

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



PERFECTECH INTERNATIONAL HOLDINGS LIMITED

威發國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00765)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS

The board (the “Board”) of directors (the “Directors”, and each a “Director”) of Perfectech International Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 together with the comparative figures for 2023 are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	3 & 4	136,109	155,905
Cost of sales		<u>(107,035)</u>	<u>(105,707)</u>
Gross profit		29,074	50,198
Other income, gains and losses, net	5	3,296	3,330
Distribution costs		(1,879)	(2,460)
Administrative expenses		(58,582)	(77,982)
Finance costs	6	<u>(1,108)</u>	<u>(692)</u>
Loss before tax	7	(29,199)	(27,606)
Income tax expense	8	<u>(174)</u>	<u>(2,972)</u>
Loss for the year		<u>(29,373)</u>	<u>(30,578)</u>

* for identification purposes only

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other comprehensive (expense) income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(983)</u>	<u>1,052</u>
Other comprehensive (expense) income for the year, net of tax		<u>(983)</u>	<u>1,052</u>
Total comprehensive expense for the year		<u><u>(30,356)</u></u>	<u><u>(29,526)</u></u>
Loss for the year attributable to:			
Owners of the Company		<u>(27,020)</u>	<u>(30,532)</u>
Non-controlling interests		<u>(2,353)</u>	<u>(46)</u>
Loss for the year		<u><u>(29,373)</u></u>	<u><u>(30,578)</u></u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		<u>(27,854)</u>	<u>(29,351)</u>
Non-controlling interests		<u>(2,502)</u>	<u>(175)</u>
Total comprehensive expense for the year		<u><u>(30,356)</u></u>	<u><u>(29,526)</u></u>
Loss per share	10		
Basic (HK cents per share)		<u><u>(8.26)</u></u>	<u><u>(9.34)</u></u>
Diluted (HK cents per share)		<u><u>(8.26)</u></u>	<u><u>(9.34)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		14,762	15,536
Right-of-use assets		11,445	10,934
		<u>26,207</u>	<u>26,470</u>
CURRENT ASSETS			
Inventories		16,601	21,400
Trade and other receivables	11	11,581	21,064
Financial assets at fair value through profit or loss		2,422	3,075
Tax recoverable		1,140	898
Bank balances and cash		24,547	42,986
		<u>56,291</u>	<u>89,423</u>
CURRENT LIABILITIES			
Trade and other payables	12	19,136	28,992
Lease liabilities		1,451	461
Tax liabilities		26	87
Amounts due to a director of subsidiaries	13	6,443	—
Other borrowings	14	1,000	—
		<u>28,056</u>	<u>29,540</u>
NET CURRENT ASSETS		<u>28,235</u>	<u>59,883</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>54,442</u>	<u>86,353</u>
NON-CURRENT LIABILITY			
Lease liabilities		11,432	11,692
NET ASSETS		<u>43,010</u>	<u>74,661</u>

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
CAPITAL AND RESERVES			
Share capital		32,692	32,692
Reserves		1,851	29,705
		<hr/>	<hr/>
Equity attributable to owners of the Company		34,543	62,397
Non-controlling interests		8,467	12,264
		<hr/>	<hr/>
TOTAL EQUITY		43,010	74,661
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

The principal activities of the Group are the manufacture and sale of novelties, decoration and toy products.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

The adoption of the amendments to HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective. The management of the Group anticipates that the application of these new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

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

¹ Effective date to be determined.

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

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

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

3. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to external customers, less returns and trade discounts during the year.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers recognised at a point in time under HKFRS 15 <i>Revenue from Contracts with Customers</i> ("HKFRS 15"):		
Novelties and decoration products	—	3,856
Toy products	<u>136,109</u>	<u>152,049</u>
	<u>136,109</u>	<u>155,905</u>

4. SEGMENT REPORTING

For management purposes, the Group is currently organised into two operating segments, namely the manufacture and sale of novelties and decoration products and the manufacture and sale of toy products.

