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## **PRECIOUS DRAGON TECHNOLOGY HOLDINGS LIMITED**

**保寶龍科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1861)**

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **ANNUAL RESULTS**

The board (the “Board”) of directors (the “Directors”) of Precious Dragon Technology Holdings Limited (the “Company”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024 (the “Reporting Period”), together with the comparative figures for the year ended 31 December 2023.

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

*Year ended 31 December 2024*

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE	5	<b>612,967</b>	557,221
Cost of sales		<b>(385,719)</b>	(381,317)
Gross profit		<b>227,248</b>	175,904
Other income and gains	5	<b>13,566</b>	8,646
Selling and distribution expenses		<b>(90,047)</b>	(34,396)
Administrative expenses		<b>(57,982)</b>	(51,696)
Research and development expenses	6	<b>(24,313)</b>	(21,214)
Impairment losses on financial assets, net	6	<b>(8,602)</b>	(236)
Other expenses		<b>(7,753)</b>	(1,526)
Finance costs	7	<b>(1,862)</b>	(2,755)
PROFIT BEFORE TAX	6	<b>50,255</b>	72,727
Income tax expenses	8	<b>(16,186)</b>	(16,024)
PROFIT FOR THE YEAR		<b>34,069</b>	56,703
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(4,683)</b>	(6,106)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<b>29,386</b>	50,597
Profit attributable to:			
Owners of the parent		<b>34,069</b>	56,922
Non-controlling interests		—	(219)
		<b>34,069</b>	56,703
Total comprehensive income attributable to:			
Owners of the parent		<b>29,371</b>	50,812
Non-controlling interests		<b>15</b>	(215)
		<b>29,386</b>	50,597
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		<b>HK 14.6 cents</b>	HK 24.3 cents
Diluted		<b>HK 14.6 cents</b>	HK 24.3 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	206,350	225,239
Right-of-use assets		46,937	49,507
Deferred tax assets		5,723	4,076
Prepayments, deposits and other receivables		7,829	—
		266,839	278,822
<b>TOTAL non-current assets</b>			
<b>CURRENT ASSETS</b>			
Inventories	11	36,839	43,379
Trade and bills receivables	12	46,791	35,602
Prepayments, other receivables and other assets		15,561	7,283
Pledged bank deposits		4,890	11,948
Cash and cash equivalents		105,610	107,730
		209,691	205,942
<b>TOTAL current assets</b>			
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	41,620	53,803
Other payables and accruals		61,086	55,940
Interest-bearing bank and other borrowings	15	10,160	10,310
Tax payable		125	1,647
Deferred income		216	221
		113,207	121,921
<b>TOTAL current liabilities</b>			
<b>NET CURRENT ASSETS</b>			
		96,484	84,021
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		363,323	362,843
<b>NON-CURRENT LIABILITIES</b>			
Due to a related party		17,400	25,400
Interest-bearing bank and other borrowings	15	15,155	25,234
Deferred tax liabilities		4,640	3,398
Deferred income		648	883
		37,843	54,915
<b>TOTAL non-current liabilities</b>			
<b>Net assets</b>			
		325,480	307,928

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2024

	2024	2023
	HK\$'000	HK\$'000
EQUITY		
Equity attributable to owners of the parent		
Share capital	2,339	2,339
Reserves	<u>323,569</u>	<u>306,032</u>
	<b>325,908</b>	308,371
Non-controlling interests	<u>(428)</u>	<u>(443)</u>
Total equity	<u><b>325,480</b></u>	<u><b>307,928</b></u>

NOTES:

**1. CORPORATE AND GROUP INFORMATION**

Precious Dragon Technology Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands (“Cayman”). The registered office address of the Company is Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 21 June 2019 (the “Listing Date”).

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally involved in the content filling of aerosol cans, and the production and sale of ethanol, aerosol products and non-aerosol products.

In the opinion of the directors (the “Directors”), as at 31 December 2024, the immediate holding company and ultimate holding company of the Company is Wellmass International Limited (“Wellmass”), a company incorporated in the British Virgin Islands (the “BVI”).

**Information about subsidiaries**

Particulars of the Company’s subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Topspan Holdings Limited	BVI	US\$1	100	—	Investment holding
Botny Corporation Limited	Hong Kong	HK\$1,001	—	100	Trading of aerosol and non-aerosol products
Super Sight International Investment Limited	BVI	US\$1	—	100	Investment holding
Guangzhou Botny Chemical Co., Ltd. (“Botny Chemical”) (廣州保賜利化工有限公司)*	PRC/ Mainland China	US\$11,400,000	—	100	Content filling of aerosol cans, and production and sale of aerosol and non-aerosol products
Guangzhou Euro Asia Aerosol and Household Products Manufacture Co., Ltd. (“Euro Asia Aerosol”) (廣州歐亞氣霧劑與日化用品製造有限公司)*	PRC/ Mainland China	US\$3,000,000	—	100	Content filling of aerosol cans, and production and sale of aerosol and non-aerosol products

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Botny Hongkong Co., Limited	Hong Kong	US\$100,000	—	100	Trading of aerosol and non-aerosol products
Guangzhou Shentian Woye Trading Co., Ltd. ("Guangzhou Shentian") (廣州深田沃業貿易有限公司)*	PRC/ Mainland China	RMB10,000,000	—	100	Investment holding
Euro Asia Japan Co., Ltd. (株式会社ユーロアジア・ ジャパン)	Japan	JPY9,000,000	—	100	Trading of aerosol and non-aerosol products
China Medical Beauty Bio-Technology Company Limited ("China Medical Beauty")	Hong Kong	HK\$10,000	—	100	Trading of aerosol and non-aerosol products
Precious Dragon Group Limited	Hong Kong	HK\$1,000	—	100	Investment holding and trading
Botny Marine Limited	Hong Kong	HK\$10,000	—	100	Investment holding
Precious Dragon Technology Thai Limited	Thailand	THB 110,000,000	—	100	Content filling of aerosol cans, and production and sale of aerosol and non-aerosol products
Botny India Chemical Private Limited	India	INR500,000	—	70	Trading of aerosol and non-aerosol products
Smooth Culture Media Limited	Hong Kong	HK\$1,000	—	100	Investment holding and trading
Technology Driven Culture Media Limited	Hong Kong	HK\$1,000	—	100	Investment holding and trading

