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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 股份代號: 8245)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024**

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”, each a “Director”) of Shanyu Group Holdings Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 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.*

## **FINANCIAL HIGHLIGHTS**

- The Group's revenue amounted to approximately HK\$50.0 million for the year ended 31 March 2024, representing a decrease of approximately HK\$16.4 million or 24.8% as compared to approximately HK\$66.4 million for the year ended 31 March 2023.
- The Group's gross profit margin increased from approximately 14% for the year ended 31 March 2023 to approximately 31% for the year ended 31 March 2024.
- Profit for the year ended 31 March 2024 amounted to approximately HK\$2.0 million, as compared to the loss for the year ended 31 March 2023 of approximately HK\$26.4 million.
- The Group recorded basic earnings per share for the year ended 31 March 2024 of approximately HK cents 0.93 as compared with basic loss per share of approximately HK cents 19.05 (restated) for the year ended 31 March 2023.
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

The board of the Directors (the “**Board**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2024 together with the comparative figures for the corresponding period in 2023 as follows:

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

*For the year ended 31 March 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	<b>49,960</b>	66,397
Cost of sales		<b>(34,483)</b>	(57,081)
Gross profit		<b>15,477</b>	9,316
Other income	5	<b>208</b>	369
Other (losses)/gains, net	6	<b>(3,052)</b>	90
Impairment loss on goodwill		—	(34,227)
Impairment losses under expected credit loss model, net of reversal		<b>(474)</b>	11,059
Selling and distribution expenses		<b>(187)</b>	(149)
Administrative expenses		<b>(8,790)</b>	(12,256)
Finance costs	7	<b>(259)</b>	(576)
Profit/(loss) before tax	8	<b>2,923</b>	(26,374)
Income tax expense	9	<b>(963)</b>	(74)
<b>Profit/(loss) for the year</b>		<b>1,960</b>	(26,448)
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Reclassification adjustment for deregistration of foreign operations		<b>1,292</b>	—
Exchange differences arising on translation of foreign operations		—	(5,665)
Other comprehensive income/(expense) for the year		<b>1,292</b>	(5,665)
<b>Total comprehensive income/(expense) for the year</b>		<b>3,252</b>	(32,113)

	<i>Note</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>1,961</b>	(26,300)
Non-controlling interests		<u>(1)</u>	<u>(148)</u>
		<b><u>1,960</u></b>	<b><u>(26,448)</u></b>
<b>Total comprehensive income/(expense) for the year attributable to:</b>			
Owners of the Company		<b>3,253</b>	(31,965)
Non-controlling interests		<u>(1)</u>	<u>(148)</u>
		<b><u>3,252</u></b>	<b><u>(32,113)</u></b>
			(Restated)
<b>Earnings/(loss) per share (HK cents)</b>			
Basic and diluted	<i>11</i>	<b><u>0.93</u></b>	<b><u>(19.05)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		—	92
Right-of-use assets		—	336
Deposits	<i>13</i>	<b>679</b>	—
Goodwill	<i>12</i>	<b>15,855</b>	15,855
		<u>16,534</u>	<u>16,283</u>
<b>Current assets</b>			
Inventories		<b>476</b>	1,424
Other financial assets		—	2,869
Financial assets at fair value through profit and loss (“FVTPL”)		<b>388</b>	—
Trade and other receivables	<i>13</i>	<b>19,022</b>	10,210
Amount due from a related party		—	82
Bank balances and cash		<b>4,848</b>	8,429
		<u>24,734</u>	<u>23,014</u>
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>24,950</b>	31,773
Borrowings	<i>15</i>	<b>6,412</b>	8,686
Amounts due to related parties		<b>3,122</b>	4,200
Current tax liabilities		<b>475</b>	—
Lease liabilities		—	341
		<u>34,959</u>	<u>45,000</u>
<b>Net current liabilities</b>		<u>(10,225)</u>	<u>(21,986)</u>
<b>Net assets/(liabilities)</b>		<u><b>6,309</b></u>	<u>(5,703)</u>
<b>Capital and reserves</b>			
Share capital		<b>10,772</b>	8,977
Reserves		<b>(4,377)</b>	(14,595)
Equity attributable to owners of the Company		<b>6,395</b>	(5,618)
Non-controlling interests		<b>(86)</b>	(85)
<b>Total equity/(capital deficiency)</b>		<u><b>6,309</b></u>	<u>(5,703)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Shanyu Group Holdings Company Limited (formerly known as “Zhao Xian Business Ecology International Holdings Limited”) (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company acts as an investment holding company and the principal activities of its subsidiaries are engaged in designing, trading and manufacturing of two-way radios, baby monitors, plastic products and other communication devices.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The functional currency of the Company is Hong Kong dollar (“**HK\$**”). The consolidated financial statements are presented in HK\$ as the directors consider that HK\$ is appropriate presentation currency for the users of the Group’s consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”) AND CHANGES IN OTHER ACCOUNTING POLICIES

