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

(Incorporated in Bermuda with limited liability)

(Stock Code: 918)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2026

The board (the “**Board**”) of directors (the “**Directors**”) of Majestic Dragon Aerotech Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2026, together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

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

For the year ended 31 March 2026

	<i>Notes</i>	2026 HK\$'000	2025 HK\$'000
Revenue	4	104,456	118,791
Cost of sales		<u>(70,176)</u>	<u>(93,283)</u>
Gross profit		34,280	25,508
Other income, other gains and losses	5	1,509	2,339
Selling and distribution expenses		(9,598)	(13,819)
Administrative expenses		(24,860)	(32,343)
Impairment losses under expected credit loss model, net of reversal		(2,858)	3,591
Impairment loss on intangible assets		—	(1,551)
Impairment loss on goodwill		—	(696)
Fair value loss on investment properties		(4,681)	(3,782)
Finance costs	6	<u>(197)</u>	<u>(1,967)</u>
Loss before taxation	7	(6,405)	(22,720)
Taxation	8	<u>870</u>	<u>1,424</u>
Loss for the year		<u>(5,535)</u>	<u>(21,296)</u>
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		5,544	(1,150)
Item that will not be reclassified to profit or loss:			
Loss on revaluation of land and building held for own use		<u>(14)</u>	<u>(81)</u>
Total comprehensive expense for the year		<u>(5)</u>	<u>(22,527)</u>

	<i>Notes</i>	2026 HK\$'000	2025 HK\$'000
Loss for the year attributable to:			
Owners of the Company		(5,541)	(21,296)
Non-controlling interests		6	—
		<hr/>	<hr/>
Loss for the year		(5,535)	(21,296)
		<hr/>	<hr/>
Total comprehensive expense			
for the year attributable to:			
Owners of the Company		(11)	(22,527)
Non-controlling interests		6	—
		<hr/>	<hr/>
Total comprehensive expense for the year		(5)	(22,527)
		<hr/>	<hr/>
Loss per share attributable to owners of the Company			
— Basic and diluted (HK cents)	<i>10</i>	(0.50)	(1.91)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	<i>Notes</i>	2026 HK\$'000	2025 HK\$'000
Non-current assets			
Property, plant and equipment		36,008	33,001
Investment properties	<i>11</i>	88,638	91,807
Right-of-use assets		134	126
Goodwill		13,977	13,193
Other intangible assets		22,338	24,603
Prepayment for property, plant and equipment		652	2,285
Other receivables	<i>12</i>	2,278	—
		164,025	165,015
Current assets			
Inventories		68,671	67,564
Trade and other receivables	<i>12</i>	106,653	80,937
Tax recoverables		104	108
Financial assets at fair value through profit or loss		543	262
Bank balances and cash		7,588	33,065
		183,559	181,936
Total assets		347,584	346,951
Current liabilities			
Trade and other payables	<i>13</i>	65,483	68,156
Contract liabilities		3,230	1,383
Amount due to a director	<i>13</i>	2,662	10,534
Bank and other borrowings	<i>14</i>	9,375	600
Lease liabilities		136	128
		80,886	80,801
Net current assets		102,673	101,135
Total assets less current liabilities		266,698	266,150

	<i>Notes</i>	2026 HK\$'000	2025 HK\$'000
Non-current liabilities			
Rental deposits received	<i>13</i>	131	—
Deferred tax liabilities		3,778	4,446
		<u>3,909</u>	<u>4,446</u>
Net assets		<u>262,789</u>	<u>261,704</u>
EQUITY			
Share capital		11,141	11,141
Reserves		250,552	250,563
		<u>261,693</u>	<u>261,704</u>
Equity attributable to owners of the Company		261,693	261,704
Non-controlling interests		1,096	—
		<u>262,789</u>	<u>261,704</u>
Total equity		<u>262,789</u>	<u>261,704</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

1. GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (the “**Group**”) are the wholesale of consumer products including timepieces and accessories and garment and sportswear products, the sale of unmanned aerial vehicles and related parts, provision of unmanned aerial vehicle services and property investment.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKAS 21	Translation to Hyperinflationary Presentation Currency ³
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosure ³

