expansion of the existing gold processing and trading business.

In light of the above, the Remaining Net Proceeds has no longer be applied for the construction of the New Plant, and instead, has been applied by the Company for investment and upgrade in the leased plants, acquisition of machinery and equipment and also the working capital for the existing gold processing and trading business of the Group. The Board considers that such change of use of the Remaining Net Proceeds allows the Company to deploy its unallocated financial resources more flexibly and effectively and aligns with the current business needs of the Group and is in the interests of the Company and its shareholders as a whole.

The Company will keep the shareholders and potential investors of the Company informed of any further updates regarding the development of the existing gold processing and trading business of the Group when necessary and in compliance with the relevant Listing Rules.

EMPLOYEES AND REMUNERATION POLICY

The Group employed approximately 82 employees as at 31 March 2025 (2024: 80).

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during FY2025.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its business partners, suppliers and customers to meet its immediate and long-term goals. Accordingly, the Group's senior management have kept good communication, promptly exchanged ideas and shared business update with the stakeholders when appropriate. The Group has encouraged staff to participate in charity activities in Hong Kong and the PRC. During FY2025, there were no material and significant dispute between the Group and its business partners, suppliers and/or customers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Strategic Enterprise Risks

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

Operational Risks

The key operational risks of the Group are as follows:

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

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

Financial Risks

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

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

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

Compliance Risk

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

EVENTS AFTER REPORTING PERIOD

There were no material events affecting the Group that occurred from 31 March 2025 to the date of this announcement.

CORPORATE GOVERNANCE

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

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

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

The Board is satisfied that the Company has complied with the applicable code provisions of the CG Code throughout the Year.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) comprises three INEDs, namely Ms. WONG Chi Yan (Chairman), Mr. DENG Yougao and Prof. CHEUNG Ka Yue. The Audit Committee had reviewed the accounting principles and practices adopted by the Group, and had discussed auditing, internal control and financial reporting matters, including the review of the annual results for the financial year ended 31 March 2025, with the Company’s management and the external auditors.

INTERNAL CONTROL

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

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

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in this announcement have been agreed by the Group's auditors, CCTH CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2025. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on the preliminary announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Repurchase Mandate

The Directors have been granted the general mandate (the “**Repurchase Mandate**”) pursuant to resolutions of the Shareholders passed on 20 September 2024, to repurchase Shares in the open market from time to time. Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of issued Shares (i.e. 34,951,956 Shares) as at the date of passing such resolution.

Share Repurchase

During the Year, the Company repurchased 7,385,000 Shares under the Repurchase Mandate on the Stock Exchange for an aggregate consideration of HK\$3,227,300 which are held as treasury shares (as defined under the Listing Rules) of the Company. Details of the Shares repurchased during the Year are as follows:

Month of Repurchase	No. of repurchased shares	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Aggregate consideration paid (HK\$)
December 2024	1,600,000	0.335	0.275	521,525
January 2025	1,495,000	0.435	0.340	593,525
February 2025	2,975,000	0.530	0.440	1,438,900
March 2025	1,315,000	0.550	0.475	673,350
Total	7,385,000			3,227,300

The Directors believe that such Shares repurchased would increase the net asset value per Share and/or earnings per Share and increase the long-term value to the Shareholders, which is in the interest of the Company and its Shareholders as a whole.

During the Year, save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including selling treasury Shares).

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company will be held on Friday, 19 September 2025 (“**2025 AGM**”).

The register of members of the Company will be closed during the period from Monday, 15 September 2025 to Friday, 19 September 2025, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2025 AGM. In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 12 September 2025.

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

Hong Kong, 27 June 2025

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