### (a) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) that are first effective for the current accounting period of the Group.

– HKFRS 17	<i>Insurance Contracts and Related Amendments</i>
– Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
– Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
– Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
– Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rule</i>

Except as described below, the application of the new and amendments to HKFRSs in the current year had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

***Changes in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) — Long Service Payment (“LSP”) offsetting mechanism in Hong Kong***

The Group is obliged to pay LSP to Hong Kong employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

The application of the HKICPA guidance has had no material impact on the Group’s consolidated financial statements.

**(b) Amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these amendments to HKFRSs but is not yet in a position to state whether these amendments to HKFRSs would have a material impact on its results of operations and financial position:

	<b>Effective for accounting periods beginning on or after</b>
• Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
• Amendments to HKFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
• Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)</i>	1 January 2024
• Amendments to HKAS 1, <i>Non-current Liabilities with Covenants</i>	1 January 2024
• Amendments to HKAS 7 and HKFRS 7, <i>Supplier Finance Arrangements</i>	1 January 2024
• Amendments to HKAS 21, <i>Lack of Exchangeability</i>	1 January 2025

**3. BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis, except for other financial assets and financial assets at FVTPL, which are measured at fair value, at the end of the reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.



## Going concern basis

In preparing the consolidated financial statements, the directors of the Company have considered the future liquidity of the Group in view of its net current liabilities position as at 31 March 2024. As at 31 March 2024, the Group's current liabilities exceeded its current assets by HK\$10,225,000, while its total cash and cash equivalents amount to HK\$4,848,000. These conditions cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. In the opinion of the directors, the Group will be able to continue to operate as a going concern in the foreseeable future, after taking into consideration the following factors:

- At the reporting date, the Group had obtained credit facilities granted by a related company of approximately HK\$10,000,000 for at least eighteen months from the end of the reporting period, which has not been drawn down as borrowings.
- On 12 April 2024, the Company entered into the placing agreement to place, on a best effort basis up to 172,350,000 new shares at a price of HK\$0.034 per placing share. The placing was completed on 8 May 2024 and 172,350,000 new shares were issued at HK\$0.034 per placing share with net proceeds amounting to HK\$5,772,000.
- The management closely monitors the Group's financial performance and liquidity position. The management has been implementing measures to control operating costs including negotiating with the landlords for rental reduction, a salary reduction scheme for management, the minimisation of operating costs and administrative expenses. Meanwhile, the management expand its current business by acquisition of new product line.

As at the date of approval of these consolidated financial statements, these measures had not yet been concluded or implemented. The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the measures taken by the directors of the Company. The eventual outcome of these measures cannot be estimated with certainty, hence there is material uncertainty related to the conditions described above that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and, therefore, do not include any adjustments relating to the realisation and classification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

#### 4. REVENUE AND SEGMENT REPORTING

Revenue represents revenue from sales of two-way radios, baby monitors, plastic products and other communication devices, net of sales related tax where applicable. An analysis of the Group's revenue for the year is as follows:

	<b>Revenue from external customers</b>	
	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Revenue comprises revenue from sale of		
— Two-way radios	<b>40,275</b>	60,170
— Baby monitors	<b>5,891</b>	47
— Plastic products	<b>3,794</b>	2,845
— Other communication devices	<b>—</b>	3,335
	<b><u>49,960</u></b>	<u>66,397</u>

All of the Group's revenue are recognised on a point in time basis.

Information reported to the executive directors and senior management of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The Group has been principally engaged in designing, trading and manufacturing of two-way radios, baby monitors, plastic products and other communication devices.

The CODM have determined the operating segments based on the reports reviewed by them that are used to make strategic decisions.

