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Shanyu Group Holdings Company Limited

善裕集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8245)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2025**

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\$31.6 million for the year ended 31 March 2025, representing a decrease of approximately HK\$18.4 million or 36.8% as compared to approximately HK\$50.0 million for the year ended 31 March 2024.
- The Group's gross profit margin decreased from approximately 31.0% for the year ended 31 March 2024 to approximately 8.9% for the year ended 31 March 2025.
- Loss for the year ended 31 March 2025 amounted to approximately HK\$15.2 million, as compared to the profit for the year ended 31 March 2024 of approximately HK\$2.0 million.
- The Group recorded basic loss per share for the year ended 31 March 2025 of approximately HK cents 7.49 as compared with basic earnings per share of approximately HK cents 1.25 (restated) for the year ended 31 March 2024.
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: 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 2025 together with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Revenue	4	31,593	49,960
Cost of sales		(28,790)	(34,483)
Gross profit		2,803	15,477
Other income	6	1,040	208
Other gains/(losses), net	7	293	(3,052)
Impairment loss on goodwill	13	(5,713)	—
Impairment losses under expected credit loss model, net of reversal		(4,218)	(474)
Selling and distribution expenses		(403)	(187)
Administrative expenses		(8,978)	(8,790)
Finance costs	8	(48)	(259)
(Loss)/profit before tax	9	(15,224)	2,923
Income tax expense	10	—	(963)
(Loss)/profit for the year		(15,224)	1,960
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Reclassification adjustment upon deregistration of foreign operations		—	1,292
Other comprehensive income for the year		—	1,292
Total comprehensive (expense)/income for the year		(15,224)	3,252

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year attributable to:			
Owners of the Company		(15,224)	1,961
Non-controlling interests		<u>—</u>	<u>(1)</u>
		<u>(15,224)</u>	<u>1,960</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(15,224)	3,253
Non-controlling interests		<u>—</u>	<u>(1)</u>
		<u>(15,224)</u>	<u>3,252</u>
(Loss)/earnings per share (HK cents)	12		(Restated)
Basic and diluted		<u>(7.49)</u>	<u>1.25</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		—	—
Right-of-use assets		658	—
Deposits	14	—	679
Goodwill	13	10,142	15,855
		<u>10,800</u>	<u>16,534</u>
Current assets			
Inventories		570	476
Financial assets at fair value through profit and loss (“FVTPL”)		1,444	388
Trade and other receivables	14	28,430	19,022
Bank balances and cash		4,098	4,848
		<u>34,542</u>	<u>24,734</u>
Current liabilities			
Trade and other payables	15	39,015	24,950
Borrowings	16	6,137	6,412
Amounts due to a related party		2,102	3,122
Current tax liabilities		475	475
Lease liabilities		482	—
		<u>48,211</u>	<u>34,959</u>
Net current liabilities		<u>(13,669)</u>	<u>(10,225)</u>
Total assets less current liabilities		<u>(2,869)</u>	<u>6,309</u>
Non-current liabilities			
Lease liabilities		185	—
Net (liabilities)/assets		<u>(3,054)</u>	<u>6,309</u>
Capital and reserves			
Share capital	18	12,926	10,772
Reserves		(15,894)	(4,377)
Equity attributable to owners of the Company		(2,968)	6,395
Non-controlling interests		(86)	(86)
(Capital deficiency)/total equity		<u>(3,054)</u>	<u>6,309</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Shanyu Group Holdings Company 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 address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

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 and plastic products.

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 the appropriate presentation currency for the users of the Group’s consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accounts (“**HKICPA**”) for the first time, which are mandatorily effective for the current accounting period of the Group for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	<i>Lease liability in a sale and leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
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 Accounting Standards, <i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	1 January 2026
Amendments to HKAS 21, <i>Lack of Exchangeability</i>	1 January 2025
HKFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations 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 2025. During the year, the Group incurred a net loss of HK\$15,224,000 and reported a net cash outflow of HK\$4,982,000 from operating activities, and as at 31 March 2025, the Group's current liabilities exceeded its current assets by HK\$13,669,000, while its total cash and cash equivalents only amounted to HK\$4,098,000 and the Group's total liabilities exceeded its total assets by HK\$3,054,000 as at 31 March 2025. 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 finance 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.
- 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

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

	Revenue from external customers	
	2025	2024
	HK\$'000	HK\$'000
Revenue comprises revenue from sale of		
— Two-way radios	15,156	40,275
— Baby monitors	12,373	5,891
— Plastic products	4,064	3,794
	31,593	49,960

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

Transaction prices allocated to the remaining performance obligations for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for two-way radios, baby monitors and plastic products such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of two-way radios, baby monitors and plastic products that had an original expected duration of one year or less.