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

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

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

4. REVENUE AND SEGMENT INFORMATION

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

(i) Analysis of revenue

	2026 HK\$'000	2025 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15 – at point in time basis		
Sales of garment and sportswear products	62,518	67,130
Sales of Watch products	5,129	23,794
Sales of unmanned aerial vehicles and related parts	26,238	26,850
	<u>93,885</u>	<u>117,774</u>
Revenue from contracts with customers within the scope of HKFRS 15 – Over time basis		
Provision of unmanned aerial vehicle services	7,869	—
Revenue from other sources		
Rental income	2,702	1,017
	<u>104,456</u>	<u>118,791</u>

(ii) Performance obligations for contracts with customers

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

Revenue from unmanned aerial vehicle services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

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

i) Wholesale business

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

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

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

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

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

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

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS

	2026			
	Wholesale business HK\$'000	Property investment HK\$'000	Unmanned aerial vehicles business HK\$'000	Total HK\$'000
Revenue	<u>67,647</u>	<u>2,702</u>	<u>34,107</u>	<u>104,456</u>
Segment operating profit (loss)	<u>10,863</u>	<u>(2,520)</u>	<u>(7,637)</u>	706
Unallocated corporate income				168
Unallocated corporate expenses				<u>(7,082)</u>
Operating loss				(6,208)
Finance costs				<u>(197)</u>
Loss before taxation				(6,405)
Income tax credit				<u>870</u>
Loss for the year				<u>(5,535)</u>
Segment assets	134,872	89,983	93,085	317,940
Unallocated assets				<u>29,644</u>
Total assets				<u>347,584</u>
Segment liabilities	56,037	273	20,751	77,061
Unallocated liabilities				3,956
Deferred tax liabilities				<u>3,778</u>
Total liabilities				<u>84,795</u>

	2026				
	Wholesale	Property	aerial vehicles	Corporate	Total
	business	investment	business	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of other intangible assets	—	—	3,627	—	3,627
Increase in fair value of financial assets at FVTPL	(281)	—	—	—	(281)
Depreciation of property, plant and equipment	10	—	2,539	1,296	3,845
Depreciation of right-of-use assets	—	—	261	—	261
Fair value loss on investment properties	—	4,681	—	—	4,681
Impairment losses under expected credit loss (“ECL”) model, net of reversal	3,600	(98)	(644)	—	2,858

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

INFORMATION ABOUT MAJOR CUSTOMERS

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

	2026 HK\$'000	2025 HK\$'000
Customer A from the Wholesale business	23,967	33,526
Customer B from the Wholesale business	14,870	23,470
Customer C ¹ from the Wholesale business	13,515	N/A
Customer D ² from the unmanned aerial vehicles business	N/A	14,172

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

² The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2026.

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2026 HK\$'000	2025 HK\$'000
Other income		
Interest income from loans to third parties	159	1,093
Bank interest income	602	63
Government grants (note)	829	264
Sundry income	339	289
	<u>1,929</u>	<u>1,709</u>
Other gains and losses		
Increase (decrease) in fair value of financial assets at FVTPL	281	(48)
Gain on lease termination	—	12
Net exchange (loss) gain	(701)	666
	<u>(420)</u>	<u>630</u>
	<u>1,509</u>	<u>2,339</u>

Note: During the year ended 31 March 2026, government grants of HK\$829,000 (2025: HK\$264,000) represent incentives received and recognised upon completion of related research activities and development projects.

