



善裕集团

— SHANYU —

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)



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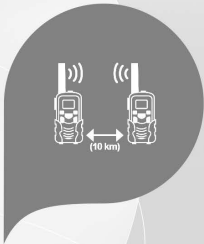
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*This report, for which the directors (the “**Directors**”) of Shanyu Group Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars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



Contents

Corporate Information	3
Financial Highlights (Unaudited)	5
Management Discussion and Analysis	6
Other Information	14
Unaudited Condensed Consolidated Financial Statements	19
Notes to Unaudited Condensed Consolidated Interim Financial Information	25



CORPORATE INFORMATION

DIRECTORS

Executive Directors: Mr. Sun Lihua (*Chairman*) (appointed on 4 October 2024)
Mr. Yeung Shing Wai
Ms. Wong Ming Kwan Victoria
Ms. Zhu Yuanyan (retired on 16 August 2024)

Independent
Non-executive Directors: Mr. Choi Pun Lap
Ms. Ip Sin Nam
Mr. Yu Lap Pan

AUDIT COMMITTEE

Mr. Choi Pun Lap (*Chairman*)
Ms. Ip Sin Nam
Mr. Yu Lap Pan

REMUNERATION COMMITTEE

Mr. Yu Lap Pan (*Chairman*)
Mr. Choi Pun Lap
Ms. Ip Sin Nam

NOMINATION COMMITTEE

Mr. Choi Pun Lap (*Chairman*)
Ms. Ip Sin Nam
Mr. Yu Lap Pan

COMPANY SECRETARY

Mr. Lo Cheuk Fei Jeffrey

COMPLIANCE OFFICER

Mr. Yeung Shing Wai

AUTHORISED REPRESENTATIVE

Mr. Lo Cheuk Fei Jeffrey

REGISTERED OFFICE

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



**PRINCIPAL PLACE
OF BUSINESS
IN HONG KONG**

2/F., 200 Hennessy Road
Wan Chai
Hong Kong

**PRINCIPAL SHARE
REGISTRAR AND
TRANSFER OFFICE IN
THE CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111 Cayman Islands

**HONG KONG BRANCH
SHARE REGISTRAR
AND TRANSFER
OFFICE**

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point, Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

AUDITOR

Fan, Chan & Co. Limited
Rooms 1007–1012, 10/F
K. Wah Centre, 191 Java Road
North Point, Hong Kong

STOCK CODE

8245

COMPANY'S WEBSITE

www.shanyugroup.com

FINANCIAL HIGHLIGHTS (UNAUDITED)

- Revenue of the Company for the six months ended 30 September 2024 amounted to approximately HK\$15.5 million, representing a decrease of approximately 4.5% as compared with that of approximately HK\$16.2 million for the six months ended 30 September 2023.
- Loss attributable to the owner of the Company for the six months ended 30 September 2024 amounted to approximately HK\$1.3 million as compared with profit attributable to the owner of the Company of approximately HK\$3.7 million for the six months ended 30 September 2023.
- Basic and diluted loss per share for the six months ended 30 September 2024 amounted to approximately HK cents 0.45 (Basic and diluted earning per share for the six months ended 30 September 2023: HK cents 0.52).
- The Board does not recommend the payment of any dividend for the six months ended 30 September 2024 (for the six months ended 30 September 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2024, together with the unaudited comparative figures for the corresponding period in 2023.

BUSINESS REVIEW

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

The Group’s revenue decreased from approximately HK\$16.2 million for the six months ended 30 September 2023 to approximately HK\$15.5 million for the six months ended 30 September 2024, representing a decrease of approximately 4.5%. It was due to decrease in number of purchase orders from customers.

The Group’s revenue of two-way radios increased by approximately 65.3% from approximately HK\$9.1 million for the six months ended 30 September 2023 to approximately HK\$15.1 million for the six months ended 30 September 2024 mainly due to the increase in number of purchase orders from customers.

The Group’s revenue of baby monitors decreased significantly from approximately HK\$5.9 million for the six months ended 30 September 2023 to HK\$nil for the six months ended 30 September 2024 due to the decrease in number of purchase orders from customers.