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

2024

	Novelties and decoration products <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE			
External sales and total revenue	<u>—</u>	<u>136,109</u>	<u>136,109</u>
RESULT			
Segment results	<u>(5,213)</u>	<u>(18,220)</u>	<u>(23,433)</u>
Gain on disposal of financial assets at fair value through profit or loss ("FVTPL")			106
Fair value gain on financial assets at FVTPL			54
Unallocated corporate expenses			(4,818)
Finance costs			<u>(1,108)</u>
Loss before tax			(29,199)
Income tax expense			<u>(174)</u>
Loss for the year			<u>(29,373)</u>
	Novelties and decoration products <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS			
Segment assets	6,765	73,795	80,560
Unallocated corporate assets			<u>1,938</u>
Consolidated total assets			<u>82,498</u>
LIABILITIES			
Segment liabilities	5,402	25,554	30,956
Unallocated corporate liabilities			<u>8,532</u>
Consolidated total liabilities			<u>39,488</u>

	Novelties and decoration products HK\$'000	Toy products HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Additions of property, plant and equipment	—	3,876	—	3,876
Depreciation of property, plant and equipment	—	4,025	80	4,105
Depreciation of right-of-use assets	212	329	1,043	1,584
	<u>212</u>	<u>329</u>	<u>1,043</u>	<u>1,584</u>
2023				
		Novelties and decoration products HK\$'000	Toy products HK\$'000	Consolidated HK\$'000
REVENUE				
External sales and total revenue		3,856	152,049	155,905
		<u>3,856</u>	<u>152,049</u>	<u>155,905</u>
RESULT				
Segment results		(3,766)	(16,714)	(20,480)
		<u>(3,766)</u>	<u>(16,714)</u>	<u>(20,480)</u>
Loss on disposal of financial assets at fair value through profit or loss FVTPL				(282)
Fair value loss on financial assets at FVTPL				(281)
Unallocated corporate expenses				(5,871)
Finance costs				(692)
				<u>(6,926)</u>
Loss before tax				(27,606)
Income tax expense				(2,972)
				<u>(30,578)</u>
Loss for the year				<u>(30,578)</u>

	Novelties and decoration products <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS			
Segment assets	8,515	103,828	112,343
Unallocated corporate assets			<u>3,550</u>
Consolidated total assets			<u><u>115,893</u></u>
LIABILITIES			
Segment liabilities	(5,760)	(34,940)	(40,700)
Unallocated corporate liabilities			<u>(532)</u>
Consolidated total liabilities			<u><u>(41,232)</u></u>

	Novelties and decoration products <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Additions of property, plant and equipment	—	3,403	—	3,403
Depreciation of property, plant and equipment	—	4,633	92	4,725
Depreciation of right-of-use assets	<u>212</u>	<u>329</u>	<u>834</u>	<u>1,375</u>

Segment result represents the result produced by each segment without allocation of central administration costs including directors' salaries, other income, finance costs, gain/loss on disposal of financial assets at FVTPL, fair value gain/loss on financial assets at FVTPL, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

- all assets are allocated to operating segments other than certain financial assets, which are held for central administrative purpose. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to operating segments other than certain financial liabilities incurred for central administrative purpose. Liabilities for segments which are jointly liable are allocated in proportion to segment assets.

Geographical Information

The Group's revenue from external customers by location of customers are detailed below:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	33,829	14,675
Europe	—	12,133
United States of America	7,437	8,115
Asia (other than Hong Kong)	93,866	120,665
Others	977	317
	<u>136,109</u>	<u>155,905</u>

The following is an analysis of the carrying amount of segment assets and additions to non-current assets, analysed by the geographical area in where the assets are located:

	Carrying amount of segment assets		Additions to non-current assets	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	28,513	49,086	2,117	433
People's Republic of China ("PRC")	53,985	66,807	3,876	3,053
	<u>82,498</u>	<u>115,893</u>	<u>5,993</u>	<u>3,486</u>

Note: Non-current assets excluded deferred tax assets and right-of-use assets.

Information about major customers

Included in revenue arising from sales of toy products of approximately HK\$136,109,000 (2023: HK\$152,049,000) is revenue of approximately HK\$129,095,000 (2023: HK\$140,514,000) arising from sales to the Group's largest customer, representing approximately 95% (2023: 90%) of the total revenue. No other single customer contributed 10% or more to the Group's revenue.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income from		
— bank deposits	114	251
— financial assets at FVTPL	71	70
Write-off of long outstanding payables	443	—
Scrap sales (<i>Note</i>)	48	248
Gain (loss) on disposal of property, plant and equipment	12	(160)
Reversal of (provision for) expected credit loss (“ECL”) on trade receivables	87	(796)
Gain (loss) on disposal of financial assets at FVTPL	106	(282)
Fair value gain (loss) on financial assets at FVTPL	54	(281)
Net foreign exchange gain	651	1,880
Dividend income on investment held for trading	33	26
Tooling income (<i>Note</i>)	950	1,065
Transportation income (<i>Note</i>)	110	134
Subsidies income from the PRC government	131	295
Laboratory testing income (<i>Note</i>)	420	657
Gain on termination of lease	1	—
Others	65	223
	<u>3,296</u>	<u>3,330</u>

