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照現生態
ZHAOXIAN SHENGTAI

Zhao Xian Business Ecology International Holdings Limited
照現生態國際控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8245)

THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) of Zhao Xian Business Ecology International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the nine months ended 31 December 2022 (the “**Third Quarterly Results**”). This announcement contains the full text of the Third Quarterly Report of the Group for the nine months ended 31 December 2022 and the contents were prepared in accordance with the relevant disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM**” and the “**GEM Listing Rules**”, respectively). The Third Quarterly Results have been reviewed by the Board and the audit committee of the Board.

By order of the Board
Zhao Xian Business Ecology International Holdings Limited
Zhu Xiu Zhi
Executive Director

Hong Kong, 14 February 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yeung Shing Wai, Ms. Zhu Xiu Zhi and Ms. Wong Ming Kwan Victoria; and three independent non-executive Directors, namely Mr. Choi Pun Lap, Mr. Sheng Wei and Ms. Ip Sin Nam Ingrid.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.zhaoxian-int.com.

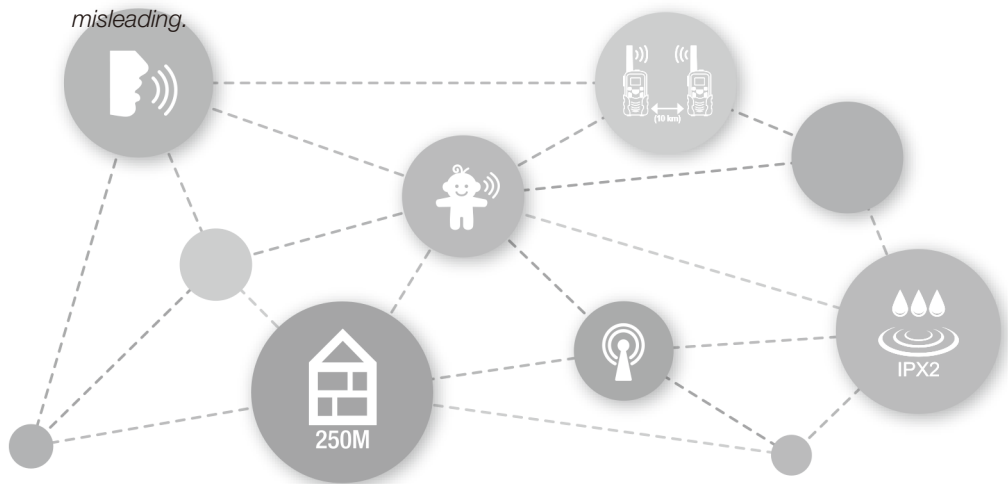
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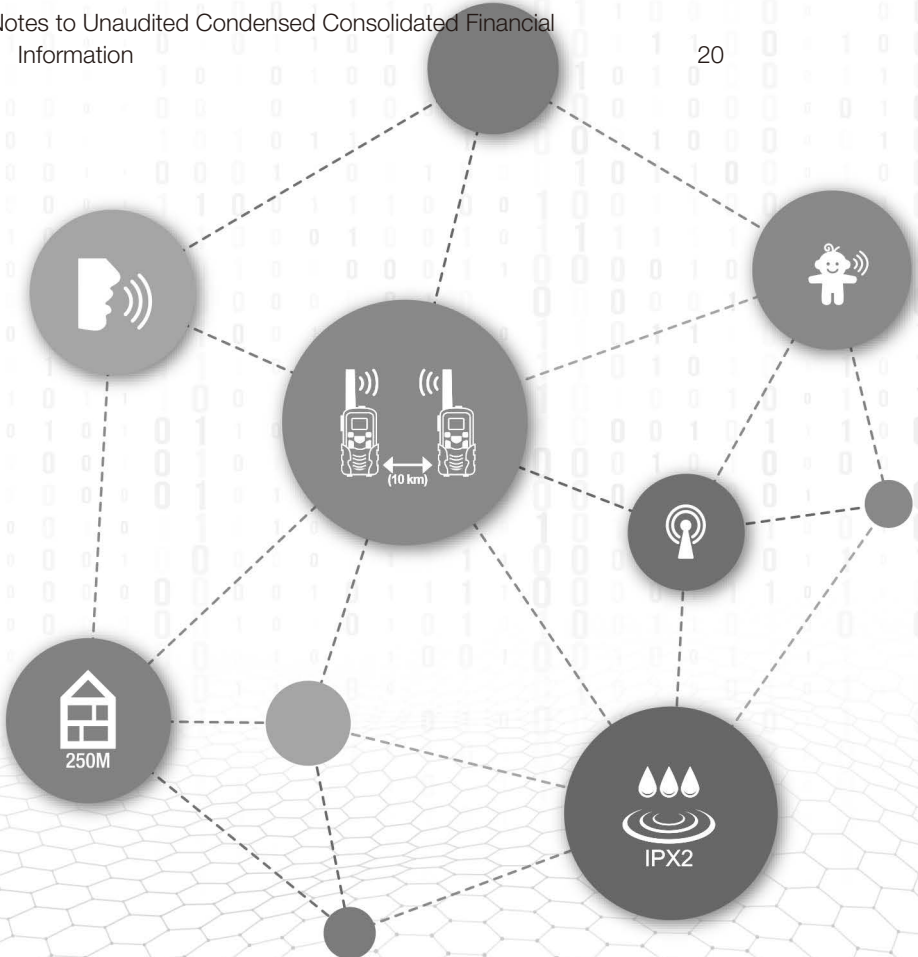
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*This report, for which the directors (the “**Directors**”) of Zhao Xian Business Ecology International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