The CODM consider the business from a product perspective whereby the CODM assess the performance of two-way radios, baby monitors, plastic products and other communication devices based on gross profit less impairment loss on non-current assets arising in the course of the ordinary activities of a recurring nature.

The CODM make decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM do not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Two-way radios <i>HK\$'000</i>	Baby monitors <i>HK\$'000</i>	Plastic products <i>HK\$'000</i>	Other communication devices <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 31 March 2024</b>					
Revenue from contracts with customers	<u>40,275</u>	<u>5,891</u>	<u>3,794</u>	<u>—</u>	<u>49,960</u>
Segment profit	<u>13,432</u>	<u>712</u>	<u>1,333</u>	<u>—</u>	<u>15,477</u>
Other income and other gains and losses, net					(2,844)
Impairment loss on goodwill					—
Impairment losses under expected credit loss model, net of reversal					(474)
Selling and distribution expenses					(187)
Administrative expenses					(8,790)
Finance costs					<u>(259)</u>
Profit before tax					<u><u>2,923</u></u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:</b>					
Derecognition of property, plant and equipment from deregistration of foreign operation	76	16	—	—	92
Derecognition of right-of-use assets from deregistration of foreign operation	336	—	—	—	336
Provision of impairment losses recognised on					
— trade receivables, net	—	—	152	—	152
— other receivables, net	<u>322</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>322</u>

	Two-way radios HK\$'000	Baby monitors HK\$'000	Plastic products HK\$'000	Other communication devices HK\$'000	Total HK\$'000
<b>For the year ended 31 March 2023</b>					
Revenue from contracts with customers	60,170	47	2,845	3,335	66,397
Segment profit/(loss)	9,574	(12)	889	(1,135)	9,316
Other income and other gains and losses, net					459
Impairment loss on goodwill					(34,227)
Reversal of impairment losses under expected credit loss model, net of reversal					11,059
Selling and distribution expenses					(149)
Administrative expenses					(12,256)
Finance costs					(576)
Loss before tax					(26,374)
<b>Amounts included in measure of segment profit or loss:</b>					
Write down of inventories	354	20	—	3,419	3,793
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:</b>					
Depreciation of property, plant and equipment	17	—	—	1	18
Depreciation of right-of-use assets	—	—	304	—	304
Loss on deregistration of a subsidiary	653	—	—	—	653
Government grants	133	—	—	2	135
(Reversal of)/provision of impairment losses recognised on					
— trade receivables, net	(1,964)	—	15	(8,556)	(10,505)
— other receivables, net	(554)	—	—	—	(554)

## 5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	10	7
Government grants ( <i>note</i> )	—	135
Sales of scrap materials	—	34
Sundry income	198	193
	<u>198</u>	<u>193</u>
	<u>208</u>	<u>369</u>

*Note:* During the year ended 31 March 2023, the Group recognised government grants of Covid-19 related subsidies, of which all related to Employment Support Scheme provided by the Hong Kong Government.

## 6. OTHER (LOSSES)/GAINS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Exchange gains, net	421	616
Loss on deregistration of a subsidiary	(1,720)	(653)
Fair value gain on financial assets at FVTPL	22	—
Fair value loss on other financial assets	(2,869)	127
Waiver of amount due to a director	1,094	—
	<u>1,094</u>	<u>—</u>
	<u>(3,052)</u>	<u>90</u>

## 7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interests on:		
— borrowings	255	566
— lease liabilities	4	10
	<u>4</u>	<u>10</u>
	<u>259</u>	<u>576</u>

## 8. PROFIT/(LOSS) BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit/(loss) before tax has been arrived at after charging		
Directors' emoluments	1,338	1,528
Salaries, allowances and benefits in kind of employees excluding directors	4,005	7,416
Retirement benefit schemes contributions (excluding directors)	<u>63</u>	<u>185</u>
Total staff costs	<u>5,406</u>	<u>9,129</u>
Auditor's remuneration — audit services	420	400
Depreciation of property, plant and equipment	—	18
Depreciation of right-of-use assets	—	304
Cost of inventories sold recognised as an expense	28,883	49,201
Expenses relating to short-term leases	69	623
Legal and professional fees	1,471	2,088
Share based payment expense	—	240
Write down of inventories (included in cost of sales)	<u>—</u>	<u>3,793</u>

## 9. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	475	74
PRC Enterprise Income Tax (the "EIT")	<u>488</u>	<u>—</u>
	<u>963</u>	<u>74</u>

### (i) Hong Kong Profits Tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of group entities qualify for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

**(ii) PRC Enterprise Income Tax**

Under the Law of the PRC on EIT (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

**10. DIVIDENDS**

No final dividend was paid or proposed during the year, nor any dividend has been proposed by the board of directors subsequent to the end of the reporting period (2023: Nil).