6. FINANCE COSTS

	2026 HK\$'000	2025 HK\$'000
Interest on bank and other borrowings	190	1,919
Interest on lease liabilities	7	48
	<u>197</u>	<u>1,967</u>

7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	2026 HK\$'000	2025 HK\$'000
Cost of inventories recognised as an expense	69,668	93,283
Auditor's remuneration	650	650
Amortisation of other intangible assets	3,627	5,970
Depreciation of property, plant and equipment	3,845	2,154
Depreciation of right-of-use assets	261	869
Legal and professional fees	1,785	951
Staff costs, including directors' emoluments		
—Salaries, bonus and allowance	11,384	10,531
—Retirement benefits scheme contributions	2,113	2,014
Total staff costs	<u>13,497</u>	<u>12,545</u>

8. TAXATION

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

	2026 HK\$'000	2025 HK\$'000
Current tax		
Mainland China Enterprise Income tax (the “EIT”)	—	—
Under provision in prior years:		
EIT	—	4
Deferred tax		
Current year	(870)	(1,428)
Income tax credit	<u>(870)</u>	<u>(1,424)</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No Hong Kong Profits Tax was provided for the year ended 31 March 2026 and 2025 as there were no chargeable profits under Hong Kong Profits Tax.

Under the Law of the Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% for both years. Of the following subsidiary of the Company in the PRC, 山東龍翼航空科技有限公司 (Shandong Longyi Aviation Technology Co., Ltd) was endorsed as High and New Technology Enterprises by relevant authorities in the PRC was charged income tax in the PRC at a reduced income tax rate of 15%.

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

9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the years ended 31 March 2026 and 2025.

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2026	2025
	HK\$'000	HK\$'000
Loss attributable to owners of the Company	<u>(5,541)</u>	<u>(21,296)</u>
	Number of shares	
	2026	2025
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,114,069</u>	<u>1,114,069</u>

11. INVESTMENT PROPERTIES

	2026	2025
	HK\$'000	HK\$'000
At the beginning of the year	91,807	95,858
Changes in fair value included in profit or loss	(4,681)	(3,782)
Exchange adjustment	1,512	(269)
At the end of the year	<u>88,638</u>	<u>91,807</u>

12. TRADE AND OTHER RECEIVABLES

	2026 HK\$'000	2025 HK\$'000
Trade receivables		
– Contracts with customers	170,183	142,030
– Lease receivables	7,391	6,310
Less: Allowance for credit losses	(90,424)	(87,442)
Trade receivables, net	<u>87,150</u>	<u>60,898</u>
Deposits paid to suppliers (note i)	13,760	9,772
Other receivables, net (note ii)	3,180	7,153
Prepayments	4,339	2,428
Rental, utility and sundry deposits	502	686
	<u>21,781</u>	<u>20,039</u>
Total trade and other receivables	108,931	80,937
Less: current portion	<u>106,653</u>	<u>80,937</u>
Non-current portion	<u><u>2,278</u></u>	<u><u>—</u></u>

Notes:

- (i) As at 31 March 2026, included in deposits paid to suppliers of approximately HK\$13,760,000 (2025: HK\$9,772,000) is deposits paid to suppliers for unmanned aerial vehicles business.
- (ii) As at 31 March 2026, other receivables comprised of a loan to a third party amounting to approximately HK\$2,278,000 (2025: HK\$5,905,000), net of loss allowance with repayment date more than two years but within three years and interest bearing at 3.5% per annum (2025: with repayment date within one year and interest bearing at 6% per annum).

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

	2026	2025
	HK\$'000	HK\$'000
0-30 days	401	17,177
31-60 days	269	6,162
61-180 days	14,748	32,365
181-365 days	53,127	3,419
Over 1 year	18,605	1,775
	87,150	60,898

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

The majority of the Group’s customers for overseas sales are generally on open account from 120 to 150 days (2025: 120 to 150 days) from the date of invoice. The credit period granted to local customers is 30 to 90 days (2025: 30 to 90 days).

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

	2026	2025
	HK\$'000	HK\$'000
Trade payables	55,705	49,562
Deposits received	273	269
Accrued expenses	4,561	4,425
Other tax payables	1,380	11
Other payables	3,695	13,889
Total trade and other payables	65,614	68,156
Less: Current portion	65,483	68,156
Non-current portion	131	—

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

	2026	2025
	HK\$'000	HK\$'000
0 - 30 days	433	11,710
31 - 90 days	610	3,335
91 - 180 days	12,975	14,459
Over 180 days	41,687	20,058
	55,705	49,562

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

For purchases from overseas suppliers, trade payables are normally settled on terms of 30 to 60 days (2025: 30 to 60 days) from the date of bill of lading. For purchases from local suppliers, the credit period was 30 days (2025: 30 days).