The Group’s revenue of plastic products decreased by approximately 59.1% from approximately HK\$1.0 million for six months ended 30 September 2023 to approximately HK\$0.4 million for six months ended 30 September 2024 due to decrease in number of purchase orders from customers.

The Group’s revenue of other products decreased from approximately HK\$0.2 million for the six months ended 30 September 2023 to HK\$nil for the six months ended 30 September 2024 mainly due to decrease in demand of other products.

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

The following table sets forth the breakdown of the revenue of the Group by product categories for the six months ended 30 September 2024 and 2023:

	Unaudited					
	Six months ended 30 September					
	2024		2023		Increase (decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Two-way radio	15,112	97.4	9,142	56.3	5,970	65.3
Baby monitors	—	—	5,891	36.3	(5,891)	(100)
Plastic products	400	2.6	977	6.0	(577)	(59.1)
Other products	—	—	225	1.4	(255)	(100)
Total	15,512	100	16,235	100	(723)	(4.5)

PROSPECT

Our business objective is to grow our existing business by strengthening our product portfolio and enhancing our information management system and marketing efforts. The Group will continue to invest in research and development of new product lines and seek for new customers and sales channels. We will also continue to subcontract partial of our manufacturing and operation activities to reduce the fix overhead and to enhance the flexibility in terms of fixed cost commitment. We will continue to develop new products and diversify our revenue streams which are expected to bring growth to the turnover of the Group. The Group will continue to improve the revenue and profitability of the business by introducing new product categories and/or leveraging our research and development capability to provide design services to our customers. The Group will continue to look for and consider potential investment opportunities from time to time.



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. Our cost of sales decreased by approximately 6.7% from HK\$13.5 million for the six months ended 30 September 2023 to HK\$12.6 million for the six months ended 30 September 2024. The gross profit ratio increased from approximately 16.6% for the six months ended 30 September 2023 to approximately 18.5% for the six months ended 30 September 2024.

Selling and Distribution Expenses

The selling and distribution expenses increased from approximately HK\$0.04 million for the six months ended 30 September 2023 to approximately HK\$0.43 million for the six months ended 30 September 2024, which was mainly due to increase in marketing expenses.

Administrative Expenses

The administrative expenses increased from approximately HK\$3.5 million for the six months ended 30 September 2023 to approximately HK\$4.0 million for the six months ended 30 September 2024.

Profit attributable to the owners of the Company

Loss attributable to the owners of the Company for the six months ended 30 September 2024 amounted approximately HK\$1.3 million compared with profit attributable to the owners of the Company of approximately HK\$3.7 million for the six months ended 30 September 2023. It was due to the reversal of impairment losses under expected credit loss recognized as a result of subsequent settlement of long outstanding trade receivables balances during the six months ended 30 September 2023.

Liquidity, Financial Resources and Capital Structure

Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As at 30 September 2024, we had various short term borrowings and lease liabilities of approximately HK\$7.1 million (as at 31 March 2024: approximately HK\$6.4 million), representing an increase of approximately HK\$0.7 million as compared to that as at 31 March 2024.

Net current liabilities decreased from approximately HK\$10.2 million as at 31 March 2024 to approximately HK\$5.8 million as at 30 September 2024, which was mainly due to the net effect of increase in trade receivables and trade payables.

The Company requires cash primarily for working capital needs. As at 30 September 2024, the Company had approximately HK\$3.6 million in cash and bank balances (as at 31 March 2024: approximately HK\$4.8 million), representing a decrease of approximately HK\$1.2 million as compared to that as at 31 March 2024.

As of 30 September 2024, the equity attributable to the owners of the Company were approximately HK\$10.9 million, of which share capital was approximately HK\$12.9 million, capital reserve was approximately HK\$1.5 million and accumulated loss were approximately HK\$161 million. The equity attributable to the owners of the Company increased by approximately 71.2% from approximately HK\$6.4 million as at 31 March 2023 to approximately HK\$10.9 million as at 30 September 2024. There were no debt securities issued by the Group during the six months ended 30 September 2024.

Capital Commitments

As at 30 September 2024, the Company had no any capital commitments on acquisition of property, plant and equipment (as at 31 March 2024: nil).