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Car Magic E-commerce (Guangzhou) Co., Ltd. (車魔師電子商務(廣州)有限公 司)*	PRC/ Mainland China	RMB1,000,000	—	100	Trading of aerosol and non-aerosol products
High Speed Cruise E-commerce (Guangzhou) Co., Ltd. (高速巡航電子商務(廣州) 有限公司)*	PRC/ Mainland China	RMB1,000,000	—	100	Trading of aerosol and non-aerosol products
Instagram Power E-commerce (Guangzhou) Co., Ltd. (瞬移力量電子商務(廣州) 有限公司)*	PRC/ Mainland China	RMB1,000,000	—	100	Trading of aerosol and non-aerosol products
Pioneer Exploration E-commerce (Guangzhou) Co., Ltd. (前驅探索電子商務(廣州) 有限公司)*	PRC/ Mainland China	RMB1,000,000	—	100	Trading of aerosol and non-aerosol products
Precious Dragon (Guangzhou) Aromatherapy Co., Ltd. (保寶龍(廣州)香薰有限公司)*	PRC/ Mainland China	RMB1,000,000	—	100	Trading of aerosol and non-aerosol products
Yujie Zhe E-commerce (Guangzhou) Co., Ltd. (馭界者電子商務(廣州)有限公 司)*	PRC/ Mainland China	RMB1,000,000	—	100	Trading of aerosol and non-aerosol products

\* These entities are registered as wholly-foreign-owned enterprises under the laws of the People's Republic of China (the "PRC").

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (the “IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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



### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

#### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- a) Automotive beauty and maintenance products;
- b) Personal care products

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, certain cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude certain interest-bearing bank and other borrowings (other than lease liabilities), amounts due to a related party, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

#### 4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024	Automotive beauty and maintenance products HK\$'000	Personal care products HK\$'000	Total HK\$'000
<b>Segment revenue:</b> (note 5)			
External customers	484,799	128,168	612,967
Intersegment sales	4,309	23,871	28,180
	<hr/>	<hr/>	<hr/>
Total	489,108	152,039	641,147
	<hr/>	<hr/>	<hr/>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(28,180)
			<hr/>
Revenue			612,967
			<hr/> <hr/>
Segment results	84,635	19,559	104,194
<i>Reconciliation:</i>			
Interest income			2,361
Corporate and other unallocated expenses			(54,440)
Finance costs (other than interest on lease liabilities)			(1,860)
			<hr/>
Profit before tax			50,255
			<hr/> <hr/>

#### 4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024	Automotive beauty and maintenance products HK\$'000	Personal care products HK\$'000	Total HK\$'000
<b>Segment assets</b>	<b>331,547</b>	<b>77,044</b>	<b>408,591</b>
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(15,176)
Corporate and other unallocated assets			<u>83,115</u>
Total assets			<u>476,530</u>
<b>Segment liabilities</b>	<b>98,512</b>	<b>45,333</b>	<b>143,845</b>
<i>Reconciliation:</i>			
Elimination of intersegment payables			(15,176)
Corporate and other unallocated liabilities			<u>22,381</u>
Total liabilities			<u><u>151,050</u></u>
<b>Other segment information:</b>			
Depreciation and amortisation	19,943	3,304	23,247
Capital expenditure*	12,030	2,150	14,180
Impairment losses/(reversals) on financial assets recognised in profit or loss and other comprehensive income	(563)	9,165	8,602
Write-down of inventories to net realisable value recognised in profit or loss and other comprehensive income	<u>1,797</u>	<u>(1,771)</u>	<u>26</u>

\* Capital expenditure consists of additions to property, plant and equipment.

#### 4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023	Automotive beauty and maintenance products HK\$'000	Personal care products HK\$'000	Total HK\$'000
<b>Segment revenue</b> (note 5):			
External customers	445,501	111,720	557,221
Intersegment sales	1,330	918	2,248
	<hr/>	<hr/>	<hr/>
Total	446,831	112,638	559,469
	<hr/>	<hr/>	<hr/>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<hr/> (2,248)
Revenue			<hr/> <u>557,221</u>
Segment results	76,036	12,888	88,924
<i>Reconciliation:</i>			
Interest income			1,384
Corporate and other unallocated expenses			(14,832)
Finance costs (other than interest on lease liabilities)			<hr/> (2,749)
Profit before tax			<hr/> <u>72,727</u>

#### 4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023	Automotive beauty and maintenance products HK\$'000	Personal care products HK\$'000	Total HK\$'000
<b>Segment assets</b>	349,629	76,417	426,046
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(1,401)
Corporate and other unallocated assets			60,119
Total assets			<u>484,764</u>
<b>Segment liabilities</b>	106,592	51,362	157,954
<i>Reconciliation:</i>			
Elimination of intersegment payables			(1,401)
Corporate and other unallocated liabilities			20,283
Total liabilities			<u>176,836</u>
<b>Other segment information:</b>			
Depreciation and amortisation	20,772	3,066	23,838
Capital expenditure*	16,491	2,341	18,832
Impairment losses/(reversals) on financial assets recognised in profit or loss and other comprehensive income	1,179	(943)	236
Write-down of inventories to net realisable value recognised in profit or loss and other comprehensive income	798	104	902
	<u>798</u>	<u>104</u>	<u>902</u>

\* Capital expenditure consists of additions to property, plant and equipment.