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

14. BANK AND OTHER BORROWINGS

	2026	2025
	HK\$'000	HK\$'000
Fixed rate and unsecured other borrowings, repayable within one year	3,770	600
Variable rate and unsecured bank borrowings, repayable within one year	5,605	—
	9,375	600

At 31 March 2026, the other borrowings denominated in RMB (2025: HK\$) carry interest at 3.0% (2025: 5.25%) per annum.

At 31 March 2026, the bank borrowings denominated in RMB (2025: Nil) carry interests at 1-year Loan Prime Rate per annum.

SCOPE OF WORK OF GLOBAL LINK CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2026 as set out in the preliminary announcement have been agreed by the Group's auditor, Global Link CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Global Link CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Global Link CPA Limited on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the year ended 31 March 2026 (the “**Year**”, “**Reporting Period**”), the Group is principally engaged in the Wholesale Business, the Unmanned Aerial Vehicles Business and the Property Investment Business.

WHOLESALE BUSINESS

The Group is engaged in the wholesale and trading of garment and sportswear products in the Mainland China which are subsequently exported to overseas market including Africa. The Group is also engaged in the wholesale of timepieces and accessories in the Mainland China and Hong Kong.

China's economy recorded a year-to-year growth of 5.0% in Q1 2026, accelerating from 4.5% in Q4 and surpassing market expectations of 4.8%. This marked the fastest annual growth in three quarters, supported largely by resilient export performance although Beijing braces for potential fallout from the Iran conflict, and companies diversified shipments to Europe and Latin America to offset weak domestic consumption and US tariffs. Nevertheless, the economists expect China's growth momentum to weaken over the rest of the year of 2026, weighed down by mounting external headwinds, particularly if the Middle East crisis is prolonged.

In Hong Kong, retail sales grew by 9.8% year-on-year in March 2026, easing from a near three-year high of 17.5% in the previous month. The slowdown in overall retail sales growth was also driven by clothing and footwear and allied products (18.9% versus 4.1%) and department stores (1.3% versus 31.8%). Meanwhile, sales increased at a faster pace for consumer durable goods (42.4% versus 24.1%) and jewelry, watches and clocks, and valuable gifts (5.7% versus 4.4%).

During the Reporting Period, the Group's Wholesale Business experienced a decline in revenue, primarily due to the global economic slowdown and sluggish retail sales in certain categories in Hong Kong. While exports of garments and sportswears remained supported by diversified shipment channels, the wholesale of timepieces and accessories encountered headwinds from weaker demand in Hong Kong's jewelry and timepiece market.

The Group remains focused on strengthening its export channels and diversifying market exposure to mitigate external risks. Continued emphasis will be placed on operational efficiency and cost management to navigate the challenging macroeconomic environment and safeguard long-term growth.

UNMANNED AERIAL VEHICLES BUSINESS

The Group carries on the Unmanned Aerial Vehicles Business through Shandong Longyi Aviation Technology Co., Ltd, a wholly owned subsidiary of the Group, and its subsidiaries ("**Longyi Group**").

Longyi Group is based at High-tech Zone, Jining City, Shandong Province, Shandong, the PRC. The Longyi Group is also recognised as a High and New Technology Enterprise (高新技術企業) ("**HNTE**") in the PRC, Specialised and Sophisticated Small and Medium-sized Enterprise ("**SME**") in Shandong Province (山東省專精特新企業) and National Technology-based SME (科技型中小企業).

Longyi Group has a wide range of product types and applications, and has developed a series of drone products with load capacities ranging from 20 kilograms to 600 kilograms, all of which have been applied in practice. Multiple models have demonstrated outstanding performance in industry applications, with superior performance, safety, and reliability, making important contributions to the development of industrial drones. The product application covers multiple fields such as emergency rescue, forest fire prevention, geographic information surveying, geological survey, disaster monitoring, meteorological detection, air traffic control, communication relay, power construction wiring, inspection, aerial photography, urban public safety, smart agriculture, and has received unanimous recognition and praise from customers.