Revenue from contracts with customers

Information about the Group's performance obligations in its contracts with its customers is summarised below:

Sales of two-way radios, baby monitors and plastic products

The performance obligation is satisfied, and hence revenue is recognised, at a point in time when control of the products is transferred to the customer, being at the point when the customer collects the goods at the store or when the goods are delivered. Payment of the transaction price is due within 90 days after delivery of the products. The Group does not provide warranties, right for returns or refunds to the customers.

5. SEGMENT INFORMATION

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 delivered.

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

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 and plastic products based on gross profit 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.

(a) Segment revenue and results

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

	Two-way radios HK\$'000	Baby monitors HK\$'000	Plastic products HK\$'000	Total HK\$'000
For the year ended 31 March 2025				
Revenue from contracts with customers	15,156	12,373	4,064	31,593
Segment profit	1,393	949	461	2,803
Other income and other gains and losses, net				1,333
Impairment loss on goodwill				(5,713)
Impairment losses under expected credit loss model, net of reversal				(4,218)
Selling and distribution expenses				(403)
Administrative expenses				(8,978)
Finance costs				(48)
Loss before tax				(15,224)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:				
Provision of impairment losses recognised on				
— trade receivables, net	3,392	905	(82)	4,215
— other receivables, net	3	—	—	3

	Two-way radios HK\$'000	Baby monitors HK\$'000	Plastic products HK\$'000	Total HK\$'000
For the year ended 31 March 2024				
Revenue from contracts with customers	40,275	5,891	3,794	49,960
Segment profit	13,432	712	1,333	15,477
Other income and other gains and losses, net				(2,844)
Impairment losses under expected credit loss model, net of reversal				(474)
Selling and distribution expenses				(187)
Administrative expenses				(8,790)
Finance costs				(259)
Profit before tax				2,923

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:

Depreciation 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	322	—	—	322

The material accounting policies of the operating segments are the same as the Group's material accounting policies. Segment profit represents the profit earned from each segment without allocation of selling and distribution expenses, administrative expenses, impairment loss on goodwill, impairment losses under expected credit loss models, net of reversal, impairment loss of non-current assets, other income, other gains/(losses), net and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Geographical information

An analysis of the Group's revenue presented based on the geographical market location of sales is detailed below:

	Revenue from external customers	
	2025	2024
	HK\$'000	HK\$'000
Europe (<i>Note (i)</i>)	385	2,498
People's Republic of China ("PRC")	—	15,406
The United Kingdom ("UK")	48	—
The United States ("USA")	—	322
Hong Kong	31,160	31,273
Taiwan	—	460
Australia	—	1
	31,593	49,960

Note:

- (i) Europe mainly refers to France.

Since over 90% of the Group's non-current assets were located in Hong Kong, no geographical location of non-current assets is presented.

(c) Information about major customers

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

	2025	2024
	HK\$'000	HK\$'000
Customer A ¹	21,225	30,760
Customer B ¹	9,047	N/A
Customer C ²	N/A	14,979

¹ Revenue from two-way radios segment and baby monitors segment.

² Revenue from two-way radios segment.

N/A: Revenue derived from the customer during the year did not contribute over 10% of total revenue of the Group during the respective financial year.

Except as disclosed above, no other customer contributed 10% or more to the Group's revenue for both years.

6. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	4	10
Government grants (<i>Note</i>)	772	—
Sundry income	264	198
	<u>1,040</u>	<u>208</u>

Note:

Government grants under Hong Kong's Branding, Upgrading, and Domestic Sales (BUD) Fund, set up by the Hong Kong Government. The purpose of the funding is to provide essential financial support to help companies grow and expand their presence in Mainland China and other international markets. The grants were recognised in profit or loss when received. There are no unfulfilled conditions or contingencies in relation to the grants and the grants were determined at the sole discretion of Hong Kong Government.

7. OTHER GAINS/(LOSSES), NET

	2025 HK\$'000	2024 HK\$'000
Exchange (losses)/gains, net	(29)	421
Loss on deregistration of a subsidiary	—	(1,720)
Fair value gain on financial assets at FVTPL	322	22
Fair value loss on other financial assets	—	(2,869)
Waiver of amount due to a director	—	1,094
	<u>293</u>	<u>(3,052)</u>

8. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interests on:		
— borrowings	28	255
— lease liabilities	20	4
	<u>48</u>	<u>259</u>

9. (LOSS)/PROFIT BEFORE TAX

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit before tax has been arrived at after charging		
Directors' emoluments	1,177	1,338
Salaries, allowances and benefits in kind of employees excluding directors	2,076	4,005
Retirement benefit schemes contributions (excluding directors)	50	63
Total staff costs	3,303	5,406
Auditor's remuneration — audit services	450	420
Depreciation of right-of-use assets	299	—
Cost of inventories sold recognised as an expense	28,790	28,883
Expenses relating to short-term leases	—	69
Legal and professional fees	1,893	1,471
Transportation	320	5

10. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Current tax:		
Hong Kong Profits Tax	—	475
PRC Enterprise Income Tax (the "EIT")	—	488
	—	963

(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.

The income tax expense can be reconciled to the (loss)/profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit before tax	(15,224)	2,923
Tax at domestic income tax rate	(2,512)	457
Tax effect of lower tax rate under two-tiered profits tax rate	—	(168)
Tax effect of expense not deductible for tax purposes	945	2,465
Tax effect of income not taxable for tax purpose	(79)	(475)
Tax effect of estimated tax loss not recognised	7	75
Tax effect of other deductible temporary differences	1,639	78
Utilisation of tax losses previously not recognised	—	(1,469)
Income tax expense for the year	<u>—</u>	<u>963</u>

As at 31 March 2025, the Group has unused estimated tax losses of approximately HK\$67,444,000 (2024: HK\$67,403,000). No deferred tax asset had been recognised in respect of these unused tax losses due to the unpredictability of future profit streams. As at 31 March 2025, all unrecognised tax losses can be carried forward indefinitely.

11. 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 (2024: Nil).

12. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss or earnings 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.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss)/earnings		
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share		
(Loss)/profit for the year attributable to owners of the Company	<u>(15,224)</u>	<u>1,961</u>
	2025 '000	2024 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss/earnings per share	<u>203,327</u>	<u>157,048</u>

The weighted average number of ordinary shares used to calculate the basic and diluted loss/earnings per share for both years have been adjusted to reflect the share consolidation (Note 18(iii)). Accordingly, the basic and diluted loss per share for the year ended 31 March 2024 are restated.

No adjustment is made in calculating diluted loss per share for the years ended 31 March 2025 and 31 March 2024 as there was no potential ordinary shares in issue as at 31 March 2025 and 31 March 2024.

13. GOODWILL

	<i>HK\$'000</i>
Cost	
As at 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	<u>50,082</u>
Accumulated impairment	
As at 1 April 2023, 31 March 2024 and 1 April 2024	(34,227)
Impairment for the year	<u>(5,713)</u>
As at 31 March 2025	<u>(39,940)</u>
Carrying Amount	
As at 31 March 2025	<u>10,142</u>
As at 31 March 2024	<u>15,855</u>

Impairment test for CGUs containing goodwill

The directors have reviewed the carrying amount of goodwill in accordance with HKAS 36 “Impairment of Assets”.

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 (the “**CGU**”). The principal activities World Smarts are supply of two-way radios, baby monitors and plastic products.

14. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Current:		
Trade receivables from contracts with customers		
— third parties	30,562	17,715
Less: Allowance for credit losses	(4,367)	(152)
	<u>26,195</u>	<u>17,563</u>
Prepayments (<i>Note</i>)	2,018	1,228
Deposits	222	4
Other receivables	7,935	8,164
Less: Allowance for credit losses	(7,940)	(7,937)
	<u>2,235</u>	<u>1,459</u>
Total trade and other receivables	<u><u>28,430</u></u>	<u><u>19,022</u></u>
Non-current:		
Deposits paid for acquisition of machinery	<u><u>—</u></u>	<u><u>679</u></u>

Note: Amount included prepayments for acquisition of machinery of HK\$1,672,000.

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.

As at 31 March 2025 and 2024, the Group’s other receivables included deposits paid for potential investments with gross carrying amount of HK\$7,600,000, which were fully impaired.

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

	2025 HK\$'000	2024 <i>HK\$'000</i>
1 to 30 days	1,119	4,467
31 to 60 days	2,123	5,014
61 to 90 days	4,982	—
91 to 180 days	6,827	6,291
Over 180 days	11,144	1,791
	26,195	17,563

As at 31 March 2025, included in the Group's trade receivables (net of allowance for credit losses) balance are debtors with aggregate carrying amounts of approximately HK\$23,086,000 (2024: HK\$8,115,000) which are past due at the end of the reporting period. Out of the past due balances, HK\$23,086,000 (2024: HK\$7,970,000) (net of allowance for credit losses) have been past due and are not considered as in default because of no recent history of default and consideration of forward-looking information. The directors are of the opinion that these balances are still considered as collectible.

15. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 <i>HK\$'000</i>
Trade payables	28,767	15,149
Accrued expenses and other payables	10,248	9,801
	39,015	24,950

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

	2025 HK\$'000	2024 <i>HK\$'000</i>
1 to 30 days	5,774	11,549
31 to 60 days	2,985	1,779
61 to 90 days	3,289	1,448
More than 90 days	16,719	373
	28,767	15,149

The credit period on purchases of goods is 90 days.

16. BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Secured bank borrowings (<i>Note (i)</i>)	537	812
Secured other borrowings (<i>Note (ii)</i>)	<u>5,600</u>	<u>5,600</u>
	<u>6,137</u>	<u>6,412</u>

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

	2025 HK\$'000	2024 HK\$'000
Within one year	<u>6,137</u>	<u>6,412</u>

Notes:

- (i) Secured bank borrowings were interest bearing at Prime Lending Rate less 2.25% (2024: 2.25%) per annum as at 31 March 2025 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) (Note 14) 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.

As at 31 March 2025 and 2024, the trade receivables and the other borrowing have not been settled.

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

	2025	2024
Variable-rate bank borrowings effective interest rate	<u>3.625%</u>	<u>3.375% to 3.625%</u>

17. CONTINGENT LIABILITIES

On 20 January 2020, the Company received a third-party notice in relation to the 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 report, 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 2025 and 2024.

18. SHARE CAPITAL

	Number of shares		Amount	
	2025	2024	2025	2024
	'000	'000	HK\$'000	HK\$'000
Ordinary shares of HK\$0.0125 each				
Authorised:				
At the beginning of the reporting period and at the end of the reporting period	<u>3,120,000</u>	<u>3,120,000</u>	<u>39,000</u>	<u>39,000</u>
Issued and fully paid:				
At the beginning of the reporting period	861,756	718,136	10,772	8,977
Placing of new shares				
(Notes (i) & (ii))	172,350	143,620	2,154	1,795
Share consolidation (Note (iii))	<u>(827,285)</u>	<u>—</u>	<u>—</u>	<u>—</u>
At the end of the reporting period	<u>206,821</u>	<u>861,756</u>	<u>12,926</u>	<u>10,772</u>

All the issued shares rank pari passu in all respects including all rights as to dividends, voting rights and return of capital.

Notes:

- (i) On 8 May 2024, the Company issued a total of 172,350,000 new shares upon the completion of the placing of new shares under general mandate. Net proceeds of approximately HK\$5,861,000 were raised. Details of the placing are set out in the announcements of the Company dated 12 April, 15 April and 8 May 2024.
- (ii) On 12 October 2023, the Company issued a total of 143,620,000 new shares as a result of the placing. Net proceeds of approximately HK\$8,760,000 were raised. Details of the placing are set out in the announcements of the Company dated 20 September 2023 and 12 October 2023.
- (iii) On 24 June 2024, the Company effected the share consolidation on the basis that every five (5) issued and unissued Shares shall be consolidated into one (1) consolidated share. Details of the share consolidation are set out in the circular of the Company dated 3 June 2024.

19. EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the reporting period for the year ended 31 March 2025.

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\$50.0 million for the year ended 31 March 2024 to approximately HK\$31.6 million for the year ended 31 March 2025, representing a decrease of approximately 36.8%. Such decrease was mainly due to decrease of number of purchase orders for children walkie-talkie products from customers for two-way radios during the year ended 31 March 2025.

The Group's revenue of two-way radios decreased by approximately 62.4% from approximately HK\$40.3 million for the year ended 31 March 2024 to approximately HK\$15.2 million for the year ended 31 March 2025 mainly due to the significant decrease in number of purchase orders for children walkie-talkie products received from our customers.

The Group's revenue of baby monitors increased significantly from approximately HK\$5.9 million for the year ended 31 March 2024 to approximately HK\$12.4 million for the year ended 31 March 2025 mainly due to the increase in demand of our baby monitor products.

The Group's revenue of plastic products increased by approximately 7.1% from approximately HK\$3.8 million for the year ended 31 March 2024 to approximately HK\$4.1 million for the year ended 31 March 2025.

The following table sets forth the breakdown of the revenue of the Group by product/service categories for the year ended 31 March 2025 and 2024:

	For the year ended 31 March					
	2025		2024		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Two-way radios	15,156	48.0	40,275	80.6	(25,119)	(62.4)
Baby monitors	12,373	39.2	5,891	11.8	6,482	110.0
Plastic products	4,064	12.8	3,794	7.6	270	7.1
Total	<u>31,593</u>	<u>100.0</u>	<u>49,960</u>	<u>100.0</u>	<u>(18,367)</u>	<u>(36.8)</u>

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 16.5% from approximately HK\$34.5 million for the year ended 31 March 2024 to approximately HK\$28.8 million for the year ended 31 March 2025. The gross profit margin decreased from approximately 31.0% for the year ended 31 March 2024 to approximately 8.9% for the year ended 31 March 2025, due to increase in material cost and decrease in sale of walkie-talkie products which had a higher gross profit margin attribution.

Selling and Distribution Expenses

The selling and distribution expenses increased from approximately HK\$0.2 million for the year ended 31 March 2024 to approximately HK\$0.4 million for the year ended 31 March 2025, which was mainly due to increase in marketing expenses.

Administrative Expenses

The administrative expenses increased from approximately HK\$8.8 million for the year ended 31 March 2024 to approximately HK\$9.0 million for the year ended 31 March 2025 due to increase in transportation expenses.

Profit Attributable to Owners of the Company

The Group recorded a loss of HK\$15.2 million for the year ended 31 March 2025, compared to profit of HK\$2.0 million for the year ended 31 March 2024. The loss was mainly contributed by decrease in gross profit margin, and increase in impairment loss on goodwill and impairment losses under expected credit loss model amounting to HK\$5.7 million and HK\$4.2 million respectively recognised during the year.

Dividends

The Board does not recommend the payment of a dividend for the year ended 31 March 2025 (2024: 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 2025. The Group did not have any other immediate plans for material investment and capital asset as at the date of this 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.

Employees and remuneration policies

As at 31 March 2025, the Group had a total of 17 staff (2024: 17). Total staff costs (including Directors' emoluments) were approximately HK\$3.3 million for the year ended 31 March 2025 (2024: approximately HK\$5.4 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus will be paid to employees as recognition of and reward for their contributions according to individual performance.

Liquidity and financial resources

Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As of 31 March 2025, we had short term borrowings and lease liabilities of approximately HK\$6.8 million (as at 31 March 2024: approximately HK\$6.4 million), including factoring loan for trade receivables representing an increase of approximately HK\$0.4 million as compared to that as at 31 March 2024.