Gearing Ratio

As at 30 September 2024, the gearing ratio of the Group was approximately 93.1% (as at 31 March 2024: approximately 158.6%). The gearing ratio is calculated based on the sum of borrowings, amounts due to related parties, current tax liability and lease liabilities divided by the total equity of the company at the end of the reporting period. The decrease of the gearing ratio was mainly attributed by increase in trade and other receivables during the six months ended 30 September 2024.

Pledged of Assets

As at 30 September 2024 and 31 March 2024, the Group's banking facilities were secured by:

- (i) pledged bank deposits with carrying amount of approximately HK\$nil; and
- (ii) a corporate guarantee from the Company with an aggregate amount of approximately HK\$nil.

Contingent Liabilities

On 20 January 2020, the Company received a third-party notice with legal case no. HCA1643/2019 between the Barton Eagle Limited (the "**Plaintiff**"), Lam Tak Hung (the "**Defendant**") and the Company. The Plaintiff claimed against the Defendant approximately HK\$8 million under a guarantee for debts own by the Company. 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 are the principal debtor of the alleged debt. The management of the Company is seeking the legal opinion for the above case.

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 provision was made as at 30 September 2024 (as at 31 March 2024: nil).

Apart from the contingent liabilities disclosed on the above, the Company has no significant contingent liabilities as at 30 September 2024 (as at 31 March 2024: nil).

Financial Risk Management

During the six months ended 30 September 2024, the Group regularly reviewed the risk and credit control systems of its profit centres in order to improve the overall controlling system and mitigate credit risk.

Risk management is carried out by finance department under policies approved by the Board. Finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides guidance for overall risk management and specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Company did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure as of 30 September 2024.

FOREIGN EXCHANGE EXPOSURE

The Group operates in the PRC and Hong Kong with all of the transactions settled in Renminbi (“**RMB**”), U.S Dollar and Hong Kong Dollar during the six months ended 30 September 2024. Therefore, the Group considers the risk exposure to foreign currency fluctuation would be essentially in line with the performance of the exchange rate of above-mentioned currencies. During the six months ended 30 September 2024, the Group did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

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

The Group did not have material investment and disposal during the six months ended 30 September 2024.

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

Dividend

The Board does not recommend the payment of a dividend for the six months ended 30 September 2024 (2023: nil).

Employees and Remuneration Policies

Total staff costs (including Directors' emoluments) were approximately HK\$1.5 million for the six months ended 30 September 2024 (30 September 2023: HK\$2.0 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. Other benefits include share option scheme, contributions to statutory mandatory provident fund schemes and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

FUND RAISING ACTIVITIES

Placing of New Shares Under General Mandate

On 20 September 2023, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placees for up to 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 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 announcement dated 20 September 2023 and 12 October 2023.

As at 30 September 2024, the net proceeds of the Placing had been utilised as follows:

	Actual net proceeds allocated	Amount utilised up to 30 September 2024	Balance as at 30 September 2024
	HK\$ Million	HK\$ Million	HK\$ Million
General working capital	8.63	8.63	—

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 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 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.

	Actual net proceeds	Amount utilised up to 30 September 2024	Balance as at 30 September 2024
	HK\$ Million	HK\$ Million	HK\$ Million
General working capital	5.77	3.48	2.29

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\$2.48 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.

OTHER INFORMATION

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

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

The shares of associated corporation held by a director

Name of Director	Name of associated corporation	Capacity/ Nature	No. of shares held in the associated corporation	% of shareholding in the associated corporation	No. of share held in the Company
Ms. Wong Ming Kwan Victoria	DD Innovation Limited	Beneficial interest	1	100%	19,318,181

The shares of the Company directly held by directors

Name of Directors	No. of shares held
Ms. Wong Ming Kwan Victoria	3,409,091
Mr. Sun Lihua (<i>Chairman</i>)	8,200,000

Save as disclosed above, as at the date of this report, none of the Directors or chief executive of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have

taken under the provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange. There were no debt securities issued by the Group during the six months ended 30 September 2024.