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

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

PROPERTY INVESTMENT BUSINESS

As at 31 March 2026, the Group held six investment properties located in the Mainland China and five investment properties (including three car parking spaces) located in Hong Kong for generating rental income purposes (the “**Investment Properties**”). As at 31 March 2026, four investment properties were leased out (2025: four), and the remaining investment properties were vacant.

The value of the Investment Properties amounted to approximately HK\$88.6 million based on the independent valuation of the Investment Properties as at 31 March 2026 (2025: approximately HK\$91.8 million).

FINANCIAL REVIEW

REVENUE

The Group recorded a revenue of approximately HK\$104.5 million for the Year, representing a decrease of 12% as compared to that of approximately HK\$118.8 million for the year ended 31 March 2025 (the “**Previous Year**”).

Revenue derived from the Wholesale Business decreased by approximately 26% from approximately HK\$90.9 million for the Previous Year to approximately HK\$67.6 million for the Year.

Revenue derived from Unmanned Aerial Vehicles Business increased by approximately 27% from approximately HK\$26.9 million for the Previous Year to approximately HK\$34.1 million for the Year.

Revenue derived from Property Investment Business was increased by approximately 170% from approximately HK\$1.0 million the Previous Year to approximately HK\$2.7 million for the Year.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group recorded a gross profit of approximately HK\$34.3 million, representing an increase of approximately 35% as compared to approximately HK\$25.5 million for the Previous Year. The gross profit margin for the Year was approximately 33%, as compared to the gross profit margin of 22% for the Previous Year. The increase in gross profit margin was mainly attributable from increase in revenue of high gross profit margin products in Unmanned Aerial Vehicles Business.

The Group recorded a gross profit and gross profit margin of approximately HK\$13.9 million and 21% respectively in the Wholesale Business for the Year, representing an increase of approximately 26% as compared to gross profit of approximately HK\$11.0 million for the Previous Year. The increase was mainly attributable from the increase in revenue driven from certain aged inventories, which were fully impaired in prior years, no impairment provision of inventories was provided in the Year.

The Group recorded a gross profit and gross profit margin of approximately HK\$17.7 million and 52% respectively of the Unmanned Aerial Vehicles Business for the Year, representing an increase of approximately 31% as compared to approximately HK\$13.5 million for the Previous Year. The increase was in line with the increase in revenue.

The Group recorded a gross profit of approximately HK\$2.7 million in respect of the property investment business for the Year, representing an increase of approximately 170% as compared to gross profit of approximately HK\$1.0 million for the Previous Year. The increase was in line with the increase in revenue.

SELLING, DISTRIBUTION AND MARKETING EXPENSES

Selling, distribution and marketing expenses decreased by approximately 30% from approximately HK\$13.8 million for the Previous Year to approximately HK\$9.6 million for the Year. The decrease was mainly due to decrease in selling and distribution expenses in timepieces and accessories product line under Wholesale Business, upon the termination of exclusive distribution rights bearing certain trademarks as disclosed in last fiscal year of annual report.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by approximately 23% from approximately HK\$32.3 million for the Previous Year to approximately HK\$24.9 million for the Year. The administrative expenses mainly represented depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, legal and professional fees, and staff costs including directors and corporate employees.

IMPAIRMENT LOSSES ON ASSETS

Trade and other receivables

Impairment losses under expected credit loss (“ECL”) model, net of reversal represented the net impairment losses on trade and other receivables, which increased by 181% from the reverse of approximately HK\$3.6 million for the Previous Year to approximately HK\$2.9 million for the Year.

Goodwill and other intangible assets

During the Previous Year, the exclusive distribution right of the timepieces and accessories bearing certain trademarks in territories of the Mainland China, Hong Kong and Taiwan was terminated in accordance with a settlement for termination of bilateral agreement entered between a subsidiary of the Company and supplier. The management of the Group considered the sales of the timepieces and accessories products would decrease and determined impairment of the related goodwill and distribution rights under other intangible assets amounting to HK\$0.7 million and HK\$1.6 million respectively. During the Year, there is no impairment on the remaining goodwill and other intangible assets.