Contents

Corporate Information	3
Financial Highlights	5
Management Discussion and Analysis	6
Other Information	11
Unaudited Condensed Consolidated Financial Statements	17
Notes to Unaudited Condensed Consolidated Financial Information	20



DIRECTORS

Executive Directors:

Mr. Au Yeung Yiu Chung (appointed on 3 May 2022 and resigned on 30 September 2022)

Mr. Yeung Shing Wai

Ms. Zhu Xiu Zhi (Re-designated from Independent Non-executive Director to Executive Director on 21 June 2022)

Ms. Wong Ming Kwan Victoria (appointed on 2 September 2022)

Independent

Non-executive Directors:

Mr. Choi Pun Lap (appointed on 21 April 2022)

Mr. Sheng Wei (appointed on 16 May 2022)

Ms. Ip Sin Nam Ingrid (appointed on 2 September 2022)

Mr. Chan Shiu Man (retired on 2 September 2022)

AUDIT COMMITTEE

Mr. Choi Pun Lap (*Chairman*)

Mr. Sheng Wei

Ms. Ip Sin Nam Ingrid

REMUNERATION COMMITTEE

Mr. Sheng Wei (*Chairman*)

Mr. Choi Pun Lap

Ms. Ip Sin Nam Ingrid

NOMINATION COMMITTEE

Mr. Choi Pun Lap (*Chairman*)

Mr. Sheng Wei

Ms. Ip Sin Nam Ingrid

COMPANY SECRETARY

Mr. Lo Cheuk Fei Jeffrey (appointed on 1 April 2022)

COMPLIANCE OFFICER

Mr. Yeung Shing Wai

AUTHORISED REPRESENTATIVES

Mr. Lo Cheuk Fei Jeffrey (appointed on 1 April 2022)

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG	G/F., 200 Hennessy Road Wan Chai Hong Kong
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE	Boardroom Share Registrars (HK) Limited Room 2103B, 21/F 148 Electric Road North Point, Hong Kong
PRINCIPAL BANKERS	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
AUDITOR	Fan, Chan & Co. Limited Rooms 1007-1012, 10/F K. Wah Centre, 191 Java Road North Point, Hong Kong
STOCK CODE	8245
COMPANY'S WEBSITE	www.zhaoxian-int.com

- Revenue of the Company for the nine months ended 31 December 2022 amounted to approximately HK\$68.2 million, representing a significant decrease of approximately 22.6% as compared with that of approximately HK\$88.1 million for the nine months ended 31 December 2021.
- Profit attributable to the owner of the Company for the nine months ended 31 December 2022 amounted to approximately HK\$2.3 million compared with loss of approximately HK\$34.0 million for the nine months ended 31 December 2021.
- Basic and diluted (loss) earnings per share for the nine months ended 31 December 2022 amounted to approximately HK cents 0.34 (for the nine months ended 31 December 2021: HK cents (5.68)).
- The Board does not recommend the payment of any dividend in respect of the nine months ended 31 December 2022 (for the nine months ended 31 December 2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2022, together with the unaudited comparative figures for the corresponding period in 2021.