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


As at 30 September 2024, so far as known to the Directors, the following shareholders had, or were deemed to have, interests or short positions, in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name	Capacity	Number of Shares interested or held	Percentage of interest
DD Innovation Limited ("DD Innovation") (Note)	Beneficial owner	19,318,181	9.3%
Ms. Wong Ming Kwan Victoria ("Ms. Wong") (Note)	Beneficial owner and interest in a controlled corporation	22,727,272	11.0%

Note:

Ms. Wong is the sole beneficial shareholder of DD Innovation. Therefore, Ms. Wong is deemed to be interested in the Shares in which DD Innovation is interested for the purpose of the SFO. In addition, Ms. Wong directly holds 3,409,091 shares of the Company.



Save as disclosed above, the Directors are not aware of any other person who had an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 September 2024.

CORPORATE GOVERNANCE

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has complied with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2024. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the six months ended 30 September 2024.

The Company fully complied with all the code provisions set out in the CG Code throughout the six months ended 30 September 2024.

DIRECTORS’ SECURITIES TRANSACTIONS

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

Having made specific enquiry with all the Directors and all the Directors of the Company had confirmed compliance with the required standard of dealings set out in the Model Code and the code of conduct for Directors’ securities transactions during the six months ended 30 September 2024.

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

The Company has not redeemed any of its shares during the six months ended 30 September 2024. Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2024.

SHARE OPTION SCHEME

The former share option scheme of the Company (the “**Former Scheme**”) was adopted pursuant to a resolution passed by the Company’s shareholders on 16 September 2015. In view of the amendments to Chapter 23 of the GEM Listing Rule relating to share schemes which came into effect on 1 January 2023, the Company adopted a new share scheme (the “**New Scheme**”) pursuant to a resolution passed by the Company’s shareholders on 28 March 2024. The primary purpose of the New Share Scheme is to enable the Company to grant Options or Awards to the Participants as incentives or rewards for their contributions to the Company. The New Share Scheme will give the Participants an opportunity to have a personal stake in the Company and will help motivate the Participants to optimise their performance and efficiency and attract and retain or otherwise maintain a long-term relationship with the Participants whose contributions are or will be in line with the business objectives of the Company. Eligible participants of the Scheme include any employees, any executives, Non-executive Directors (including Independent Non-executive Directors), advisors, consultants of the Company or any of its subsidiaries.

The New Scheme will remain valid and effective for a period of 10 years commencing on the date on which the New Scheme is adopted, after which period no further share options and awards will be granted but the provisions of the New Scheme shall in all other respects remain in full force and effect and share options and awards which are granted during the life of the New Scheme may continue to be exercisable in accordance with their terms of issue. The principal terms of which were summarised in the paragraph headed “Principal Terms of the New Share Scheme” in Appendix to the circular dated 12 March 2024.

As of 30 September 2024 and the date of this report, the total number of shares of the Company which may be issued upon the exercise of all options and award to be granted under the New Scheme was 17,235,127 shares of the Company, representing approximately 8.3% of the issued share capital of the Company.



AUDIT COMMITTEE

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

The unaudited interim financial results of the Group for the six months ended 30 September 2024 have been reviewed by the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events since 30 September 2024 and up to the date of this report.

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

Hong Kong, 29 November 2024

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 September 2024, together with the comparative figures for the corresponding period in 2023 which have been reviewed and approved by the Audit Committee, as follows:

	Notes	Six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	6	15,512	16,235
Cost of sales		(12,637)	(13,543)
Gross profit		2,875	2,692
Other income	7	388	4,436
Other (losses)/gains	8	(27)	414
Selling and distribution expenses		(433)	(43)
Administrative expenses		(3,955)	(3,494)
Finance costs	9	(23)	(158)
(Loss)/profit before income tax	10	(1,175)	3,847
Income tax expense	11	(133)	(126)
(Loss)/profit for the period		(1,308)	3,721
Other comprehensive (expense)/income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		—	(2,006)
Total comprehensive (expense)/income for the period		(1,308)	1,715