Analysis of trade and lease receivables and allowance for credit losses at 31 March 2026:

Exposure to credit risk by business segments	As at 31 March 2026		
	Trade receivable, gross HK\$'000	Allowance for credit losses HK\$'000	Trade receivable, net HK\$'000
<u>Low risk</u>			
Wholesale Business	70,854	(4,820)	66,034
Property Investment	1,194	(31)	1,163
Unmanned Aerial Vehicles Business	22,579	(2,626)	19,953
	<u>94,627</u>	<u>(7,477)</u>	<u>87,150</u>
<u>Loss</u>			
Wholesale Business	76,750	(76,750)	—
Property Investment	6,197	(6,197)	—
Unmanned Aerial Vehicles Business	—	—	—
	<u>82,947</u>	<u>(82,947)</u>	<u>—</u>
Total	<u>177,574</u>	<u>(90,424)</u>	<u>87,150</u>

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

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

Trade receivables under low credit risk exposure, impairment losses of approximately HK\$7.5 million were provided, representing 8% of gross balance at 31 March 2026. Subsequently up to the date of this announcement, the Group received settlement approximately HK\$22.9 million, representing 24% of the gross balance as at 31 March 2026.

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

CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

The net loss on fair value change of investment properties of approximately HK\$4.7 million (Previous Year: net loss of approximately HK\$3.8 million) represented fair value adjustment of the Group's properties located in Hong Kong and the Mainland China as at 31 March 2026.

These properties were revalued based on their open market value as at 31 March 2026 by Vincorn Consulting and Appraisal Limited, an independent qualified professional valuer.

FINANCE COSTS

Finance costs decreased by approximately 90% from approximately HK\$2.0 million for the Previous Year to approximately HK\$0.2 million for the Year. The finance costs in the Year was predominantly contributed by bank and other borrowings in the Mainland China and in Hong Kong, the bank and certain other borrowings were fully repaid during the Year resulted in decrease in the finance costs.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIO

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

CASH POSITION

The Group had total cash and bank balances of approximately HK\$7.6 million as of 31 March 2026 (31 March 2025: approximately HK\$33.1 million).

BANK AND OTHER BORROWINGS

As of 31 March 2026, the Group has approximately HK\$9.4 million of the bank and other borrowings (31 March 2025: approximately HK\$0.6 million of other borrowings).

LEVERAGE

The ratio of current assets to current liabilities of the Group was approximately 2.3 as at 31 March 2026, which was steady as the same as at 31 March 2025. The Group's gearing ratio as at 31 March 2026 was approximately 3.6% (31 March 2025: approximately 0.2%), which is calculated based on the Group's bank and other borrowings of approximately HK\$9.4 million (31 March 2025: approximately HK\$0.6 million) and the Group's equity attributable to owners of the Company approximately HK\$261.7 million (31 March 2025: approximately HK\$261.7 million). The gearing ratio was increased as compared with the Previous Year due to increase in bank and other borrowings.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

FOREIGN CURRENCY RISK

The monetary assets and liabilities and business transaction of the Group are mainly based on Hong Kong dollars ("HK\$"), Renminbi ("RMB") and United States dollars ("US\$"). In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the Year. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and the Group mitigates the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the years ended 31 March 2026 and 2025, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

CREDIT RISK

The Group's credit exposure generally arises from counterparty risk in the course of engaging in the Wholesale Business, the Unmanned Aerial Vehicles Business and the Property Investment Business. As at 31 March 2026, trade receivables and trade payables of the Group were approximately HK\$87.2 million and approximately HK\$55.7 million (31 March 2025: approximately HK\$60.9 million and approximately HK\$49.6 million), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

LIQUIDITY RISK

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

TREASURY POLICIES

As at 31 March 2026, bank and other borrowings of approximately HK\$9.4 million were denominated in RMB (31 March 2025: other borrowings of approximately HK\$0.6 million were denominated in HK\$). The Group's bank borrowings at 31 March 2026 were subject to floating interest rates and the other borrowing was subject to fixed interest rate.