#### 4. OPERATING SEGMENT INFORMATION (continued)

##### Geographical information

(a) Revenue from external customers

	2024 HK\$'000	2023 HK\$'000
Mainland China	502,514	452,836
Japan	57,134	67,664
Asia	15,375	20,212
Middle East	7,614	4,700
America	25,359	7,741
Others	4,971	4,068
Total revenue	<u>612,967</u>	<u>557,221</u>

The revenue information above is based on the shipment destinations.

(b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong	22,911	24,997
Mainland China	125,512	129,405
Thailand	112,620	120,189
Japan	73	155
Total non-current assets	<u>261,116</u>	<u>274,746</u>

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

##### Information about major customers

Revenue from continuing operations of approximately HK\$65,355,000 (2023: HK\$25,629,000) was derived from sales by the personal care products segment to a single customer.

## 5. REVENUE, OTHER INCOME AND GAINS

### Revenue

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers	<u>612,967</u>	<u>557,221</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

#### For the year ended 31 December 2024

Segments	Automotive beauty and maintenance products HK\$'000	Personal care products HK\$'000	Total HK\$'000
<b>Type of goods</b>			
Sale of products	<u>484,799</u>	<u>128,168</u>	<u>612,967</u>
<b>Geographical markets</b>			
Mainland China	392,814	109,700	502,514
Japan	57,065	69	57,134
Asia	6,186	9,189	15,375
Middle East	7,614	—	7,614
America	18,266	7,093	25,359
Others	2,854	2,117	4,971
Total	<u>484,799</u>	<u>128,168</u>	<u>612,967</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	<u>484,799</u>	<u>128,168</u>	<u>612,967</u>



## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### Revenue (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

#### For the year ended 31 December 2023

Segments	Automotive beauty and maintenance products HK\$'000	Personal care products HK\$'000	Total HK\$'000
<b>Type of goods</b>			
Sale of products	445,501	111,720	557,221
<b>Geographical markets</b>			
Mainland China	360,022	92,814	452,836
Japan	67,428	236	67,664
Asia	5,008	15,204	20,212
Middle East	4,700	—	4,700
America	7,241	500	7,741
Others	1,102	2,966	4,068
Total	445,501	111,720	557,221
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	445,501	111,720	557,221

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Revenue recognised that was included in the contract liabilities at the beginning of the reporting period:		
Sale of products	9,139	6,238

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### Revenue (continued)

Revenue from contracts with customers (continued)

#### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

##### *Sale of products*

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 105 days from delivery, except for some customers, where payment in advance is normally required.

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

	2024 HK\$'000	2023 HK\$'000
Amounts expected to be satisfied as revenue:		
Within one year	<u>6,586</u>	<u>9,139</u>

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be satisfied within one year.

### Other income and gains

	2024 HK\$'000	2023 HK\$'000
Scrapped and recycled item sales	2,114	—
Bank interest income	2,361	1,384
Government grants:		
– Related to assets*	219	222
– Related to income**	2,014	1,706
Service income	2,993	2,948
Others	<u>3,865</u>	<u>2,386</u>
Total other income and gains	<u>13,566</u>	<u>8,646</u>

\* The amount represents the subsidies for the production line of the content filling technical renovation program received from the local government. Government grants received for which the related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### Other income and gains (continued)

\*\* Various government grants of HK\$2,014,000 (2023: HK\$1,706,000) represent cash receipts from and subsidies provided by the local government authorities to the Group as an encouragement for its technological innovation and overseas sales. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. PROFIT BEFORE TAX

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

	Notes	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold		385,719	381,317
Depreciation of property, plant and equipment	14	21,742	22,296
Depreciation of right-of-use assets		1,505	1,542
Auditor's remuneration		1,523	1,398
Research and development costs		24,313	21,214
Lease payments not included in the measurement of lease liabilities		4	42
Employee benefit expense (including directors' remuneration):			
Wages and salaries		46,689	43,088
Pension scheme contributions		4,202	5,091
Total		50,891	48,179
Loss/(gain) on disposal of items of property, plant and equipment, net*		72	(25)
Provision for impairment of financial assets	12	8,602	236
Write-down of inventories to net realisable value**		26	902
Impairment losses on property, plant and equipment**	14	6,594	—

\* Included in "Other income and gains" and "Other expenses" in the consolidated statement of profit or loss and other comprehensive income

\*\* Included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Interest on bank loans wholly repayable within five years	<b>1,860</b>	2,749
Interest on lease liabilities	<b>2</b>	6
Total	<b>1,862</b>	2,755

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman and BVI, the Group is not subject to any tax in the Cayman and BVI, respectively.

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

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries of the Group operating in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group's operating subsidiary, Botny Chemical, since it was recognised as a high technology enterprises and was entitled to a preferential tax rate of 15% for the years of 2024 and 2023.