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended 30 September	
Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	
(Loss)/profit for the period attributable to:			
Owners of the Company	(1,308)	3,721	
Non-controlling interests	—	—	
	(1,308)	3,721	
Total comprehensive (expenses)/income for the period attributable to:			
Owners of the Company	(1,308)	1,715	
Non-controlling interests	—	—	
	(1,308)	1,715	
(Loss)/earning per share (HK cents)			
Basic and diluted	12 (0.45)	0.52	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	14	—	—
Right-of-use assets		782	—
Deposit		—	679
Goodwill		15,855	15,855
		16,637	16,534
Current assets			
Inventories	16	—	476
Financial assets at fair value through profit and loss (“FVTPL”)		946	388
Trade and other receivables	15	27,982	19,022
Bank balances and cash		3,609	4,848
		32,537	24,734
Current liabilities			
Trade and other payables	17	28,200	24,950
Borrowings	18	6,276	6,412
Amounts due to a related party	19	2,370	3,122
Current tax liability		608	475
Lease liabilities		859	—
		38,313	34,959

	<i>Notes</i>	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Net current liabilities		(5,776)	(10,225)
Net assets		10,861	6,309
Capital and reserves			
Share capital	20	12,926	10,772
Reserves		(1,979)	(4,377)
Equity attributable to owners of the Company		10,947	6,395
Non-controlling interests		(86)	(86)
Total equity		10,861	6,309

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total deficit equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	PRC statutory reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000			
Balance at 1 April 2024 (Audited)	10,772	153,587	1,465	–	–	–	(159,429)	6,395	(86)	6,309
Profit for the period	–	–	–	–	–	–	(1,308)	(1,308)	–	(1,308)
Other comprehensive income										
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	–
Total comprehensive (expense)/income	10,772	153,587	1,465	–	–	–	(160,737)	5,087	(86)	5,001
Placing of new shares	2,154	3,706	–	–	–	–	–	5,860	–	5,860
Balance at 30 September 2024 (Unaudited)	12,926	157,293	1,465	–	–	–	(160,737)	10,947	(86)	10,861

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total deficit equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	PRC statutory reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000			
Balance at 1 April 2023 (Audited)	8,977	146,622	1,465	2,670	240	(1,292)	(164,300)	(5,618)	(85)	(5,703)
Profit for the period	–	–	–	–	–	–	3,721	3,721	–	3,721
Other comprehensive income										
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(2,006)	–	(2,006)	–	(2,006)
Total comprehensive (expense)/income	–	–	–	–	–	(2,006)	3,721	1,715	–	1,715
Balance at 30 September 2023 (Unaudited)	8,977	146,622	1,465	2,670	240	(3,298)	(160,579)	(3,903)	(85)	(3,988)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash used in operating activities	(7,009)	(1,329)
Net cash generated from investing activities	—	89
Net cash generated from/(used in) financing activities	5,770	(135)
Net decrease in cash and cash equivalents	(1,239)	(1,375)
Cash and cash equivalents at beginning of the period	4,848	8,429
Effect on foreign exchange rates change	—	(2,006)
Cash and cash equivalents at end of the period	3,609	5,048
Analysis of cash and cash equivalents		
Bank balances and cash	3,609	5,048

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 CORPORATION INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

(a) General information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised), of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is 2/F, 200 Hennessy Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are designing, trading and manufacturing of two-way radios, baby monitor products and plastic products on original design manufacturing basis.

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

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

(b) Basis of presentation

The presentation applied are consistent with those of the consolidated annual financial statements for the year ended 31 March 2024.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2024 (“**Interim Period**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”).

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the Interim Period are consistent with those used in the audited financial statements of the Group for the year ended 31 March 2024 and should be used in conjunction with the audited consolidated financial statements for the year ended 31 March 2024.

2 BASIS OF PREPARATION (CONTINUED)

HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the Interim Period. There have been no significant changes to the accounting policies applied in these financial statements for the Interim Period presented as a result of these developments.

The unaudited condensed consolidated financial statements for the Interim Period have not been audited by the Company's independent auditor but have been reviewed by the Company's audit committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the Interim Period is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group's accounting policies.

ADOPTION OF NEW AND AMENDED HKFRSs

In the Period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendment to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

The application of the amendments to HKFRSs has no material impact on the Group's financial position and financial performance for the current and/or prior periods and/or on the disclosure set out in the condensed consolidated financial statements.