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

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

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

SIGNIFICANT INVESTMENT

The Group had no significant investment during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

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

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group in the Year are set out in note 4 to this announcement.

CAPITAL COMMITMENTS

Capital expenditure contracted for but not yet provided by the Group as at 31 March 2026 was approximately HK\$159,000 (31 March 2025: HK\$2,023,000), which was mainly related to the acquisition of property, plant and equipment.

CONTINGENT LIABILITIES AND LITIGATION

The Company has no executed guarantees for the banking facilities made by its subsidiaries as at 31 March 2026 (31 March 2025: No). As at 31 March 2026, the utilised facilities amounted to approximately HK\$5.6 million (31 March 2025: Nil).

Except for the foregoing, as at 31 March 2026, the Group had no other significant contingent liabilities or pending litigation.

EVENTS AFTER THE REPORTING PERIOD

As from 31 March 2026 to the date of this announcement, save as disclosed in this announcement, the Board is not aware of any significant events requiring disclosure that have occurred.

STAFF AND REMUNERATION POLICIES

As of 31 March 2026, the Group had a total of 107 employees (2025: 125 employees). Total staff costs (including directors' emoluments) for the Year amounted to approximately HK\$13.5 million (Previous Year: approximately HK\$12.5 million). Primary means of remuneration include competitive wages, contributory provident funds, insurance and standard medical benefits. The emoluments of the directors are decided by the remuneration committee of the Company (the "**Remuneration Committee**") based on the Company's operating results, individual performance and comparable market statistics. The Group has also adopted an annual discretionary bonus scheme for management and staff subject to the performance of the Group and individual employees. As of 31 March 2026, the Group has no outstanding share options issued to the Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the "**Audit Committee**") include reviewing and supervising of the Group's financial reporting process, risk management and internal control. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2026 and decided that such statements were properly prepared in accordance with the statutory requirements and applicable accounting standards.

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

USE OF NET PROCEEDS FROM THE PLACING OF NEW SHARES

Reference is made to the announcement of the Company dated 14 August 2023, 15 August 2023 and 4 September 2023 relating to the placing of new ordinary shares of HK\$0.01 each (the "Share") of the Company, the Company and the placing agent (the "**Placing Agent**") entered into the placing agreement (the "**Placing Agreement**"), pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Company, placees (the "**Placees**") for, or failing which on a best effort basis, a maximum of 185,678,193 placing shares (the "**Placing Share(s)**") to not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the placing price of HK\$0.180 per Placing Share (the "**Placing**"), all conditions set out in the Placing Agreement have been fulfilled and completion of the Placing took place on 4 September 2023.

The net proceeds after deducted from professional fees and other related expenses (“**Net Proceeds**”) from the Placing were approximately HK\$32.60 million, on such basis, the net price of each Share under the Placing is approximately HK\$0.176.

The net proceeds applied by the Group during the period from the completion date up to 31 March 2026 are as follows:

	Planned use of proceeds HK\$’000	Actual use of proceeds HK\$’000	Unused amount HK\$’000	Expected timeline for utilising the remaining net proceeds (Note)
Existing operations	22,820	(22,820)	—	
Potential investment	6,520	—	6,520	End of 2026
General working capital	3,260	(3,260)	—	
Total	32,600	(26,080)	6,520	

Note: The expected timeline for utilising the remaining net proceeds is based on the best estimation of the Company taking into accounts, among others, prevailing and future market conditions and business development and needs, and therefore is subject to change.

Any net proceeds that were not applied immediately have been placed at the short-term deposits with licensed banks in order to generate higher returns.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

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

CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the year ended 31 March 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors regarding any non-compliance with the Model Code during the year ended 31 March 2026, they have all confirmed their full compliance with the required standards as set out in the Model Code throughout the year ended 31 March 2026.

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement has been published on the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.mdaerotech.com. The annual report for the year ended 31 March 2026 will be despatched to the shareholders of the Company and published on the above-mentioned websites in due course.

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

Hong Kong, 12 June 2026

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