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Current – Mainland China	<b>15,750</b>	13,707
Current – Hong Kong	<b>4</b>	4,767
Underprovision/(overprovision) in prior years	<b>883</b>	(1,618)
Deferred	<b>(451)</b>	(832)
Total tax charge for the year	<b>16,186</b>	16,024

## 8. INCOME TAX (continued)

A reconciliation of the tax expenses applicable to profit before tax using the statutory rate for the jurisdictions in which the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable tax rates to the effective tax rates, are as follows:

	2024		2023	
	HK\$'000	%	HK\$'000	%
Profit before tax	<u>50,255</u>		<u>72,727</u>	
Tax at the statutory tax rate	12,564	25.0	18,182	25.0
Entities subject to lower statutory income tax rates	(4,426)	(8.8)	(6,145)	(8.4)
Effect of withholding tax on distributable profits of the Group's PRC subsidiaries	1,242	2.5	(747)	(1.0)
Expenses not deductible for tax	642	1.3	563	0.8
Withholding income tax expense	2,069	4.1	4,760	6.5
Super deduction of R&D	(3,743)	(7.4)	(3,013)	(4.1)
Adjustment in respect of current tax of previous periods	883	1.8	(1,618)	(2.2)
Tax losses not recognised	<u>6,955</u>	<u>13.7</u>	<u>4,042</u>	<u>5.6</u>
Tax charge at the Group's effective tax rate	<u>16,186</u>	<u>32.2</u>	<u>16,024</u>	<u>22.0</u>

## 9. DIVIDENDS

	2024	2023
	HK\$'000	HK\$'000
Interim – HK1.42 cent (2023: HK1.72 cent) per ordinary share	3,322	4,023
Proposed final – HK2.19 cents (2023: HK3.64 cent) per ordinary share	<u>5,123</u>	<u>8,515</u>
	<u>8,445</u>	<u>12,538</u>

The proposed final dividend on ordinary shares is subject to approval at the annual general meeting and was not recognised as a liability as at 31 December 2024.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 233,917,250 (2023: 233,917,250) in issue during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2024 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

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

	2024 HK\$'000	2023 HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>34,069</u>	<u>56,922</u>
	Number of shares	
	2024	2023
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>233,917,250</u>	<u>233,917,250</u>

## 11. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw materials	13,474	13,051
Work in progress	2,668	2,365
Finished goods	<u>20,697</u>	<u>27,963</u>
Total	<u>36,839</u>	<u>43,379</u>

At 31 December 2024, the amount of inventories is net of a write-down of approximately HK\$8,456,000 (2023: HK\$8,602,000).

## 12. TRADE AND BILLS RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	64,340	44,980
Impairment	<u>(18,660)</u>	<u>(10,362)</u>
Net carrying amount	45,680	34,618
Bills receivable	<u>1,111</u>	<u>984</u>
Total	<u><u>46,791</u></u>	<u><u>35,602</u></u>

The Group requires most of its customers to make payments in advance, however, the Group generally grants credit terms from 30 to 90 days to those customers with good payment history. The credit period for specific customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing, and the carrying amounts of the trade and bills receivables approximate to their fair values.

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

	2024 HK\$'000	2023 HK\$'000
Within 30 days	19,613	16,047
31 to 60 days	13,804	10,451
61 to 90 days	6,422	5,940
Over 90 days	<u>5,841</u>	<u>2,180</u>
Total	<u><u>45,680</u></u>	<u><u>34,618</u></u>

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

	2024 HK\$'000	2023 HK\$'000
At beginning of year	10,362	10,351
Impairment losses, net (note 6)	8,602	236
Exchange realignment	<u>(304)</u>	<u>(225)</u>
At end of year	<u><u>18,660</u></u>	<u><u>10,362</u></u>

## 12. TRADE AND BILLS RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECLs). The provision rates are based on the invoice date for groupings of various customer segments with similar loss patterns (i.e., ageing of the balances and recent historical payment patterns). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Ageing				Total
	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	
<b>As at 31 December 2024</b>					
Expected credit loss rate	0.04%	1.34%	4.68%	75.65%	29.00%
Gross carrying amount (HK\$'000)	19,620	13,992	6,737	23,991	64,340
Expected credit losses (HK\$'000)	7	188	315	18,150	18,660
<b>As at 31 December 2023</b>					
Expected credit loss rate	0.23%	1.43%	9.05%	81.47%	23.04%
Gross carrying amount (HK\$'000)	16,084	10,603	6,531	11,762	44,980
Expected credit losses (HK\$'000)	37	152	591	9,582	10,362

## 13. TRADE AND BILLS PAYABLES

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

	2024 HK\$'000	2023 HK\$'000
Within 30 days	22,206	25,399
31 to 60 days	8,620	9,815
61 to 90 days	6,977	8,612
Over 90 days	3,817	9,977
Total	41,620	53,803

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.



## 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Office and other equipment HK\$'000	Motor vehicles and yacht HK\$'000	Land HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>31 December 2024</b>							
At 1 January 2024:							
Cost	191,086	86,618	18,053	55,319	23,113	18,183	392,372
Accumulated depreciation	(79,049)	(46,528)	(13,625)	(27,931)	—	—	(167,133)
Net carrying amount	<u>112,037</u>	<u>40,090</u>	<u>4,428</u>	<u>27,388</u>	<u>23,113</u>	<u>18,183</u>	<u>225,239</u>
At 1 January 2024, net of							
accumulated depreciation	112,037	40,090	4,428	27,388	23,113	18,183	225,239
Additions	2,362	2,497	1,102	92	—	8,555	14,608
Disposals	—	(50)	(27)	(71)	—	—	(148)
Depreciation provided							
during the year (note 6)	(9,306)	(7,715)	(767)	(3,954)	—	—	(21,742)
Impairment	(4,074)	(1,258)	(74)	(19)	(1,169)	—	(6,594)
Transfers	4,876	8,571	70	—	—	(13,517)	—
Exchange realignment	(7,440)	(3,053)	(133)	(38)	42	5,609	(5,013)
At 31 December 2024, net							
of accumulated depreciation	<u>98,455</u>	<u>39,082</u>	<u>4,599</u>	<u>23,398</u>	<u>21,986</u>	<u>18,830</u>	<u>206,350</u>
At 31 December 2024:							
Cost	186,849	92,114	18,655	54,895	21,986	18,830	393,329
Accumulated depreciation	(88,394)	(53,032)	(14,056)	(31,497)	—	—	(186,979)
Net carrying amount	<u>98,455</u>	<u>39,082</u>	<u>4,599</u>	<u>23,398</u>	<u>21,986</u>	<u>18,830</u>	<u>206,350</u>

