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Shanyu Group Holdings Company Limited
善裕集團控股有限公司

(Formerly known as 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)

FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 30 JUNE 2023

The board of directors (the “**Board**”) of Shanyu Group Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 30 June 2023 (the “**First Quarterly Results**”). This announcement contains the full text of the First Quarterly Report of the Group for the three months ended 30 June 2023 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 First Quarterly Results have been reviewed by the Board and the audit committee of the Board.

By order of the Board
Shanyu Group Holdings Company Limited
Zhu Yuanyan
Executive Director

Hong Kong, 14 August 2023

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

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.shanyugroup.com.

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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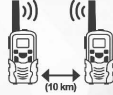
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*This report, for which the directors (the “**Directors**”) of Shanyu Group Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars 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.*



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CORPORATE INFORMATION

DIRECTORS

Executive Directors:	Mr. Yeung Shing Wai Ms. Zhu Xiu Zhi Ms. Wong Ming Kwan Victoria Ms. Zhu Yuanyan
Independent Non-executive Directors:	Mr. Choi Pun Lap Mr. Sheng Wei Ms. Ip Sin Nam

AUDIT COMMITTEE

Mr. Choi Pun Lap (*Chairman*)
Mr. Sheng Wei
Ms. Ip Sin Nam

REMUNERATION COMMITTEE

Mr. Sheng Wei (*Chairman*)
Mr. Choi Pun Lap
Ms. Ip Sin Nam

NOMINATION COMMITTEE

Mr. Choi Pun Lap (*Chairman*)
Mr. Sheng Wei
Ms. Ip Sin Nam

COMPANY SECRETARY

Mr. Lo Cheuk Fei Jeffrey

COMPLIANCE OFFICER

Mr. Yeung Shing Wai

AUTHORISED REPRESENTATIVES

Mr. Yeung Shing Wai
Mr. Lo Cheuk Fei Jeffrey

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681 Grand Cayman
KY1-1111 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

2/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.shanyugroup.com

FINANCIAL HIGHLIGHTS (UNAUDITED)

- Revenue of the Company for the three months ended 30 June 2023 amounted to approximately HK\$9.4 million, representing a decrease of approximately 78.9% as compared with that of approximately HK\$44.3 million for the three months ended 30 June 2022.
- Loss attributable to the owners of the Company for the three months ended 30 June 2023 amounted to approximately HK\$0.2 million compared with loss of approximately HK\$3.9 million for the three months ended 30 June 2022.
- Basic and diluted loss per share for the three months ended 30 June 2023 amounted to approximately HK cents 0.03 (for the three months ended 30 June 2022: HK cents 0.55).
- The Board does not recommend the payment of any dividend in respect of the three months ended 30 June 2023 (2022: 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 three months ended 30 June 2023, together with the unaudited comparative figures for the corresponding period in 2022.

BUSINESS REVIEW

The Group is a two-way radio product designer and manufacturer established in 2001. The Group derives revenue principally from designing, manufacturing and selling two-way radios, baby monitor products, plastic products and other communication devices on original design manufacturing basis.

The Group’s revenue decreased from approximately HK\$44.3 million for the three months ended 30 June 2022 to approximately HK\$9.4 million for the three months ended 30 June 2023, representing a decrease of approximately 78.9%. Such decrease was mainly due to the constant impact of global novel coronavirus disease 2019 (COVID-19) pandemic and the worldwide economic downturn.

The Group’s revenue of two-way radios decreased by approximately 87.6% from approximately HK\$21.1 million for the three months ended 30 June 2022 to approximately HK\$2.6 million for the three months ended 30 June 2023 due to decrease in demand of our two-way radio products.

The Group’s revenue of baby monitor increased significantly from approximately HK\$2 thousand for the three months ended 30 June 2022 to HK\$5.9 million for the three months ended 30 June 2023 due to the increase in demand of our baby monitor products.

The Group’s revenue of plastic products increased by approximately 100% from approximately HK\$nil for the three months ended 30 June 2022 to approximately HK\$0.6 million for the three months ended 30 June 2023. The revenue was solely contributed by the new subsidiary acquired in the previous financial year.

The Group’s revenue of other communication devices decreased by approximately 99.1% from approximately HK\$23.3 million for the three months ended 30 June 2022 to HK\$0.2 million for the three months ended 30 June 2023.

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 categories for the three months ended 30 June 2023 and 2022:

	Unaudited					
	For the three months ended 30 June					
	2023		2022		Increase (decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Two-way radios	2,617	27.9	21,063	47.5	(18,446)	(87.6)
Baby monitors	5,890	62.9	2	—	5,888	294,400
Plastic products	642	6.9	—	—	642	100
Other products	220	2.3	23,275	52.5	(23,055)	(99.1)
Total	9,369	100	44,340	100	(34,971)	(78.9)

PROSPECT

Our business objective is to grow our existing business by strengthening our product portfolio and enhancing our information management system and marketing efforts. The Group will continue to invest in research and development of new product lines 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 develop new products and diversify our revenue streams which are expected to bring growth to the turnover of the Group. 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 services to our customers. The Group will continue to look for and consider potential investment opportunities from time to time.