BUSINESS REVIEW

The Group is a two-way radio product designer and manufacturer established in 2001. We derive the revenue principally from designing, manufacturing and selling two-way radios and baby monitor products on original design manufacturing basis.

The Group’s revenue decreased from approximately HK\$88.1 million for the nine months ended 31 December 2021 to approximately HK\$68.2 million for the nine months ended 31 December 2022, representing a decrease of approximately 22.6%. Such decrease was mainly due to the negative impact brought by the COVID-19.

The Group’s revenue of two-way radios decreased by approximately 51.3% from approximately HK\$65.8 million for the nine months ended 31 December 2021 to approximately HK\$32.0 million for the nine months ended 31 December 2022. The reason for the decrease was mainly due to the negative impact brought by the COVID-19.

The Group’s revenue of baby monitors decreased by approximately 82.5% from approximately HK\$0.6 million for the nine months ended 31 December 2021 to approximately HK\$0.1 million for the nine months ended 31 December 2022 mainly due to the negative impact brought by the COVID-19.

The Group derived approximately HK\$1.5 million from servicing business for the nine months ended 31 December 2022 (for the nine months ended 31 December 2021: nil). The was mainly due to the provision of supply chain SAAS system and block chain related maintenance services.

The Group's revenue of other products increased by approximately 59.1% from approximately HK\$21.7 million for the nine months ended 31 December 2021 to approximately HK\$34.5 million for the nine months ended 31 December 2022 mainly due to the increase in demand and increase of number of purchase orders from our other products.

The Company will continue to diversify the revenue stream and expand the customer base by expanding product offerings and exploring business opportunity with current and potential customers.

The following tables set forth the breakdowns of the revenue of the Group by product/service categories for the nine months ended 31 December 2022:

	Unaudited					
	Nine months ended 31 December					
	2022		2021		Increase (decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Two-way radios	32,034	47	65,778	74.7	(33,744)	51.3
Baby monitors	103	0.2	587	0.7	(484)	(82.5)
Service business	1,523	2.2	—	—	1,523	100.0
Other products	34,506	50.6	21,691	24.6	12,815	59.1
Total	68,166	100.0	88,056	100.0	(19,890)	22.6

PROSPECT

Our business objectives are to grow our existing business by strengthening our product portfolio, enhancing our information management system and enhancing our marketing efforts. We will continue to look for opportunities to diversify our revenue stream, search for new product and to leverage our developed sales channels and network for distributing related products.

In coming year, the Group will continue to spend effort in research and development on new product line and seek for new customers and sales channels. We will also continue to subcontract partial of our manufacturing and operation activities to reduce the fix overhead and to enhance the flexibility in terms of fixed cost commitment. We will continue to put effort in developing new model of our products and diversify our revenue streams which are expected to bring growth potential for turnover to the Group and returns to the shareholders of the Company (the “**Shareholders**”). The Group will enhance our business revenue and profitability by introducing new product categories and/or leveraging our research and development capability to provide design engineering service to our customers. The Group will look for and consider potential investment business opportunities from time to time.

The economic downturn caused by impact of COVID-19 and the effect of trade war between the People’s Republic of China and United States have brought about additional uncertainties to the Group’s operating environment and may impact the Group’s operations and financial position. The Group will continue to keep track of development of the COVID-19 and trade war and to evaluate their impacts on the Group’s financial position, cash flows and operating results. The Group holds a positive and optimistic attitude to react proactively to its possible impact on Group’s performance.

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The majority of the Group’s cost of sales comprised of raw material cost, product costs, direct labour costs and subcontracting fees. The cost of sales decreased by approximately 33.7% from HK\$87.3 million for the nine months ended 31 December 2021 to approximately HK\$57.9 million for the nine months ended 31 December 2022. The gross profit ratio increased from approximately 0.8% for the nine months ended 31 December 2021 to approximately 15.1% for the nine months ended 31 December 2022. The reason for the increase in gross profit was that the proportion of the increase in revenue outweigh the fixed overhead especially the staff costs.