#### 14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK\$'000	Plant and machinery HK\$'000	Office and other equipment HK\$'000	Motor vehicles and yacht HK\$'000	Land HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>31 December 2023</b>							
At 1 January 2023:							
Cost	111,795	76,895	16,956	55,649	22,778	93,227	377,300
Accumulated depreciation	(72,712)	(41,181)	(12,804)	(21,956)	—	—	(148,653)
Net carrying amount	<u>39,083</u>	<u>35,714</u>	<u>4,152</u>	<u>33,693</u>	<u>22,778</u>	<u>93,227</u>	<u>228,647</u>
At 1 January 2023, net of							
accumulated depreciation	39,083	35,714	4,152	33,693	22,778	93,227	228,647
Additions	111	10,754	733	7	—	7,090	18,695
Disposals	—	(119)	(9)	—	—	—	(128)
Depreciation provided							
during the year (note 6)	(7,361)	(7,441)	(1,271)	(6,223)	—	—	(22,296)
Transfers	80,519	1,520	909	—	—	(82,948)	—
Exchange realignment	(315)	(338)	(86)	(89)	335	814	321
At 31 December 2023, net							
of accumulated depreciation	<u>112,037</u>	<u>40,090</u>	<u>4,428</u>	<u>27,388</u>	<u>23,113</u>	<u>18,183</u>	<u>225,239</u>
At 31 December 2023:							
Cost	191,086	86,618	18,053	55,319	23,113	18,183	392,372
Accumulated depreciation	(79,049)	(46,528)	(13,625)	(27,931)	—	—	(167,133)
Net carrying amount	<u>112,037</u>	<u>40,090</u>	<u>4,428</u>	<u>27,388</u>	<u>23,113</u>	<u>18,183</u>	<u>225,239</u>

The Group's buildings and construction in progress are located in Mainland China and Thailand, respectively.

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings, plant and machinery with a carrying value of HK\$94,154,000 as at 31 December 2024 (2023: HK\$92,967,000) (note 15).

During the year ended 31 December 2024, impairment losses amounting to HK\$6,594,000 were recognized on certain property, plant and equipment related to Precious Dragon Technology Thai Limited business due to their utilization and condition not meeting the Group's expectations. The discount rate applied to the cash flow projections was 13.9%, which was before tax and reflected specific risks relating to the relevant unit.

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
<b>Current</b>						
Lease liabilities	1%~5.125%	2025	57	1%~5.125%	2024	132
Bank loans – secured	—	—	—	LPR-0.4%	2024	110
Current portion of long term bank loans – secured	MLR-1.0%	2025	<u>10,103</u>	MLR-1.0%	2024	<u>10,068</u>
Total – current			<u>10,160</u>			<u>10,310</u>
<b>Non-current</b>						
Lease liabilities	—	—	—	1%~5.125%	2025	64
Long term bank loans – secured	MLR-1.0%	2027	<u>15,155</u>	MLR-1.0%	2027	<u>25,170</u>
Total – non-current			<u>15,155</u>			<u>25,234</u>
Total			<u><u>25,315</u></u>			<u><u>35,544</u></u>

Notes:

“LPR” stands for the Loan Prime Rate designated by the People’s Bank of China (中國人民銀行).

“MLR” stands for the Minimum Lending Rate designated by Bank of Thailand.

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	2024 HK\$'000	2023 HK\$'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	10,103	10,178
In the second year	10,103	—
In the third to fifth years, inclusive	5,052	25,170
Subtotal	<u>25,258</u>	<u>35,348</u>
Other borrowings repayable:		
Within one year or on demand	57	132
In the second year	—	64
Subtotal	<u>57</u>	<u>196</u>
Total	<u><u>25,315</u></u>	<u><u>35,544</u></u>

The above secured bank loans and unutilised bank facilities were secured by certain of the Group's assets and their carrying values are as follows:

	Note	2024 HK\$'000	2023 HK\$'000
Property, plant and equipment	14	90,579	92,967
Leasehold land		68,942	72,486
Total		<u><u>159,521</u></u>	<u><u>165,453</u></u>

In addition, certain of the Group's bank loans with an amount of HK\$25,258,000 was guaranteed by the Company and Ms. Ko Sau Mee, the chairlady and executive director of the Company as at the end of the reporting period (2023: HK\$35,238,000).

	2024 HK\$'000	2023 HK\$'000
Interest-bearing bank borrowings denominated in:		
– RMB	—	110
– THB	25,258	35,238
Total	<u><u>25,258</u></u>	<u><u>35,348</u></u>

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The Group has the following undrawn banking facilities:

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Floating rate		
– to expire within one year	<b>247,273</b>	208,377
– to expire after one year	<b>90,276</b>	143,017
	<hr/>	<hr/>
Total	<b>337,549</b>	351,394
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

The Group is the leading manufacturer specializing in manufacturing of aerosol products used in the automotive beauty and maintenance products in the People's Republic of China ("PRC"). We are principally engaged in the design, development, manufacture and sale of a wide range of automotive beauty and maintenance products including auto cleaning and maintenance products (such as auto interior decoration cleaning products and tyre and wheel cleaning and care products), paint and coating (such as chrome aerosol spray), winter and summer specials (such as refrigerant and cold cranking agent) and air-fresheners. The automotive beauty and maintenance products are in the form of aerosol and non-aerosol products. We also design, develop, manufacture and sell personal care products (such as foaming facial wash, sunscreen, moisturiser, deodoriser, sanitizer and hand wash) and other products including household products (such as paint and floor polish).