Note: These income are the revenue from contracts with customers recognised at a point in time under HKFRS 15.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on:		
Lease liabilities	743	692
Amounts due to a director of subsidiaries	343	—
Other borrowings	22	—
	<u>1,108</u>	<u>692</u>

7. LOSS BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax has been arrived at after charging (crediting):		
Auditor's remuneration	785	800
Cost of inventories recognised as an expense	32,630	25,537
Depreciation of property, plant and equipment	4,105	4,725
Depreciation of right-of-use assets	1,584	1,375
ECL on trade receivables	(87)	796
Short-term operating lease rentals in respect of rented premises	374	588
Staff costs (including directors' emoluments) — Salaries, allowances and retirement benefits scheme contributions	<u>89,301</u>	<u>113,933</u>

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	—	113
PRC Enterprise Income Tax	<u>177</u>	<u>135</u>
	<u>177</u>	<u>248</u>
(Over) under provision in prior years:		
Hong Kong Profits Tax	(3)	(10)
PRC Enterprise Income Tax	<u>—</u>	<u>604</u>
	<u>(3)</u>	<u>594</u>
Deferred tax:		
Current year	<u>—</u>	<u>2,130</u>
	<u>174</u>	<u>2,972</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25% (2023: 8.25%), and profits above HK\$2 million will be taxed at 16.5% (2023: 16.5%). The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2023: 16.5%). Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% (2023: 8.25%) on the first HK\$2 million of the estimated assessable profits and at 16.5% (2023: 16.5%) on the estimated assessable profits above HK\$2 million.

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

9. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the Group's loss for the year attributable to owners of the Company of approximately HK\$27,020,000 (2023: HK\$30,532,000) and the number of ordinary shares in issue of 326,923,607 (2023: 326,923,607).

Diluted loss per share for the years ended 31 December 2024 and 2023 was the same as basic loss per share as there were no dilutive potential ordinary shares in issue for both years.

11. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	9,891	17,708
Less: ECL on trade receivables	<u>(709)</u>	<u>(796)</u>
	<u>9,182</u>	<u>16,912</u>
Other receivables:		
Prepayment	246	2,432
Rental, utility and other deposits	1,376	543
Cash deposit in broker's account	10	7
Sundry debtors and others (<i>Note</i>)	<u>767</u>	<u>1,170</u>
	<u>2,399</u>	<u>4,152</u>
	<u><u>11,581</u></u>	<u><u>21,064</u></u>

Note: The balances mainly include value added tax refundable on export sales and social insurance paid on behalf of employees in the PRC.

The Group allows an average credit period of 60 days to its trade customers.

The following is an aging analysis of the Group's trade receivables, presented based on invoice dates and net of allowance for ECL at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–60 days	8,695	15,556
61–90 days	463	1,259
91–120 days	—	—
Over 120 days	24	97
	<u>9,182</u>	<u>16,912</u>

The following is an aging analysis of the Group's trade receivables that were past due but not impaired at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Overdue by:		
0–60 days	463	1,259
61–90 days	—	—
91–120 days	24	97
	<u>487</u>	<u>1,356</u>

The movements in the allowance for ECL on trade and other receivables:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Balance at the beginning of the year	796	—
Allowance for ECL recognised during the year	—	796
Allowance for ECL reversed during the year	(87)	—
	<u>709</u>	<u>796</u>

In determining the recoverability of a trade and other receivable, the Group monitors any change in the credit quality of the trade and other receivable from the date credit was initially granted up to the end of the reporting period.