**11. EARNINGS/(LOSS) PER SHARE**

The calculation of basic earnings or loss per share is based on the following profit or loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Earnings/(loss)</b>		
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share (profit/(loss) for the year attributable to owners of the Company)	<u><b>1,961</b></u>	<u>(26,300)</u>
	<b>2024</b> <b>'000</b>	2023 '000 (Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/loss per share	<b>210,728</b>	138,068
Weight average number of ordinary shares for the purpose of diluted earnings/loss per share	<u><b>210,728</b></u>	<u>138,068</u>

The weighted average number of ordinary shares used to calculate the basic and diluted earnings/loss per share for both years have been adjusted to reflect the share consolidation (Note 17(b)). Accordingly, the basic and diluted loss per share for the year ended 31 March 2023 are restated.

No diluted earnings per share is presented for the year ended 31 March 2024 as there was no potential ordinary shares in issue as at 31 March 2024.

Diluted loss per share for the year ended 31 March 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.

## 12. GOODWILL

	<i>HK\$'000</i>
<b>Cost</b>	
As at 1 April 2022	—
Addition	<u>50,082</u>
As at 31 March 2023, 1 April 2023 and 31 March 2024	<u>50,082</u>
<b>Accumulated impairment</b>	
As at 1 April 2022	—
Impairment for the year	<u>(34,227)</u>
As at 31 March 2023, 1 April 2023, and 31 March 2024	<u>(34,227)</u>
<b>Carrying Amount</b>	
<b>As at 31 March 2024 and 31 March 2023</b>	<u><u>15,855</u></u>

Goodwill amounting to HK\$50,082,000 which arose from the acquisition of World Smarts Co. Limited (“**World Smarts**”) was allocated to the cash generating unit represented by the whole operations of World Smarts.

## 13. TRADE AND OTHER RECEIVABLES

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current:</b>		
Trade receivables from contracts with customers		
— related parties	—	955
— third parties	<b>17,715</b>	11,522
Less: Allowance for credit losses	<u>(152)</u>	<u>(11,383)</u>
	<b>17,563</b>	1,094
Prepayments	<b>1,228</b>	1,044
Value-added tax receivables	—	3,148
Deposits	<b>4</b>	83
Other receivables	<b>8,164</b>	12,456
Less: Allowance for credit losses	<u>(7,937)</u>	<u>(7,615)</u>
	<b>1,459</b>	9,116
<b>Total trade and other receivables</b>	<u><b>19,022</b></u>	<u>10,210</u>
<b>Non-current:</b>		
Deposits paid for acquisition of machinery	<u><b>679</b></u>	—

The Group generally allows a credit period of 30 days to 90 days to its trade customers. The Group does not hold any collateral over these balances.



The aging analysis of the trade receivables, net of credit allowance for credit losses based on invoice date which approximates the respective revenue recognition dates were as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
1 to 30 days	<b>4,467</b>	353
31 to 60 days	<b>5,014</b>	113
61 to 90 days	—	56
91 to 180 days	<b>6,291</b>	201
Over 180 days	<b>1,791</b>	371
	<u><b>17,563</b></u>	<u>1,094</u>

As at 31 March 2024, included in the Group's trade receivables (net of allowance for credit losses) balance are debtors with aggregate carrying amounts of approximately HK\$8,115,000 (2023: HK\$741,000) which are past due at the end of the reporting period. Out of the past due balances, HK\$7,970,000 (2023: HK\$429,000) (net of allowance for credit losses) has been past due and is not considered as in default because of no recent history of default and consideration of forward-looking information. The directors are in opinion of these balances are still considered as collectible.

#### 14. TRADE AND OTHER PAYABLES

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<u><b>15,149</b></u>	<u>3,554</u>
Accrued expenses and other payables	<b>9,801</b>	13,599
Contract liabilities	<u>—</u>	<u>14,620</u>
	<u><b>9,801</b></u>	<u>28,219</u>
	<u><b>24,950</b></u>	<u>31,773</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
1 to 30 days	11,549	—
31 to 60 days	1,779	—
61 to 90 days	1,448	3,382
More than 90 days	373	172
	<u>15,149</u>	<u>3,554</u>

The credit period on purchases of goods is 90 days.