The Group has not applied any new and amendments to HKFRSs that have been issued but not yet effective for the current accounting period.

2 BASIS OF PREPARATION (CONTINUED)

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 30 September 2024. As at 30 September 2024, the Group's current liabilities exceeded its current assets by HK\$5,776,000, while its total cash and cash equivalents amount to HK\$3,609,000. 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 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.

In light of the abovesaid measures, the Board believes that the financial position of the Company shall be strengthened in the future.

3 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for financial asset at fair value through profit or loss which is measured at fair values.

4 ESTIMATES

The preparation of unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2024.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The unaudited interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2024.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Compared to year end, there have been no material changes to the policies and practices for the Group's liquidity and funding risks management as described in the annual financial statements for the year ended 31 March 2024.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(Continued)

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair values of trade and other receivables, bank balances and cash, trade and other payables and borrowings as at 30 September 2024 approximate to their carrying amounts.

6 SEGMENT INFORMATION

Total revenue recognised during the respective period are as follows:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Sales of goods	15,512	16,235
	15,512	16,235

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

6 SEGMENT INFORMATION (Continued)

The Group is principally engaged in the designing, trading and manufacturing of two-way radios, baby monitors and plastic products on original design manufacturing basis.

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

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

The segment information provided to the executive Directors for the reportable segments are as follows:

	Two-way radios HK\$'000 (Unaudited)	Baby monitors HK\$'000 (Unaudited)	Plastic products HK\$'000 (Unaudited)	Other products (Note) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the six months ended 30 September 2024					
Total segment revenue (from external customers)	15,112	—	400	—	15,512
Segment result for the period	2,728	—	147	—	2,875
For the six months ended 30 September 2023					
Total segment revenue (from external customers)	9,142	5,891	977	225	16,235
Segment result for the period	1,337	711	366	278	2,692

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

6 SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Segment results	2,875	2,692
Other income	388	4,436
Other (losses)/gains	(27)	414
Selling, distribution and administrative expenses	(4,388)	(3,537)
Finance costs	(23)	(158)
(Loss)/profit before income tax	(1,175)	3,847

6 SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
The United States	127	—
Europe (Note 1)	273	466
Asia (Note 2)	15,112	15,769
	15,512	16,235

Note 1: Europe includes but is not limited to France, and the UK.

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

Revenue is allocated based on the shipping destination.

7 OTHER INCOME

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Bank interest income	3	4
Others	385	4,432
	388	4,436

8 OTHER (LOSSES)/GAINS

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Exchange (losses)/gains, net	(27)	414
	(27)	414

9 FINANCE COSTS

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on:		
— bank and other borrowings	15	153
— lease liabilities	8	5
	23	158

10 (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cost of inventories recognised as expenses	12,630	13,509
Directors' emoluments	570	1,113
Employee benefit expenses	934	877
Subcontracting fees	—	—
Depreciation		
— Property, plant and equipment	—	—
— Rights-of-use assets	68	202
Expenses relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	278	40

11 INCOME TAX EXPENSE

No provision for PRC enterprise income tax has been made as the Group did not have any assessable profits arising in or derived from PRC during the six months ended 30 September 2024 (2023: nil).

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the six months ended 30 September 2024 (2023: 25%).

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profit Tax	133	126

12 (LOSS)/EARNING PER SHARE

(a) Basic

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

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)	(1,308)	3,721
Weighted number of ordinary shares in issue (<i>'000</i>)	393,782	718,136
Basic earning per share (<i>HK cents per share</i>)	(0.45)	0.52

(b) Diluted

Diluted earning per share for the six months ended 30 September 2023 was equal to the basic earning 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 anti-dilutive.

Diluted loss per share was equal to basic loss per share as there were no potential outstanding shares during the six months ended 30 September 2024.

13 DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the six months ended 30 September 2024 (2023: nil).

14 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group did not acquired any property, plant and equipment (30 September 2023: nil).