12. TRADE AND OTHER PAYABLES

The following is an aging analysis of the Group's trade payables, presented based on invoice dates at the end of reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables:		
0–60 days	5,304	8,204
61–90 days	214	10
91–120 days	176	113
Over 120 days	272	425
	<u>5,966</u>	<u>8,752</u>
Other payables:		
Accrued salary, bonus and commission	6,293	13,861
Contract liabilities (<i>Note</i>)	4,840	3,744
Accrued expenses and others	2,015	2,635
Accrued interest	22	—
	<u>13,170</u>	<u>20,240</u>
	<u>19,136</u>	<u>28,992</u>

The average credit period on purchases of goods is 45 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Note: The contract liabilities primarily relate to the deposits or payments received in advance from customer for novelties and decoration products and toys products.

The following table shows how much of the revenue recognised relates to brought-forward contract liabilities.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:		
— Toys products	3,339	1,962
— Novelties and decoration products	—	12
	<u>3,339</u>	<u>1,974</u>

13. AMOUNTS DUE TO A DIRECTOR OF SUBSIDIARIES

The amounts represented HK\$6,100,000 due to Ms. Lau Kwai Ngor (2023: Nil), which were interest-bearing at a rate of 12% per annum, unsecured, and repayable on demand.

14. OTHER BORROWINGS

The amounts represented HK\$1,000,000 due to certain independent third parties (2023: Nil), which were interest-bearing at a rate of 6% per annum, unsecured, and repayable within 1 year.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of shareholders to attend and vote at the annual general meeting of the Company (“AGM”), the register of members of the Company will be closed from 28 May 2025, Wednesday to 6 June 2025, Friday (both dates inclusive). During the closure period, no share transfer will be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong at Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 27 May 2025, Tuesday.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

Affected by the high interest rates, the Group’s operating environment remained challenging in 2024. During the year ended 31 December 2024, the Group’s revenue only decreased by 13% year-on-year to approximately HK\$136,109,000 (2023: HK\$155,905,000) despite facing a tough operating environment. The decrease in revenue was mainly due to decline in sales of toy products. The Group recorded a loss for the year ended 31 December 2024 attributable to owners of the Company of approximately HK\$27,020,000 (2023: loss of HK\$30,532,000). The basic and diluted loss per share of the Company (“Share(s)”) were both at 8.26 HK cents (2023: both loss of 9.34 HK cents).

For the year ended 31 December 2024, the Group’s core business recorded a loss of approximately HK\$23,433,000 (2023: loss of HK\$20,480,000). The performance of each segment of the core business is discussed below.

Toy products

The revenue of toy products segment decreased by about 11% year-on-year to approximately HK\$136,109,000 (2023: HK\$152,049,000), and accounted for 100% of total revenue of the Group. The loss of this segment was approximately HK\$18,220,000 (2023: loss of HK\$16,714,000). It was mainly attributable to the lower sales in Asia (other than Hong Kong).

Novelties and decoration products

No revenue was derived from the novelties and decoration products segment (2023: HK\$3,856,000) and the loss of this segment was approximately HK\$5,213,000 (2023: loss of HK\$3,766,000), which mainly comprised of staff costs.

Distribution costs and administrative expenses

Distribution costs decreased by about 24% year-on-year to approximately HK\$1,879,000 (2023: HK\$2,460,000) as a result of the decrease in transportation cost.

Administrative expenses mainly consisted of staff costs (including directors' emoluments), social insurance for the administrative staff in the PRC, depreciation of property, plant and equipment and right-of-use assets, legal and professional fee and other administrative expenses. The administrative expenses decreased by about 25% year-on-year to approximately HK\$58,582,000 (2023: HK\$77,982,000), which was mainly attributable to the decrease in staff costs as a result of significant decrease in the average monthly salary and number of full time employees of the Group during the year ended 31 December 2024.

Finance costs

Finance costs increased by about 60% year-on-year to approximately HK\$1,108,000 (2023: HK\$692,000), as a result of the increase in interest on lease liabilities, amounts due to a director of subsidiaries and other borrowings.

Liquidity and financial resources

As at 31 December 2024, the Group had amounts due to a director of subsidiaries of approximately HK\$6,443,000 (31 December 2023: Nil) and other borrowings of HK\$1,000,000 (31 December 2023: Nil). The Group's gearing ratio, calculated on the basis of the aggregate of the amount due to related parties and other borrowings over the equity attributable to owners of the Company, was approximately 22% (31 December 2023: 0%).