The Company sells the products on contract manufacturing service ("CMS") and original brand manufacturing ("OBM"). The Company's OBM business offers products under our own brand names of BOTNY (保賜利), ATM, ETOMAN (已度明), NISSEI, WIN (勝彩), FOX-D (狐狸), PISCIS (百麗時) and PARLUX (派樂士), which are sold mainly through (1) the networks of distributors, who further resell our OBM products to wholesalers, retailers and end-users in the PRC; and (2) various online stores, such as "保賜利旗艦店" at Tmall and "保賜利京東自營旗艦店" at JD.com.

During the Reporting Period, the Group continued to allocate more resources to further develop the OBM business. The Group enhanced the brand recognition activities, including sponsorship in exhibitions, public relation events, and multi-media platforms in order to promote the corporate image and brands to new potential and existing customers. The Group recorded a significant growth in online markets sales reflects the strategy of continuing to implement the e-commerce strategies in PRC. We have launched the series of automotive beauty and maintenance products, 保寶龍, under our BOTNY (保賜利) brand for the repositioning of our corporate image and for broadening our clientele. We believe in the growth potential of our products under our new 保寶龍 series, as it takes time to establish a new line of products, we expect the other products under our BOTNY (保賜利) brand to remain our main revenue driver in the near future.

## **OPERATING ENVIRONMENT AND PROSPECTS**

As the global economy is continuously shrouded in the shadow of various difficulties, like, trade protectionism, ongoing conflicts and rising geopolitical risks, and raw material prices in uncertainty and volatility, there are high uncertainties and rapid changes in global economic development. The Group pays close attention to the development and changes of the industry and adjusts its strategies in a timely manner to cope with (i) the uncertainties brought by the trade protectionism; (ii) market demands of products; and (iii) changes in the external environment. Meanwhile, by continuously adjusting the diversified strategies and customer management, actively participating in various types of exhibitions in the People's Republic of China ("PRC") and around the world and launching new products to meet market demands, the Group will continue to strengthen the promotion of its own brands, enhance the relationship with customers and expand into new markets, with a view to continually consolidating and strengthening the Group's business development.

In 2024, PRC's economy continued to show positive momentum, primarily driven by a surge in domestic consumption and strategic economic policies. The gross domestic product growth of the PRC reached 5.0% Year over Year, fueled by robust demand for services, solid manufacturing investments, and enhanced public infrastructure initiatives. However, the recovery remains fragile, with potential challenges from global economic uncertainties and domestic structural adjustments. The government of PRC has implemented several regulations to ensure the safety of aerosol products and reduce their impact on the environment. Meanwhile, consumers are becoming increasingly aware of the environmental impact of consumer products and are looking for alternatives that are less harmful to the environment. Therefore, opportunities and challenges coexist. The Group is still prudent and optimistic towards its domestic market, Original Brand Manufacturing ("OBM") business and personal care products sectors. The Group will continue to improve its OBM business by exhibitions, developing e-commerce sales strategies, improving existing OBM products' series with environmentally friendly formula, strictly controlling cost, lifting the brand image, and enhancing the competitiveness of products.

## **FINANCIAL REVIEW**

### **Turnover**

For the Reporting Period, the Group recorded a turnover of approximately HK\$613.0 million (2023: approximately HK\$557.2 million), representing a significant increase of approximately 10.0% compared to the corresponding period of 2023.

### **Automotive beauty and maintenance products segment**

For the Reporting Period, the Group's automotive beauty and maintenance products segment recorded a turnover of approximately HK\$484.8 million (2023: approximately HK\$445.5 million), representing a significant increase of approximately 8.8% compared to the corresponding period of 2023. The significant increase in segment revenue was mainly due to the execution of effective e-commerce sales strategies of OBM products on various online platforms.

### **Personal care products segment**

For the Reporting Period, the Group's personal care products segment generated revenue amounting to approximately HK\$128.2 million (2023: approximately HK\$111.7 million), representing a significant increase of approximately 14.7% compared to the corresponding period of 2023. The significant increase in segment revenue was mainly due to significant increase in demand of personal care products from a major overseas customer.

### **Cost of Sales**

For the Reporting Period, cost of sales of the Group amounted to approximately HK\$385.7 million (2023: approximately HK\$381.3 million), which represented approximately 62.9% (2023: approximately 68.4%) of the turnover in the period. There was an increase of approximately 1.2% in the cost of sales which was mainly attributable to the combined effects of (i) the significant increase in sales; (ii) the decrease in average raw material prices, including tinsplate containers, solvents, and gas, which resulted from the decline in crude oil prices; (iii) variation in the product sales mix; and (iv) the decrease in manufacturing overhead caused by the increase of sales volume.

### **Gross Profit and Gross Profit Margin**

The Group recorded a gross profit amounted to approximately HK\$227.2 million (2023: approximately HK\$175.9 million), representing a significant increase of approximately 29.2% compared to the corresponding period of 2023. The increase in gross profit and gross profit margin was mainly driven by the combined effects of (i) the execution of effective e-commerce sales strategies of OBM products on various online platforms, which contributed to higher gross profit; and (ii) the decrease in raw material prices, including tinsplate containers, solvents and gas.