The economic downturn caused by impact of COVID-19 and the effect of trade war 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 toward the possible impacts 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 costs and direct labour costs. Our cost of sales decreased by approximately 82.2% from approximately HK\$44.3 million for the three months ended 30 June 2022 to approximately HK\$7.9 million for the three months ended 30 June 2023, which was in line with the decrease in revenue for the three months ended 30 June 2023. The gross margin significantly increased from approximately 0.1% for the three months ended 30 June 2022 to approximately 16.0% for the three months ended 30 June 2023.

Selling and distribution expenses

The selling and distribution expenses decreased from approximately HK\$0.1 million for the three months ended 30 June 2022 to approximately HK\$nil for the three months ended 30 June 2023.

Administrative expenses

The administrative expenses decreased from approximately HK\$4.3 million for the three months ended 30 June 2022 to approximately HK\$2.1 million for the three months ended 30 June 2023, which was mainly due to decrease in salaries expenses.

Loss attributable to the owners of the Company

Loss attributable to the owners of the Company for the three months ended 30 June 2023 amounted to approximately HK\$0.2 million compared with loss of approximately HK\$3.9 million for the three months ended 30 June 2022.

Dividend

The Board does not recommend the payment of a dividend for the three months ended 30 June 2023 (2022: 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, both are independent third parties to the Group at the time of acquisition, 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 Smarts 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. The Group obtained control in World Smarts on 24 June 2022. More details are set out in the Company’s announcement dated 2 June 2022, 14 June 2022 and 24 June 2022.

The Group did not have material investment and disposal during three months ended 30 June 2023.

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

OTHER INFORMATION

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

As at 30 June 2023, 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 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

The shares of associated corporation held by a director

Name of director	Name of associated corporation	Capacity/ Nature	No. of share held in the associated corporation	% of shareholding in the associated corporation	No. of share held in the Company
Ms. Wong Ming Kwan Victoria (" Ms. Wong ")	DD Innovation Limited	Beneficial interest	1	100%	96,590,909

The shares of the Company personally held by a director

In addition to the shares of associated corporation mentioned above, Ms. Wong personally holds 17,045,455 shares of the Company.

Saved as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation (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 the Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2023, 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	96,590,909	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.

3. 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.
4. All interests stated above represent long positions.

Save as disclosed above, the Directors are not aware of any other person who has 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 30 June 2023.

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 three months ended 30 June 2023.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the three months ended 30 June 2023, 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 three months ended 30 June 2023. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the three months ended 30 June 2023.

The Company fully complied with all the Code Provisions throughout the three months ended 30 June 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Group had adopted Rules 5.48 to 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 set out in the Model Code and the code of conduct for Directors' securities transactions during the three months ended 30 June 2023.

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

The Company has not redeemed any of its shares during the three months ended 30 June 2023. Neither the Company nor any of its subsidiaries had purchased or sold any of Company's shares during the three months ended 30 June 2023.

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 summarised in the paragraph headed "Share Option Scheme" in Appendix IV to the Prospectus.

On 24 November 2022, 3,200,000 share options had been granted to 4 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 38,400,000 new ordinary shares of the Company. The total number of shares of the Company which may be issued upon the exercise of all options to be granted under the Scheme was 38,400,000 shares (adjusted as a result of share consolidation effected on 6 February 2020) of the Company, representing approximately 5.3% of the issued share capital of the Company as at 30 June 2023 and the date of this report.

Details of the share options granted are set out in the Company's announcements dated 24 November 2022, 25 November 2022 and 13 December 2022.

AUDIT COMMITTEE

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

The unaudited first quarterly financial results of the Group for the three months ended 30 June 2023 have been reviewed by the Audit Committee.

By Order of the Board
Shanyu Group Holdings Company Limited
Zhu Yuanyan
Executive Director

Hong Kong, 14 August 2023

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2023

The Board announces the unaudited consolidated results of the Group for the three months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022 which have been reviewed by the Audit Committee, as follows:

	Note	Three months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	9,369	44,340
Cost of sales		(7,866)	(44,286)
Gross profit		1,503	54
Other income	4	130	149
Other gain	5	444	383
Selling and distribution expenses		—	(113)
Administrative expenses		(2,108)	(4,312)
Finance costs	7	(78)	(100)
Loss before income tax	6	(109)	(3,939)
Income tax expense	8	(77)	—
Loss for the period		(186)	(3,939)
Other comprehensive income/ (expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		7	(8,293)
Total comprehensive expense for the period		(179)	(12,232)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2023

	Note	Three months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss for the period			
Owners of the Company		(186)	(3,939)
Non-controlling interest		—	—
		(186)	(3,939)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(179)	(12,232)
Non-controlling interest		—	—
		(179)	(12,232)
Loss per share (HK Cents)			
Basic and diluted	9	(0.03)	(0.55)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 30 June 2023