Selling and Distribution Expenses

The selling and distribution expenses decreased from approximately HK\$1.1 million for the nine months ended 31 December 2021 to approximately HK\$0.2 million for the nine months ended 31 December 2022, which was mainly due to less transportation expenses and certification cost incurred compared with corresponding period in 2021.



Administrative Expenses

The administrative expenses decreased from approximately HK\$33.5 million for the nine months ended 31 December 2021 to approximately HK\$9.3 million for the nine months ended 31 December 2022, which was mainly due to decrease of research and development fee and staff costs.

Profit attributable to the owners of the Company

Profit attributable to the owners of the Company for the nine months ended 31 December 2022 amounted approximately HK\$2.3 million compared to a loss of approximately HK\$34.0 million for the nine months ended 31 December 2021. The reason for the turn around was mainly contributed by the successful implementation of cost control policy.

Dividend

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2022 (for the nine months ended 31 December 2021: nil).

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

On 24 June 2022, a direct wholly-owned subsidiary of the Company entered into the sale and purchase agreement to acquire 100% equity interest in World Smarts Co. Limited (“**World Smarts**”) (“**Acquisition**”) from vendors (“**Vendors**”) namely Wong Ming Kwan Victoria and DD Innovation Limited, independent third parties to the Group, at a consideration of HK\$15,000,000 which was satisfied by the issue of the Consideration Shares by the Company to the Vendors upon Completion. World Smart is a limited company incorporated in Hong Kong in 2014 and is principally engaged in the production and sales of OEM, ODM and OBM plastic products with specialty in 3D items, infants and children products. During the nine months period 31 December 2022, the Group obtained control in World Smarts on 24 June 2022.

More details are set out in the Company’s announcements dated 2 June 2022, 14 June 2022 and 24 June 2022.

The Group did not have any other immediate plans for material investment and capital assets as at the date of this report.

FUND RAISING ACTIVITIES

Placing of New Shares Under General Mandate

On 20 June 2022, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placees for up to 6,000,000 new Shares at a price of HK\$0.230 per Placing Share, for and on behalf of the Company.

On 8 July 2022, the Placing was completed and 6,000,000 new shares were issued to not less than six Placees at the Placing Price.

More details are set out in the Company's announcements dated 20 June 2022 and 8 July 2022.

As at 31 December 2022, the net proceeds of the Placing had been utilised as follows:

	Actual net proceeds allocated	Amount utilised up to 31 December 2022	Balance as at 31 December 2022
	HK\$ Million	HK\$ Million	HK\$ Million
General working capital	1.35	1.35	—

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the date of this report, the interests and short positions of the Directors and the Chief Executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/nature	No. of shares held in the associated corporation	% of shareholding in the associated corporation
Ms. Wong Ming Kwan Victoria	DD Innovation Limited	Beneficial interest	1	100%

Save as disclosed above, as at 31 December 2022, none of the Directors or Chief Executive of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange. There were no debt securities issued by the Group during the nine months ended 31 December 2022.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

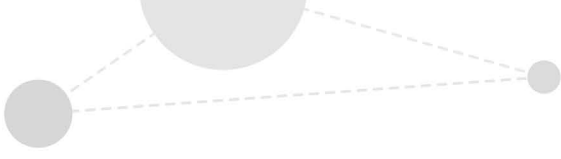
As at 31 December 2022, so far as known to the Directors, the following shareholders had, or were deemed to have, interests or short positions, in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name	Capacity	Number of Shares interested or held	Percentage of interest
DD Innovation Limited ("DD Innovation") (Note 1)	Beneficial owner	95,590,909	13.45%
Ms. Wong Ming Kwan Victoria ("Ms. Wong") (Note 1)	Beneficial owner and interest in a controlled corporation	113,636,364	15.82%
Solution Smart Holdings Limited ("Solution Smart") (Note 2)	Beneficial owner	112,589,600	18.81%
Mr. Chung Wai Sum ("Mr. Chung") (Note 2)	Interest in a controlled corporation	112,589,600	18.81%
SMK Investment Company Limited ("SMK") (Note 3)	Beneficial owner	90,997,600	15.20%
Mr. Kor Sing Mung Michael (Note 3)	Interest in a controlled corporation	90,997,600	15.20%

Notes:

- Ms. Wong is the sole beneficial shareholder of DD Innovation. Therefore, Ms. Wong is deemed to be interested in the Shares in which DD Innovation is interested for the purpose of the SFO. In addition, Ms. Wong directly holds 17,045,455 shares of the Company.
- Mr. Chung Wai Sum is the sole beneficial shareholder of Solution Smart. Therefore, Mr. Chung is deemed to be interested in 112,589,600 shares of the Company held by Solution Smart under the SFO.
- Mr. Kor Sing Mung Michael, is the sole beneficial shareholder of SMK. Therefore, Mr. Kor Sing Mung Michael is deemed to be interested in 90,997,600 shares of the Company held by SMK under the SFO.
- All interests stated above represent long positions.



Save as disclosed above, the Directors are not aware of any other person who had an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2022.

DIRECTORS' INTEREST IN CONTRACTS

Apart from the transactions disclosed under the heading “Related Party Transactions” as set out in note 11 of this report, there were no other contracts of significance in relation to the Group’s business to which the Group was a party and which a Director had a material interest, whether directly or indirectly, subsisted during the nine months ended 31 December 2022.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the nine months ended 31 December 2022, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE

The Company is committed to ensure a high standard of corporate governance in the interests of the Shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has complied with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules throughout the nine months ended 31 December 2022. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the nine months ended 31 December 2022.

The Company fully complied with all the Code Provisions throughout the nine months ended 31 December 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Group had adopted Rules 5.46 to Rules 5.67 of the GEM Listing Rules ("**Model Code**") as its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiry with all the Directors and all the Directors of the Company had confirmed compliance with the required standard of dealings and the code of conduct for Directors' securities transactions during the nine months ended 31 December 2022.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the nine months ended 31 December 2022.

SHARE OPTION SCHEME

The share option scheme of the Company ("**Scheme**") was adopted pursuant to a resolution passed by the Company's shareholders on 16 September 2015 for the primary purpose is to attract, retain and motivate talented participants, to strive for future developments and expansion of the Group. Eligible participants of the Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), advisors, consultants of the Company or any of its subsidiaries.

The Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Scheme is adopted, after which period no further share options will be granted but the provisions of the Scheme shall in all other respects remain in full force and effect and share options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue. The principal terms of which were summarized in the paragraph headed “Share Option Scheme” in Appendix IV to the Company’s Prospectus dated 18 September 2015.

On 24 November 2022, the Company has granted a total of 3,200,000 share options to four employees of the Company pursuant to the share option scheme of the Company adopted by the Company on 16 September 2015 to subscribe for an aggregate of 48,000,000 new ordinary shares of HK\$0.01 each of the Company. Details are set out in the Company’s announcements dated 24 November 2022, 25 November 2022 and 13 December 2022.

Movements of the shares options granted to the selected employees pursuant to the Share Option Scheme during the nine months period ended 31 December 2022 are as follows:

Grantee	Validity period of the share options	Number of shares options				Outstanding at 31 December 2022
		Outstanding at 1 April 2022	Granted during the period	Vested during the period	Lapsed during the period	
Granted on 24 November 2022						
Employees	24 November 2022 to 23 November 2025	-	3,200,000	-	-	3,200,000

AUDIT COMMITTEE

The existing audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, chaired by Mr. Choi Pun Lap and the other two members are Mr. Sheng Wei and Ms. Ip Sin Nam.

The unaudited third quarterly financial results of the Group for the nine months ended 31 December 2022 have been reviewed by the Audit Committee.

EVENTS AFTER REPORTING PERIOD

There were no significant events since 31 December 2022 and up to the date of this report.

By Order of the Board

Zhao Xian Business Ecology International Holdings Limited

Zhu Xiu Zhi

Executive Director

Hong Kong, 14 February 2023

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2022

The Board is pleased to announce the unaudited consolidated results of the Group for the nine months ended 31 December 2022, together with the comparative figures for the corresponding period in 2021 which have been reviewed and approved by the Audit Committee, as follows:

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	9,549	33,500	68,166	88,056
Cost of sales		(7,716)	(34,339)	(57,881)	(87,336)
Gross profit (loss)		1,833	(839)	10,285	720
Other income	4	19	332	1,248	777
Other (losses) gains	5	(221)	(423)	685	(587)
Selling and distribution expenses		(7)	(269)	(151)	(1,063)
Administrative expenses		(1,891)	(7,787)	(9,289)	(33,452)
Finance costs	6	(87)	(138)	(278)	(376)
(Loss) profit before income tax	7	(354)	(9,124)	2,500	(33,981)
Income tax expense	8	(159)	—	(159)	—
(Loss) profit for the period		(513)	(9,124)	2,341	(33,981)
Other comprehensive income (expense)					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		2,961	(87)	3,922	434
Total comprehensive income (expense) for the period		2,448	(9,211)	6,263	(33,547)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2022

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
(Loss) profit for the period attributable to:					
Owners of the Company		(513)	(9,124)	2,341	(33,981)
Non-controlling interest		—	—	—	—
		(513)	(9,124)	2,341	(33,981)
Total comprehensive income (expense) for the period attributable to:					
Owners of the Company		(2,448)	(9,211)	6,263	(33,547)
Non-controlling interest		—	—	—	—
		(2,448)	(9,211)	6,263	(33,547)
Earning (loss) per share (HK Cents)					
Basic and diluted	9	(0.71)	(1.52)	0.34	(5.68)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	PRC statutory reserve	Exchange reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2022 (Audited)	7,481	93,897	1,465	2,670	4,373	(138,000)	(28,114)	63	(28,051)
Profit for the period	-	-	-	-	-	2,341	2,341	-	2,341
Other comprehensive income									
Exchange differences arising on translation of foreign operations	-	-	-	-	3,922	-	3,922	-	3,922
Total comprehensive income	-	-	-	-	3,922	2,341	6,263	-	6,263
Acquisition of subsidiaries	1,420	13,580	-	-	-	-	15,000	-	15,000
Placing	76	1,305	-	-	-	-	1,381	-	1,381
Share option	-	-	11	-	-	-	11	-	11
Balance at 31 December 2022 (Unaudited)	8,977	108,782	1,476	2,670	8,295	(135,659)	(5,459)	63	(5,936)
Balance at 1 April 2021 (Audited)	7,481	93,897	1,465	2,670	3,034	(77,553)	30,994	63	31,057
Loss for the period	-	-	-	-	-	(33,981)	(33,981)	-	(33,981)
Other comprehensive income									
Exchange differences arising on translation of foreign operations	-	-	-	-	434	-	434	-	434
Total comprehensive income (expense)	-	-	-	-	434	(33,981)	(33,547)	-	(33,547)
Balance at 31 December 2021 (Unaudited)	7,481	93,897	1,465	2,670	3,468	(111,534)	(2,553)	63	(2,490)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 30 June 2014 as an exempted company with limited liability under Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised), of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business was G/F., 200 Hennessy Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are designing, trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

The Company was listed on the GEM on 30 September 2015.

This unaudited condensed consolidated financial information is presented in thousands of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

This unaudited condensed consolidated third quarterly financial information for the nine months ended 31 December 2022 has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by HKICPA and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”).

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2022 are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2022 and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2022.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 have not been audited by the Company’s independent auditor but have been reviewed by the Company’s audit committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2022 is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies.

3 SEGMENT INFORMATION

Total revenue recognised during the respective period are as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Sales of goods	8,026	33,500	66,643	88,056
Sales of service	1,523	—	1,523	—
	9,549	33,500	68,166	88,056

The revenue from external parties is derived from numerous external customers and the revenue reported to the management is measured in a manner consistent with that in the condensed consolidated income statements.

The Group is principally engaged in the designing, trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

The executive Directors have been identified as the chief operating decision makers. The executive Directors have determined the operating segments based on the reports reviewed by them that are used to make strategic decisions.

Management considers the business from a product perspective whereby management assesses the performance of two-way radios, baby monitors, other communication devices and servicing business based on gross profit arising in the course of the ordinary activities which are recurring in nature.

3 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the executive Directors for the reportable segments for the nine months ended 31 December 2022 and 31 December 2021 is as follows:

	Two-way radio	Baby monitors	Service business	Other products (Note (i))	Total
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
For the nine months ended 31 December 2022					
Total segment revenue (from external customers)	32,034	103	1,523	34,506	68,166
Segment results for the period	7,049	78	480	2,678	10,285
Other segment item:					
Depreciation of property, plant and equipment	—	14	—	—	14
For the nine months ended 31 December 2021					
Total segment revenue (from external customers)	65,778	587	—	21,691	88,056
Segment results for the period	555	6	—	159	720
Other segment item:					
Depreciation of property, plant and equipment	1	1	—	1	3

Note (i): Other products include transistors, integrated circuits, plastic casings, rechargeable battery chargers, ultrasonic cleansers, inductive emergency flashlights, LCD display module and accessories such as headsets, belt clips, chargers and power adaptors etc.