## 15. BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Secured bank borrowings ( <i>Note (i)</i> )	812	1,086
Secured other borrowings ( <i>Notes (ii) &amp; (iii)</i> )	5,600	7,600
	<u>6,412</u>	<u>8,686</u>

Carrying amounts repayable (based on scheduled repayment dates set out in loan agreements):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	<u>6,412</u>	<u>8,686</u>

*Notes:*

- (i) Secured bank borrowings were interest bearing at Prime Lending Rate less 2.25% (2023: 2.25%) per annum as at 31 March 2024 which are secured by guarantee provided by a director of the Company as appropriate.
- (ii) On 16 July 2019, the Company entered into assignment of debt agreement to borrow HK\$5,600,000 from the lender by factoring trade receivables with gross carrying amount of approximately USD1,008,900 (equivalent to approximately HK\$7,809,000) to the lender with recourse. Upon the entering into of the assignment of debt agreement, the secured other borrowings, which were interest-free and would be settled upon settlement of the factored trade receivable, was recognised.
- (iii) The borrowing of HK\$Nil (2023: HK\$2,000,000) was interest bearing at 12% per annum, unsecured and repayable on demand.

- (iv) The effective interest rates (per annum) at the end of the respective reporting period are as follows:

	2024	2023
Variable-rate bank borrowings effective interest rate	<u>3.125% to 3.375%</u>	<u>2.750% to 3.375%</u>

## 16. CONTINGENT LIABILITIES

On 20 January 2020, the Company received a third-party notice in relation to legal case no. HCA1643/2019 between Barton Eagle Limited (the “**Plaintiff**”) and Lam Tak Hung (the “**Defendant**”). The Plaintiff claimed against the Defendant for approximately HK\$8 million under a guarantee for debts owed to the Plaintiff by the Company. In the third-party notice, the Defendant claimed against the Company to be indemnified against the Plaintiff’s claim and the cost of this action on the grounds that the Company is the principal debtor of the alleged debt.

Up to the date of this announcement, the outcome of the proceedings is still uncertain. As the directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group’s consolidated financial position, no further provision was made as at 31 March 2024.

## 17. EVENTS AFTER THE REPORTING PERIOD

### (a) Placing of shares

Subsequent to the end of the reporting period, on 12 April 2024, the Company entered into the placing agreement to place, on a best effort basis up to 172,350,000 new shares at a price of HK\$0.034 per placing share.

The placing was completed on 8 May 2024 and 172,350,000 new shares were issued at HK\$0.034 per placing share.

Details of the above placing are set forth in the announcements dated 12 April, 15 April and 8 May 2024.

### (b) Share consolidation

On 2 May 2024, the board of directors proposed to implement the share consolidation on the basis that every five (5) issued and unissued Shares of HK\$0.0125 each will be consolidated into one (1) consolidated share of HK\$0.0625 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

The extraordinary general meeting held on the 20 June 2024 has approved the share consolidation.

Details of the above share consolidation are set forth in the announcement dated 2 May 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

## 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 monitors and plastic products on original design manufacturing basis.

The Group's revenue decreased from approximately HK\$66.4 million for the year ended 31 March 2023 to approximately HK\$50.0 million for the year ended 31 March 2024, representing a decrease of approximately 24.8%. Such decrease was mainly due to decrease of number of purchase orders from customers for two-way radios during the year ended 31 March 2024.

The Group's revenue of two-way radios decreased by approximately 33.1% from approximately HK\$60.2 million for the year ended 31 March 2023 to approximately HK\$40.3 million for the year ended 31 March 2024 mainly due to the decrease in number of purchase orders received from our customers.

The Group's revenue of baby monitors increased significantly from approximately HK\$47 thousand for the year ended 31 March 2023 to approximately HK\$5.9 million for the year ended 31 March 2024 mainly due to the increase in demand of our baby monitor products.

The Group's revenue of plastic products increased by approximately 33.4% from approximately HK\$2.8 million for the year ended 31 March 2023 to approximately HK\$3.8 million for the year ended 31 March 2024.