As at 31 December 2024, the Group had bank balances and cash of approximately HK\$24,547,000 (31 December 2023: HK\$42,986,000). With net current assets of approximately HK\$28,235,000 as at 31 December 2024 (31 December 2023: HK\$59,883,000), the Group had sufficient financial resources to satisfy its commitments and working capital requirements.

Net asset value

The net asset value per share as at 31 December 2024 was approximately HK\$0.11 (31 December 2023: HK\$0.19), calculated on the basis of the equity attributable to owners of the Company of approximately HK\$34,543,000 (31 December 2023: HK\$62,397,000) over the outstanding number of ordinary shares in issue on 31 December 2024 of 326,923,607 (31 December 2023: 326,923,607).

Significant investments

As at 31 December 2024, the Group held financial assets at FVTPL amounted to approximately HK\$2,422,000 (31 December 2023: HK\$3,075,000), including equity securities listed in Hong Kong of HK\$1,747,000 (31 December 2023: HK\$970,000), debt securities listed outside Hong Kong of approximately HK\$90,000 (31 December 2023: HK\$55,000) and unlisted equity-linked notes of approximately HK\$585,000 (2023: 2,050,000). Gain on disposal of financial assets at FVTPL amounted to approximately HK\$106,000 (2023: loss of HK\$282,000) and fair value gain on financial assets at FVTPL amounted to approximately HK\$54,000 (2023: loss of HK\$281,000) during the year ended 31 December 2024.

Pledge of assets

The Group did not have any pledged asset as at 31 December 2024 and 2023.

Employees and remuneration policies

As at 31 December 2024, the Group employed approximately 610 (31 December 2023: 740) full time employees. The Group remunerates its employees primarily based on prevailing industry practice as well as individual merits. The Group regularly reviews its remuneration policy with reference to the latest laws and regulations, market conditions, and performance of employees and the Group.

Foreign currency exposure

The Group's purchases are mainly denominated in Renminbi ("RMB") and Hong Kong Dollar (the "Hong Kong Dollar") while the Group's sales are mainly denominated in RMB and United States Dollar (the "US Dollar"). As all of its factories are located in the PRC, expenses incurred there are denominated in RMB. Since Hong Kong Dollar remains pegged to US Dollar, the Group does not foresee a substantial exposure in this area, and will closely monitor the trend of RMB to see if any action is required. As at 31 December 2024, the Group did not enter into any financial instrument for the hedging of exposure in foreign currencies.

Future Plans for Material Investments

As disclosed in the Company's voluntary announcement dated 1 August 2023, the Company has entered into a non-binding cooperation framework agreement ("August Framework Agreement") with the People's Government of Liangzhou District, Wuwei City, Gansu Province, the PRC* (武威市涼州區人民政府) ("Liangzhou Government") and Huaneng Jinxin Hengshun New Energy Co., Ltd.* (華能金鑫恒順新能源股份有限公司) ("Huaneng New Energy") pursuant to which the parties agreed to, subject to the execution of formal project agreement(s), cooperate in constructing sustainable energy related infrastructure and facilities, including power storage facilities and power transmission stations, to boost the sustainable energy sector in Liangzhou District. The Board was of the view that the August Framework Agreement could diversify the Group's product portfolio and income streams, thereby improving the profitability in the long term.

As disclosed in the Company's voluntary announcement dated 16 November 2023, China Digital Energy Storage Hong Kong Limited ("China Digital"), an indirect wholly-owned subsidiary of the Company, has entered into a non-legally binding cooperation framework agreement ("November Framework Agreement") with Nanjing Densens Automation Technology Co., Ltd.* (南京鼎臻自動化科技有限公司) ("Nanjing Densens"), under which China Digital or its subsidiary(ies) shall, subject to (among other things) the legal and financial due diligence to be conducted on Nanjing Densens, the execution of a legally binding definitive agreement, and grant of applicable regulatory, corporate and other approvals, acquire all the assets of and/or equity interest in Nanjing Densens. Nanjing Densens is principally engaged in (among other things) research, development and manufacturing of new energy and related storage, monitoring, security, automated control and information systems management solutions and equipment. The Board was of the view that the transactions contemplated under the November Framework Agreement are conducive to the Group's plan to diversify its product portfolio and income streams.

As at the date of this announcement, no formal and binding agreement in respect of the cooperation contemplated under the August Framework Agreement and the November Framework Agreement has been entered into among the Company and the parties to each of the framework agreements.