## **Other Income and Gains**

Other income and gains mainly consisted of bank interest income, scrapped and recycled items sales, service income, foreign exchange gains and government grants. During the period, other income and gains of the Group amounted to approximately HK\$13.6 million (2023: approximately HK\$8.6 million), representing a significant increase of approximately 56.9% compared to the corresponding period of 2023. The increase was mainly due to the combined effects of (i) the increase in scrapped and recycled item sales by approximately HK\$2.1 million; and (ii) the increase in bank interest income by approximately HK\$1.0 million.

## **Selling and Distribution Expenses**

Selling and distribution expenses mainly consisted of transportation expenses and declaration charges for delivery of products to customers, salaries, performance bonuses and employee benefits expenses for the sales and marketing staff, business travel, entertainment expenses, advertisement and promotion expenses, and office expenses. For the Reporting Period, selling and distribution expenses amounted to approximately HK\$90.0 million (2023: approximately HK\$34.4 million), representing a significant increase of approximately 161.8% compared to the corresponding period of 2023. The increase was primarily attributable to the combined effects of (i) the increase in advertising and promotion expenses, primarily engaged in the development of e-commerce sales strategies, by approximately HK\$49.8 million; and (ii) the increase in office expenses by approximately HK\$2.8 million.

## **Administrative Expenses**

Administrative expenses mainly represented staff salaries, welfare and bonus for our administrative staff and directors' remuneration, professional fees, other taxes and surcharges, and depreciation expenses. For the Reporting Period, administrative expenses amounted to approximately HK\$58.0 million (2023: approximately HK\$51.7 million), representing a significant increase of approximately 12.2% compared to the corresponding period of 2023. The increase in administrative expenses was primarily attributable to the combined effects of (i) increase in staff salaries and welfare by approximately HK\$3.1 million; and (ii) increase in depreciation expenses by approximately HK\$3.8 million.

## **Other expenses**

Other expenses mainly represented provision for asset impairment, losses on disposals, write-down of inventories and donations. For the Reporting Period, other expenses amounted to approximately HK\$7.8 million (2023: approximately HK\$1.5 million), representing a significant increase of approximately 408.1% compared to the corresponding period of 2023. The increase in other expenses was primarily attributable to provision for asset of impairment approximately HK\$6.6 million (2023: HK\$nil) recognised as at 31 December 2024.

In compliance with relevant accounting standards, the Company conducted impairment tests on its investment in a production plant located in Thailand (“Factory”) as of 31 December 2024. As a result, impairment losses amounting to HK\$6.6 million were recognized on property, plant and equipment related to the Factory. The impairment arose due to the Factory’s utilization and condition not meeting the Group’s expectations. The discount rate applied to the cash flow projections was 13.9%, which was before tax and reflected specific risks relating to the relevant unit.

## **Net Profit**

The Group’s net profit amounted to approximately HK\$34.1 million for the Reporting Period (2023: approximately HK\$56.7 million), representing a significant decrease of approximately 39.9% compared to the corresponding period in 2023. The significant decrease in net profit was mainly attributable to the combined effects of (i) the decrease in the average costs of procurement of solvents, being the major raw materials for the production; (ii) the execution of effective e-commerce sales strategies of OBM products on various online platforms, which contributed to higher gross profit; (iii) a significant increase in selling and distribution expenses, primarily engaged in the development of e-commerce sales strategies, to drive the sales growth on various online platforms; and (iv) an increase in provision for asset impairment.

## **TREASURY POLICY**

The Group adopts treasury policy that aims to better control its treasury operations and lower borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short term funding needs. The Board would also consider various funding sources depending on the Group’s funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group’s financial obligations. The Board reviews and evaluates the Group’s treasury policy from time to time to ensure its adequacy and effectiveness.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Net Current Assets**

As at 31 December 2024, the Group had net current assets of approximately HK\$96.5 million (31 December 2023: approximately HK\$84.0 million). The Group's cash and cash equivalents and pledged bank deposits amounted to approximately HK\$110.5 million as at 31 December 2024 (31 December 2023: approximately HK\$119.7 million) which are mainly denominated in Renminbi, United States dollars, Japanese yen, Hong Kong dollars and Thailand Baht. The current ratio of the Group was approximately 1.9 times as at 31 December 2024 (31 December 2023 approximately 1.7 times).

### **Borrowings and the Pledge of Assets**

The bank borrowings of the Group, which were secured by our properties, plant and equipment and leasehold land amounted to approximately HK\$25.3 million as at 31 December 2024 with maturity ranged from 2025 to 2027 (31 December 2023: approximately HK\$35.3 million). All borrowings are charged with reference to Minimum Lending Rate, Loan Prime Rate and HIBOR.

As at 31 December 2024, we had available unutilized banking facilities of approximately HK\$337.5 million (31 December 2023: approximately HK\$351.4 million).

### **Gearing Ratio**

As a result of the decrease in total borrowings of the Group, the gearing ratio which is calculated by dividing net debt by equity attributable to owners of the Company and net debt, amounted to approximately 4.0% as at 31 December 2024 (31 December 2023: approximately 8.0%).

### **Contingent Liabilities**

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

### **Capital commitments**

As at 31 December 2024, the Group's capital commitment represented the commitment of plant and machinery. As at 31 December 2024, the Group had commitment of plant and machinery of approximately HK\$0.5 million (31 December 2023: approximately HK\$6.0 million).

## **CAPITAL STRUCTURE**

As at 31 December 2024, the total number of issued shares of the Company (the "Shares") was 233,917,250 (31 December 2023: 233,917,250).

## **FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK**

Approximately 18.0% of the Group's revenue for the Reporting Period were denominated in the United States dollar ("US\$"). However, over 90% of the production costs were conducted in RMB. Therefore, there is a currency mismatch between US\$ revenue and RMB production costs, which gives rise to exposure to foreign exchange risk. Furthermore, there is a time lag between invoicing and final settlement from customers of export sales. The Group is exposed to foreign exchange risks if the foreign exchange rate at which the US\$ sales proceeds received from export sales is different from the rate at which the Group used to book the US\$ sales transactions at the time of sales.

