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## **SIMPLICITY HOLDING LIMITED**

**倩碧控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8367)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

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

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

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

*This announcement, for which the directors (the “**Directors**”, each a “**Director**”) of Simplicity Holding 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.*

\* *for identification purpose only*

## **FINANCIAL HIGHLIGHTS**

- The Group’s revenue amounted to approximately HK\$48.98 million for the six months ended 30 September 2024, representing a decrease of approximately HK\$1.60 million or 3.16% as compared to approximately HK\$50.58 million for the six months ended 30 September 2023.
- Loss for the six months ended 30 September 2024 amounted to approximately HK\$10.89 million, as compared to the loss for the six months ended 30 September 2023 of approximately HK\$8.96 million.
- The Group recorded basic loss per share for the six months ended 30 September 2024 of approximately HK cents 0.95 as compared with basic loss per share of approximately HK cents 0.93 for the six months ended 30 September 2023.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: Nil).

The board of the Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”) together with the comparative figures for the corresponding period in 2023 as follows:

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

For the six months ended 30 September 2024

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2024</b>	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	4	<b>48,980</b>	50,576
Other income	5	<b>159</b>	35
Other gains and (losses), net	5	<b>(1,744)</b>	(1,100)
Raw materials and consumables used		<b>(24,995)</b>	(19,171)
Staff costs		<b>(11,487)</b>	(18,119)
Depreciation and amortisation expense		<b>(6,216)</b>	(7,256)
Rental and related expenses		<b>(1,224)</b>	(2,162)
Utilities expenses		<b>(650)</b>	(1,828)
Other expenses		<b>(13,052)</b>	(9,159)
Finance costs	6	<b>(626)</b>	(575)
<b>Loss before tax</b>	7	<b>(10,855)</b>	(8,759)
Income tax expense	8	<b>(34)</b>	(203)
<b>Loss for the year</b>		<b>(10,889)</b>	(8,962)
Loss for the year attributable to:			
– owners of the Company		<b>(10,889)</b>	(8,962)
– non-controlling interest		–	–
		<b>(10,889)</b>	(8,962)
Loss for the year		<b>(10,889)</b>	(8,962)
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		–	–
		<b>(10,889)</b>	(8,962)
Total comprehensive expense for the year attributable to:			
– owners of the Company		<b>(10,889)</b>	(8,962)
– non-controlling interests		–	–
		<b>(10,889)</b>	(8,962)

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

For the six months ended 30 September 2024

		Six months ended 30 September	
		2024	2023
	Notes	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
<b>Loss per share</b>			
Basic ( <i>HK cents</i> )	10	<u>(0.95)</u>	<u>(0.93)</u>
Diluted ( <i>HK cents</i> )	10	<u>(0.95)</u>	<u>(0.93)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2024*

		<b>30 September</b>	31 March
		<b>2024</b>	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
<b>Non-current assets</b>			
Property, plant and equipment		5,146	3,183
Right-of-use assets		12,054	9,874
Deferred tax assets		95	95
Goodwill		20,722	20,722
Intangible asset		7,243	8,303
Deposits	11	1,346	2,606
<b>Total non-current assets</b>		<b>46,606</b>	44,783
<b>Current assets</b>			
Inventories		3,680	3,908
Trade and other receivables, deposits and prepayments	11	19,641	9,544
Financial assets at FVTPL		2,714	2,948
Bank balances and cash		12,745	8,530
<b>Total current assets</b>		<b>38,780</b>	24,930
<b>Current liabilities</b>			
Trade and other payables and accruals	12	38,117	15,623
Bank and other borrowings		1,996	1,996
Lease liabilities		7,707	6,385
Tax payable		275	136
<b>Total current liabilities</b>		<b>48,095</b>	24,140
<b>Net current (liabilities)/assets</b>		<b>(9,315)</b>	790
<b>Total assets less current liabilities</b>		<b>37,291</b>	45,573

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	<b>30 September 2024</b>	31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
<b>Non-current liabilities</b>		
Deferred tax liabilities	596	2,256
Defined benefit plan obligations	330	330
Provision for reinstatement	1,575	763
Bank and other borrowings	1,681	2,826
Lease liabilities	9,554	4,954
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>13,736</b>	11,129
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<b>Net assets</b>	<b>23,555</b>	34,444
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<b>Capital and reserves</b>		
Share capital	11,508	11,508
Reserves	12,080	22,969
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>23,588</b>	34,477
Non-controlling interests	(33)	(33)
	<hr/>	<hr/>
<b>Total equity</b>	<b>23,555</b>	34,444
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 27 January 2017 and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 February 2018. The address of the Company’s registered office and the principal place of business is located at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in restaurant operations, sales of food ingredients and beverage and aircraft’s engine stand repairing and maintenance service.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“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.

### 3. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which has been measured at fair value. These condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest dollar except when otherwise indicated.

#### **Going Concern Basis**

The Group incurred a net loss of approximately HK\$10,889,000 for the six months ended 30 September 2024 and, as of that date, the Group had net current liabilities of approximately HK\$9,315,000. Those conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The validity of the use of going concern in the preparation of the condensed consolidated financial statements is dependent upon the Group’s ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due.