The Group's revenue of other communication devices decreased by 100% from approximately HK\$3.3 million for the year ended 31 March 2023 to HK\$nil for the year ended 31 March 2024 mainly due decrease in demand of our other communication devices.

## FINANCIAL REVIEW

### Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised of raw material cost, direct labour costs and subcontracting fees. The cost of sales decreased by approximately 39.6% from approximately HK\$57.1 million for the year ended 31 March 2023 to approximately HK\$34.5 million for the year ended 31 March 2024. The gross profit margin increased from approximately 14.0% for the year ended 31 March 2023 to approximately 31.0% for the year ended 31 March 2024, which was mainly contributed by the successful implementation of the Group's restructuring scheme.

## **Selling and Distribution Expenses**

The selling and distribution expenses increased from approximately HK\$0.1 million for the year ended 31 March 2023 to approximately HK\$0.2 million for the year ended 31 March 2024, which was mainly due to increase in logistics expenses.

## **Administrative Expenses**

The administrative expenses decreased from approximately HK\$12.3 million for the year ended 31 March 2023 to approximately HK\$8.8 million for the year ended 31 March 2024, which was mainly contributed by the successful implementation of the Group's restructuring scheme.

## **Profit Attributable to Owners of the Company**

The Group recorded a profit of HK\$2.0 million for the year ended 31 March 2024, compared to loss of HK\$26.4 million for the year ended 31 March 2023. The profit was mainly contributed by the successful implementation of the Group's restructuring scheme which has lowered the cost of sales and administrative expenses during the year.

## **DIVIDENDS**

The Board does not recommend the payment of a dividend for the year ended 31 March 2024 (2023: HK\$Nil).

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

There was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Group during the year ended 31 March 2024. The Group did not have any other immediate plans for material investment and capital asset as at the date of the announcement.

## **TREASURY POLICIES**

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients and credit review of the Group's loan portfolio. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## CONTINGENT LIABILITIES

On 20 January 2020, the Company received a third-party notice in relation to the legal case no. HCA1643/2019 between the Barton Eagle Limited (the “**Plaintiff**”) and Lam Tak Hung (the “**Defendant**”). The Plaintiff claimed against the Defendant approximately HK\$8 million under a guarantee for debts owned to the Plaintiff by the Company. In the third-party notice, the Defendant claims against the Company to be indemnified against the Plaintiff’s claim and the cost of this action on the grounds that the Company is the principal debtor of the alleged debt.

Up to the date of this announcement, the outcome of the proceedings is still uncertain. As the Directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group’s consolidated financial position, no further provision was made as at 31 March 2024.

## CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the GEM Listing Rules and has adopted the CG Code as the code to govern the Company’s corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

Throughout the year ended 31 March 2024, the Company has complied with the code provisions as set out in the CG Code.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

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

During the year ended 31 March 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings during the year ended 31 March 2024.

The Company has also adopted written guidelines as the code for securities transactions by relevant employees of the Group who are likely to possess inside information in relation to the Company or its securities based on the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. No incidence of non-compliance of this code by the relevant employees was noted by the Company.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares were held by the public as required under the GEM Listing Rules during the year ended 31 March 2024 and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established an audit committee ("**Audit Committee**") with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Choi Pun Lap, Ms. Ip Sin Nam and Mr. Yu Lap Pan. Mr. Choi Pun Lap possesses the appropriate professional accounting qualifications and related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules, and he serves as the chairperson of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Group's internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the audited final results of the Company for the year ended 31 March 2024.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is extract of the independent auditor’s report from the external auditor of the Company:

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 3(b) to the consolidated financial statements, which indicates that as at 31 March 2024, the Group’s current liabilities exceeded its current assets by HK\$10,225,000. As stated in Note 3(b), this condition along with other matters as set forth in Note 3(b) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.



## **SCOPE OF WORK OF THE INDEPENDENT AUDITOR**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2024 as set out in this preliminary results announcement have been agreed by the Group's auditor, Fan Chan & Co. Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Fan Chan & Co. Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Fan Chan & Co. Limited on the preliminary announcement.

By order of the Board  
**Shanyu Group Holdings Company Limited**  
**Wong Ming Kwan Victoria**  
*Executive Director*

Hong Kong, 28 June 2024

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

*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 website of the Exchange at [www.hkexnews.com](http://www.hkexnews.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](http://www.shanyugroup.com).*