Save as disclosed above, as at 31 December 2024, the Group did not have any other concrete plans for material investments or capital assets for the year ending 31 December 2025.

Prospect

While the Company endeavours to push forward and materialise the strategic cooperations envisaged under the August Framework Agreement and the November Framework Agreement, it will continue to look for more quality mergers and acquisitions and integration opportunities in the field of oil and gas exploration and production and sustainable energy infrastructure, and develop into a resource integration company with energy as its core business.

The Directors will exercise caution in assessing the prospect of any new potential investment opportunities, in order to bring additional value and new income streams to the Group and create long-term returns for the shareholders of the Company (“Shareholders”) with enhanced values.

Meanwhile, the high interest rate is expected to continue to cast uncertainty on and pose challenges to the Group’s operating environment in 2025. The Directors are moving ahead cautiously. The Group will continue to optimise its product mix to meet the demand of the customers, enhance production and operational efficiency, as well as implement stringent cost management in order to minimise the impact of these challenges.

With the joint efforts of all of its employees, the Group endeavors to maintain a good business relationship with its customers, business partners and Shareholders to maximise its corporate value and deliver promising returns to its Shareholders.

Other than investment and acquisition opportunities in the field of oil and gas exploration and production, the Company will also look for investment and acquisition opportunities in the field of high technology areas.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct governing the Directors’ transactions in securities of the Group on terms no less exacting than the standard set out in the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) contained in Appendix C3 to the Listing Rules.

Following specific enquiry by the Group, all Directors have confirmed that throughout the year ended 31 December 2024, they complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its shares whether on The Stock Exchange of Hong Kong Limited or otherwise.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2024, the Company has complied with the code provisions (the "Code Provisions") set out in Part 2 of the corporate governance code (the "Code") as set out in Appendix C1 to the Listing Rules save for the following deviation:

Code Provision C.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

After the resignation of Ms. Zhu Yuqi as a non-executive director, the chairman of the Board (the "Chairman") and the chairman of the nomination committee of the Company on 15 December 2020, the duties of the Chairman have been undertaken by all members of the Board and the company secretary of the Company (the "Company Secretary") collectively.

The Board believes that with the support of the management, vesting the role of the Chairman in the Board and the Company Secretary collectively can facilitate the execution of the Group's business strategies and enhance the effectiveness of its operation. Further, the Board considers that the current structure will enhance the balance of power and authority between the Board and the management of the Group as the Board, which comprises experienced and high calibre individuals who met regularly to discuss issues pertaining to the operations of the Company, assumes collective responsibility on the decision making process of the Company's business strategies and operation.

The Board is in the process of identifying suitable candidate with appropriate experience to act as the Chairman, before which the duties of the Chairman will continue to be undertaken by the Directors and the Company Secretary collectively.

After the resignation of Mr. Li Shaohua as the CEO of the Company on 17 November 2022, the duties of the CEO have been undertaken by all executive Directors and the senior management of the Company collectively. The Board is currently in the process of identifying a suitable candidate to act as the CEO.

AUDIT COMMITTEE

The Company has established an audit committee of the Company (“Audit Committee”) which comprises all independent non-executive Directors, namely Mr. Xie Xiaohong, Ms. Chan Po Lam and Mr. Lau Shu Yan, who is also the chairman of the committee.

The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 December 2024, including the accounting policies, principles and practices adopted by the Group.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL 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 December 2024 as set out in this preliminary announcement have been agreed by the auditor of the Group, Confucius International CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year.

The work performed by Confucius International CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, or the 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 Confucius International CPA Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Company at www.perfectech.hk and the website of The Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The annual report will be despatched to the Shareholders and will be available on the above websites in due course.

APPRECIATION

Finally, I would like to take this opportunity to thank all my fellow Directors and the staff for their contribution and cordial support during the year under review.

On behalf of the Board
Li Shaohua
Executive Director

Hong Kong, 31 March 2025

* The English transliteration of Chinese name(s) or word(s) in this announcement, where indicated by “*”, is included for reference only, and should not be regarded as the official English translation of such Chinese name(s) or word(s).

As at the date of this announcement, the Board comprises Mr. Li Shaohua, Mr. Fang Guohong and Mr. Poon Wai Yip, Albert as executive Directors and Mr. Lau Shu Yan, Mr. Xie Xiaohong and Ms. Chan Po Lam as independent non-executive Directors.