The Group has a foreign operation in Thailand, which is financed by bank borrowings denominated in Thai Baht and intercompany fund transfer. The Group is exposed to foreign exchange risks subject to fluctuations in the exchange rate of Thai Baht.

During the year ended 31 December 2024, we did not enter into any foreign currency forward contracts or have any outstanding foreign currency forward contracts. The Group does not use any financial instruments for hedging purposes.

## **EMPLOYEES AND EMOLUMENTS POLICY**

As at 31 December 2024, the Group had a workforce of 468 employees (31 December 2023: 459 employees). The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK\$46.7 million for the Reporting Period (2023: approximately HK\$43.1 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of an individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance to attract and retain eligible employees of the Group. Share options would be granted to certain eligible persons with outstanding performance and contributions to the Group. The emoluments of the Directors have been determined with reference to the skills, knowledge, contribution in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the Reporting Period.

## **DIRECTORS' REMUNERATION POLICY**

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors. The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.

## **SIGNIFICANT INVESTMENTS**

As at 31 December 2024, the Group did not have any significant investments (31 December 2023: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the Reporting Period, the Group had no acquisition or disposal of subsidiaries, associates or joint ventures.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed herein and in the Company's prospectus dated 3 June 2019, the Group did not have other approved plans for material investments or capital assets as at 31 December 2024.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after 31 December 2024 and up to the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code as set out in Appendix C1 (the "CG Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the Reporting Period except the code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairlady and chief executive should be separate and should not be performed by the same individual. As the duties of chairlady and chief executive of the Company are performed by Ms. Ko Sau Mee ("Mrs. Lin"), the Company has deviated from the CG Code. The Board believes that it is necessary to vest the roles of chairlady and chief executive in the same person due to its unique role, Mrs. Lin's experience and established market reputation in the industry, and the importance of Mrs. Lin in the strategic development of the Company. The dual role arrangement provides strong and consistent market leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

## **AUDIT COMMITTEE**

The Audit Committee was established on 27 May 2019 with terms of reference in compliance with the CG Code to the Listing Rules for the purpose of making recommendations to the Board on the appointment and removal of the external auditors, reviewing the financial statements and related materials and providing advice in respect of the financial reporting process, and overseeing the risk management and internal control systems of the Group. The Audit Committee comprises three members, all being independent non-executive Directors, namely, Mr. Poon Tak Ching (Chairman), Mr. Lee Yiu Pui and Mr. Pang Cheung Wai, Thomas. The Group's accounting principles and practices, financial statements and related materials for the Reporting Period had been reviewed by the Audit Committee.

## **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2024 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial information for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## **REMUNERATION COMMITTEE**

The remuneration committee of the Company (the "Remuneration Committee") was established on 27 May 2019, with specific written terms of reference for making recommendations to the Board regarding the Group's policy and structure for all remuneration of Directors and senior management and approving the remuneration package of the individual executive Directors, the specific duties set out in code provisions E.1.2(a) to (h) of the CG Code. The Remuneration Committee comprises a total of four members, being one executive Director, namely, Ms. Ko Sau Mee and three independent non-executive Directors, namely, Mr. Pang Cheung Wai, Thomas (Chairman), Mr. Lee Yiu Pui and Mr. Poon Tak Ching. Accordingly, a majority of the members are independent non-executive Directors.

## **NOMINATION COMMITTEE**

The nomination committee of the Company (the “Nomination Committee”) was established on 27 May 2019, with specific written terms of reference in compliance with the CG Code for reviewing the Board composition, developing the relevant procedures for nomination and appointment of Directors and assessing the independence of the independent non-executive Directors to ensure that the Board has a balance of expertise, skills and experience and formulating succession plans for executive Directors and senior executives. The Nomination Committee comprises a total of four members, being one executive Director, namely, Ms. Ko Sau Mee, and three independent non-executive Directors, namely, Mr. Lee Yiu Pui (Chairman), Mr. Poon Tak Ching and Mr. Pang Cheung Wai, Thomas. Accordingly, a majority of the members are independent non-executive Directors.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding the Directors’ Securities transactions. Specific enquiries have been made with all the Directors and they have confirmed that they have complied with the Model Code throughout the Reporting Period.

## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK2.19 cents per Share for the year ended 31 December 2024 (2023: HK3.64 cent per Share) to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 12 June 2025, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the “AGM”) to be held on 21 May 2025. The final dividend will be payable on or before 8 July 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 15 May 2025 to 21 May 2025, both days inclusive, during which period no transfers of Shares shall be effected. In order to qualify for attending the forthcoming AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 14 May 2025.

The register of members of the Company will be closed from 7 June 2025 to 12 June 2025, both days inclusive, during which period no transfers of Shares shall be effected. In order to qualify for the final dividend, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at the above address for registration not later than 4:30 p.m. on 6 June 2025.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement will be published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company (<http://www.botny.com>). The annual report of the Company for the year ended 31 December 2024 will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Precious Dragon Technology Holdings Limited**  
保寶龍科技控股有限公司  
**Ko Sau Mee**  
*Chairlady and Executive Director*

Hong Kong, 21 March 2025

*As at the date of this announcement, the executive Directors are Ms. Ko Sau Mee, Ms. Lin Hing Lei, Mr. Lin Hing Lung and Mr. Yang Xiaoye; and the independent non-executive Directors are Mr. Lee Yiu Pui, Mr. Poon Tak Ching and Mr. Pang Cheung Wai, Thomas.*

\* *For identification purpose only*