3 SEGMENT INFORMATION (CONTINUED)

A reconciliation of total segment result to the loss for the respective period is provided as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Segment results	1,833	(839)	10,285	720
Other income	19	332	1,248	777
Other losses	(221)	(423)	685	(587)
Selling, distribution and administrative expenses	(1,898)	(8,056)	(9,440)	(34,515)
Finance costs	(87)	(138)	(278)	(376)
(Loss) profit before income tax	(354)	(9,124)	2,500	(33,981)

An analysis of revenue by geographic location, based on shipping destination, is set out below:

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Europe (Note 1)	—	3,169	—	7,055
Asia (Note 2)	9,549	30,331	68,166	81,001
	9,549	33,500	68,166	88,056

3 SEGMENT INFORMATION (CONTINUED)

Note 1: Europe includes but is not limited to France, Italy and Belgium but excludes UK, Germany and the Netherlands.

Note 2: Asia includes but is not limited to the PRC, Hong Kong and Taiwan.

Revenue is allocated based on the shipping destination.

4 OTHER INCOME

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Bank interest income	—	28	13	117
Gain on disposal of non-current assets	—	37	46	132
Sales of scrap materials	10	12	21	28
Others	9	255	1,168	500
	19	332	1,248	777

5 OTHER (LOSSES) GAINS

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Exchange losses, net	(221)	(423)	685	(587)

6 FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2022	2021	2022	2021
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Interest on:				
– bank and other borrowings	86	130	270	348
– lease liabilities	1	8	8	28
	87	138	278	376

7 (LOSS) PROFIT BEFORE INCOME TAX

	Three months ended 31 December		Nine months ended 31 December	
	2022	2021	2022	2021
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Cost of inventories recognised as expenses	6,832	23,453	52,038	60,435
Employee benefit expenses	1,091	12,183	5,592	26,765
Subcontracting fees	453	–	782	6,158
Depreciation				
– Property, plant and equipment	12	2	14	3
– Rights-of-use assets	–	47	–	141
Expenses relating to short-term leases and other leases with lease terms and within 12 months of the date of initial application of HKFRS 16	541	408	1,348	1,641

8 INCOME TAX EXPENSE

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% during the nine months ended 31 December 2022.

The amount of income tax expense charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax:				
PRC Enterprise Income Tax	159	—	159	—

9 (LOSS) EARNINGS PER SHARE

(a) Basic

Basic (loss) earnings per share is calculated by dividing the (loss) profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
(Loss) profit attributable to owners of the Company (HK\$'000)	(513)	(9,124)	2,341	(33,981)
Weighted number of ordinary shares in issue ('000) (Note)	718,136	598,500	681,053	598,500
Basic (loss) earnings per share (HK cents per share)	(0.71)	(1.52)	0.34	(5.68)

(b) Diluted

Basic and diluted earnings per share for the nine months period ended 31 December 2022 were the same because of no expectation for the exercise of the Company's outstanding share options as the exercise price of share options would result in an anti-dilutive effect on earnings per share for the nine months period ended 31 December 2022.

10 DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the nine months ended 31 December 2022 (for the nine months ended 31 December 2021: nil).

11 RELATED-PARTY TRANSACTIONS

For the purposes of these unaudited condensed consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the three and nine months ended 31 December 2022 and 31 December 2021.

Transactions with related parties

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Rental expenses charged by a related company	—	670	391	1,862

Note:

Rental expenses charged was paid to Xinxing On Time Electronics Limited. Mr. Tam Wing Ki ("Mr. Tam"), the ex-director and ex-chairman of the Company, has direct interest in the relevant party. Subsequent to resignation of the director and chairman of the Company, Mr. Tam is still acting as director of certain subsidiaries and one of the key management personnel of the Group.

12 EVENTS AFTER REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2022 and up to the date of this report.