Net current liabilities increased from approximately HK\$10.2 million for the year ended 31 March 2024 to approximately HK\$13.7 million for the year ended 31 March 2025, which was mainly due to the impairment loss on goodwill and impairment losses under expected credit loss model amounting to HK\$5.7 million and HK\$4.2 million respectively recognised during the year.

The Group requires cash primarily for working capital need. As of 31 March 2025, the Group had approximately HK\$4.1 million in bank balances and cash (as at 31 March 2024: approximately HK\$4.8 million), representing a decrease of approximately HK\$0.7 million as compared to that as at 31 March 2024.

Gearing Ratio

As at 31 March 2025, the gearing ratio of the Group was approximately negative 291.6% (as at 31 March 2024: approximately positive 151.1%). The gearing ratio is calculated based on the sum of borrowings, amount due to related parties and lease liabilities divided by the total equity at the end of the reporting period. The increase of the gearing ratio was mainly attributed by the loss recorded during the year.

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 2025.

Apart from the contingent liabilities disclosed on the above, the Company has no significant contingent liabilities.

Capital Commitments

The Company had capital commitments on acquisition of machine amounting to HK\$1.7 million as at 31 March 2025 (as at 31 March 2024: HK\$2.7 million). More details are set out in the Company’s announcement dated 1 November 2023 and 6 June 2025.

FUND RAISING ACTIVITIES

Placing of New Shares Under General Mandate

On 20 September 2023, the Company entered into a placing agreement with a placing agent (the “**Placing 1**”) 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 143,620,000 new Shares at a price of HK\$0.061 per placing share, for and on behalf of the Company.

On 12 October 2023, the Placing 1 was completed and 143,620,000 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 September 2023 and 12 October 2023.

As at 31 March 2025, the net proceeds of the Placing 1 had been utilised as follows:

	Actual net proceeds Allocated <i>HK\$ Million</i>	Amount utilised up to 31 March 2025 <i>HK\$ Million</i>	Balance as at 31 March 2025 <i>HK\$ Million</i>
General working capital	<u>8.63</u>	<u>8.63</u>	<u>—</u>

In respect of the use of the HK\$8.63 million from the net proceeds of placing of new shares under general mandate, approximately HK\$2.0 million was used for the repayment of other borrowings; approximately HK\$0.7 million was used for the acquisition of machines; and approximately HK\$5.93 million was used as general working capital of the Group.

On 12 April 2024, the Company entered into another placing agreement with a placing agent (the “**Placing 2**”) 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 172,350,000 new Shares at a price of HK\$0.034 per placing share, for and on behalf of the Company.

On 8 May 2024, the Placing 2 was completed and 172,350,000 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 12 April 2024, 15 April 2024 and 8 May 2024.

As at 31 March 2025, the net proceeds of the Placing 2 had been utilised as follows:

	Actual net proceeds	Amount utilised up to 31 March 2025	Balance as at 31 March 2025
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
General working capital	<u>5.77</u>	<u>5.77</u>	<u>—</u>

In respect of the use of the HK\$5.77 million from the net proceeds of placing of new shares under general mandate, approximately HK\$4.77 million was used as general working capital of the Group and HK\$1 million was used as a loan to a subsidiary of the Company.

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 2025, 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 2025, 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 2025.

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, it is confirmed that there is a sufficient public float of at least 25% of the Company's issued shares at the latest practicable date prior to issue of this report under the GEM Listing Rules.

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 2025.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the consolidated financial statements, which indicates that for the year ended 31 March 2025, the Group incurred a net loss of HK\$15,224,000 and reported a net cash outflow of HK\$4,982,000 from operating activities, and as at 31 March 2025, the Group's current liabilities exceeded its current assets by HK\$13,669,000, while its total cash and cash equivalents only amounted to HK\$4,098,000 and the Group's total liabilities exceeded its total assets by HK\$3,054,000 as at 31 March 2025. As stated in Note 3, these conditions along with other matters as set forth in Note 3 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 2025 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, 30 June 2025

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Sun Lihua, Mr. Yeung Shing Wai and Ms. Wong Ming Kwan Victoria; 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 for at least 7 days from the date of its posting and be posted on the website of the Company at www.shanyugroup.com.