15 TRADE AND OTHER RECEIVABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Trade receivable (<i>Note a</i>)	25,435	17,563
Prepayment and deposits	2,320	1,232
Other receivables	8,164	8,164
Less: Allowance for credit losses	(7,937)	(7,937)
Total trade and other receivables	27,982	19,022
Less: non-current portion	—	679
Current portion	27,982	18,343

Note:

(a) The carrying amounts of trade receivable approximate their fair values

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of the trade receivables based on invoice date are as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Within 30 days	5,379	4,467
31 to 60 days	2,747	5,014
61 to 90 days	3,020	—
91 to 180 days	7,308	6,291
Over 180 days	6,981	1,791
Total	25,435	17,563

16 INVENTORIES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Raw materials	—	476
Work in progress	—	—
Finished goods	—	—
	—	476

The cost of inventories recognised as expenses in “cost of sales” amounted to approximately HK\$12,630,000 and HK\$13,509,000 for the six months ended 30 September 2024 and 30 September 2023, respectively.

17 TRADE AND OTHER PAYABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Trade payables	18,657	15,149
Accrued expenses and other payables	9,543	9,801
	9,543	9,801
Trade and other payables	28,200	24,950

The ageing analysis of the trade payables based on invoice date is as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Within 30 days	4,535	11,549
31 to 60 days	2,359	1,779
61 to 90 days	2,490	1,448
More than 90 days	9,273	373
	18,657	15,149

The credit period on purchases of goods is 30 days from the date of despatch. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

18 BORROWINGS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Bank borrowings (<i>Note a</i>)	676	812
Secured other borrowings (<i>Note b</i>)	5,600	5,600
Total borrowings	6,276	6,412

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

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Bank borrowings and unsecured other borrowings that contain repayment on demand clause (shown as current liabilities) but repayable within a period of:		
Within one year	6,276	6,412
Total	6,276	6,412

18 BORROWINGS (CONTINUED)

- (a) Secured bank borrowings were interest bearing at Prime Lending Rate less 2.25% per annum as at 30 September 2023 which are secured by guarantee provided by the Company as appropriate.
- (b) On 16 July 2019, the Company entered into assignment of debt agreement with the lender to factor trade receivable with the gross carrying amount of approximately HK\$7,809,000 to lender with recourse. Subsequent to entered into assignment of debt agreement, the secured other borrowings were interest-free and will be settled upon settlement of factored trade receivable with the amounts of HK\$7,308,000 (net of allowance for credit losses).

19 AMOUNTS DUE TO A RELATED PARTY

Name of related party	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Ms. Wong Ming Kwan Victoria	(2,370)	(3,122)

The amounts are unsecured, interest-free and repayable on demand.

As at 30 September 2024, the balances are unsecured, interest-free and repayable on demand.

20 SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At the beginning of reporting period	3,120,000	39,000
At the end of the reporting period	624,000	39,000
Issued and fully paid:		
At the beginning of reporting period	861,756	10,772
At the end of the reporting period	206,821	12,926

On 12 April 2024, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placees for up to 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 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 announcement dated 12 April 2024, 15 April 2024 and 8 May 2024.

On 20 June 2024, the Company held an extraordinary general meeting and an ordinary resolution was passed to approve the consolidation of every five issued and unissued ordinary shares of par value of HK\$0.0125 each in the share capital of the Company into one consolidated share of HK\$0.0625 each in the share capital of the Company. The share consolidation became effective on 24 June 2024 and the total number of issued shares of the Company became 206,821,272 shares. For details of the share consolidation, please refer to the announcements of the Company dated 20 June 2024 and the circular of the Company dated 3 June 2024.

21 RELATED-PARTY TRANSACTIONS

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

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the three months and six months ended 30 September 2024 and 30 September 2023.

(a) Transactions with related parties

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Rental expenses charged by a related company	—	40

Note:

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

21 RELATED-PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

For the six months period ended 30 September 2024, the Directors considered they are the sole management personnel of the Group, and their remuneration during the six months period ended 30 September 2024 is disclosed in note 10 to condensed consolidated financial statements. The remuneration of the Directors is determined by the remuneration committee having regard to the performance of individual and market trends.

22 EVENTS AFTER REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 30 September 2024 and up to the date of this interim report.

23 APPROVAL OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements were approved and authorised for issue by the Board on 29 November 2024.