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	PRC Statutory reserve	Share option reserve	Exchange reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2023 (Audited)	8,977	146,622	1,465	2,670	240	(1,292)	(164,300)	(5,618)	(85)	(5,703)
Loss for the period	-	-	-	-	-	-	(186)	(186)	-	(186)
Other comprehensive income										
Exchange difference arising on translation of foreign operations	-	-	-	-	-	7	-	7	-	7
Total comprehensive income/(expense)	-	-	-	-	-	7	(186)	(179)	-	(179)
Balance at 30 June 2023 (Unaudited)	8,977	146,622	1,465	2,670	240	(1,285)	(164,486)	(5,797)	(85)	(5,882)

	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	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)
Loss for the period	-	-	-	-	-	(3,939)	(3,939)	-		(3,939)
Other comprehensive expense										
Exchange difference arising on translation of foreign operations	-	-	-	-	(8,293)	-	(8,293)	-		(8,293)
Total comprehensive expense	-	-	-	-	(8,293)	(3,939)	(12,232)	-		(12,232)
Issue of shares upon acquisition of a subsidiary	1,421	13,579	-	-	-	-	15,000	-		15,000
Balance at 30 June 2022 (Unaudited)	8,902	107,476	1,465	2,670	(3,920)	(141,939)	(25,346)	63		(25,283)

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 is 2/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, plastic products and 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 BASIC OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

This unaudited condensed consolidated first quarterly financial information for the three months ended 30 June 2023 has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants 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 three months ended 30 June 2023 are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2023 and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2023.

The unaudited condensed consolidated financial statements for the three months ended 30 June 2023 have not been audited by the Company’s independent auditor but have been reviewed by the Company’s audit committee.

2 BASIC OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Basis of preparation of consolidated financial statements (CONTINUED)

The preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 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 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Sales of goods	9,369	44,340
	9,369	44,340

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, plastic products and other products 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, plastic products and other products 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 three months ended 30 June 2023 and 30 June 2022 is as follows:

	Two-way radios HK\$'000 (Unaudited)	Baby monitors HK\$'000 (Unaudited)	Plastic products HK\$'000 (Unaudited)	Other products (Note) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the three months ended 30 June 2023					
Total segment revenue (from external customers)	2,617	5,890	642	220	9,369
Segment results for the period	447	709	250	97	1,503
Other segment item:					
Depreciation of property, plant and equipment	—	—	—	—	—

3 SEGMENT INFORMATION (CONTINUED)

	Two-way radios HK\$'000 (Unaudited)	Baby monitors HK\$'000 (Unaudited)	Plastic products HK\$'000 (Unaudited)	Other products (Note) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the three months ended 30 June 2022					
Total segment revenue (from external customers)	21,063	2	—	23,275	44,340
Segment results for the period	1,423	—	—	(1,369)	54
Other segment item:					
Depreciation of property, plant and equipment	—	—	—	—	—

Note: 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)/profit for the respective period is provided as follows:

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Segment results	1,503	54
Other income	130	149
Other gain	444	383
Selling, distribution and administrative expenses	(2,108)	(4,425)
Finance costs	(78)	(100)
Loss before income tax	(109)	(3,939)

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

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Asia (Note)	9,369	44,340
	9,369	44,340

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

Revenue is allocated based on the shipping destination.

4 OTHER INCOME

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income	2	7
Gain on disposal of property, plant and equipment	—	46
Sales of scrap materials	—	11
Others	128	85
	130	149

5 OTHER GAIN

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Exchange gain, net	444	383

6 LOSS BEFORE INCOME TAX

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cost of inventories recognised as expenses	7,866	37,439
Employee benefit expenses	1,413	2,658
Depreciation		
— Right-of-use assets	101	31
Expenses relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	38	214

7 FINANCE COSTS

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
– Bank and other borrowings	76	93
– Lease liabilities	2	7
	78	100

8 INCOME TAX EXPENSE

No provision for PRC enterprise income tax has been made as the Group did not have any assessable profits arising in or derived from PRC during the three months ended 30 June 2023 (2022: nil). The Hong Kong profits tax is provided at the rate of 8.25% (2022: 8.25%) during the three months ended 30 June 2023.

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	77	—

9 LOSS PER SHARE

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

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	(186)	(3,939)
	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	718,136	712,136
Weighted average number of ordinary shares for the purpose of diluted loss per share	718,136	712,136

Diluted loss per share for the period ended 30 June 2023 was equal to the basic loss per share because the exercise price of the Company's share options was higher than the average market price and therefore the outstanding share options were considered as anti-dilutive.

Diluted loss earnings per share for the period ended 30 June 2023 was equal to the basic loss per share as there were no potential ordinary shares in issue for the period ended 30 June 2023.

10 DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the three months ended 30 June 2023 (2022: nil).

11 RELATED-PARTY TRANSACTIONS

For the purposes of these 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 months ended 30 June 2023 and 30 June 2022.

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Rental and utilities expenses charged by a related company	35	—

Note:

Rental and utilities 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 this resignation of the director and chairman of the Company, Mr. Tam is still acting as director of certain subsidiaries and as one of the key management personnel of the Group.

12 EVENT AFTER REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 30 June 2023 and up to the date of this report.