The Board adopted the going concern basis in the preparation of condensed consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group.

Alternative source of funding — The Group is actively considering to raise new capital by carrying out fund raising activities including but not limited to rights issue, open offer, placing of new shares and issuance of convertible note.

On 18 November 2024 (after trading hour), 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 230,160,000 new Shares at a price of HK\$0.017 per Placing Share, for and on behalf of the Company. Details are set out on the Company’s announcement dated 18 November 2024.

Various cost control measures — The Board plan to improve the Group’s financial performance by taking steps to reduce discretionary expenses and administrative costs.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 March 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).



#### 4. REVENUE AND SEGMENT REPORTING

Revenue represents the amounts received or receivable from the operations of restaurants, food ingredients and beverage and aircraft's engine stand repairing and maintenance services in Hong Kong during the Period.

##### **Segment revenue and results**

Information reported to the executive directors of the Group, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on styles of cuisine serving by the Group's restaurants to the customers and the type of services provided by the Group.

Specifically, the Group's reportable segments under HKFRS 8 “Operating Segments” are as follows:

1. Chinese cuisine – Operations of Chinese cuisine restaurants under the brand of “Marsino”.
2. Thai cuisine – Operations of Thai cuisine restaurants under the brand of “Grand Avenue”.
3. Malaysian cuisine – Operations of Malaysian cuisine restaurants under the brand of “Baba Nyonya”.
4. Food ingredients and beverage operations – Provision of agency services in relation to sales of noodles, and sales of wine to external third parties.
5. Aircraft's engine stand repairing and maintenance services – Provision of aircraft engine stand repairing and maintenance services.

The material accounting policy information of the operating segments are the same as the Group's material accounting policy information. No operating segments have been aggregated to arrive at the reportable segments of the Group. Segment revenues are all revenue generated from external customers and there was no inter-segment revenue. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs, directors' emoluments, share-based payment expenses, bank interest income and finance cost on general working capital borrowings.

## Six months ended 30 September 2024

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Food ingredients and beverage operations <i>HK\$'000</i>	Aircraft's engine stand repairing and maintenance services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>6,123</u>	<u>-</u>	<u>5,251</u>	<u>-</u>	<u>37,606</u>	<u>48,980</u>
Segment (loss)/profit	<u>(1,883)</u>	<u>(303)</u>	<u>(1,272)</u>	<u>-</u>	<u>1,923</u>	<u>(1,535)</u>
Unallocated other income						159
Unallocated corporate expenses						<u>(9,479)</u>
Loss before tax						<u><u>(10,855)</u></u>

## Six months ended 30 September 2023

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Food ingredients and beverage operations <i>HK\$'000</i>	Aircraft's engine stand repairing and maintenance services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>10,667</u>	<u>6,957</u>	<u>11,797</u>	<u>786</u>	<u>20,369</u>	<u>50,576</u>
Segment (loss)/profit	<u>(2,467)</u>	<u>(451)</u>	<u>(1,255)</u>	<u>311</u>	<u>1,341</u>	<u>(2,521)</u>
Unallocated other income						35
Unallocated corporate expenses						<u>(6,275)</u>
Loss before tax						<u><u>(8,759)</u></u>

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

**At 30 September 2024**

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Food ingredients and beverage operations <i>HK\$'000</i>	Aircraft's engine stand repairing and maintenance services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>2,337</u>	<u>253</u>	<u>6,442</u>	<u>243</u>	<u>60,754</u>	70,029
Deferred tax assets						95
Unallocated deposits, prepayments and other receivables						11,697
Financial assets at FVTPL						2,714
Bank balances and cash						<u>851</u>
Consolidated assets						<u>85,386</u>
Segment liabilities	<u>10,401</u>	<u>1,433</u>	<u>11,535</u>	<u>—</u>	<u>24,658</u>	48,027
Unallocated trade and other payables and accruals						12,933
Tax payable						275
Deferred tax liabilities						<u>596</u>
Consolidated liabilities						<u>61,831</u>

At 31 March 2024

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Food ingredients and beverage operations <i>HK\$'000</i>	Aircraft's engine stand repairing and maintenance services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>3,042</u>	<u>159</u>	<u>2,220</u>	<u>3,763</u>	<u>48,746</u>	57,930
Deferred tax assets						95
Unallocated deposits, prepayments and other receivables						210
Financial assets at FVTPL						2,948
Bank balances and cash						<u>8,530</u>
Consolidated assets						<u>69,713</u>
Segment liabilities	<u>7,091</u>	<u>1,303</u>	<u>6,846</u>	<u>2,627</u>	<u>13,862</u>	31,729
Unallocated trade and other payables and accruals						1,148
Tax payable						136
Deferred tax liabilities						<u>2,256</u>
Consolidated liabilities						<u>35,269</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than deferred tax assets, certain deposits, prepayment and financial assets at FVTPL, tax recoverable and bank balances and cash.
- all liabilities are allocated to operating and reportable segments, other than certain trade and other payables and accruals, tax payable, contingent consideration and deferred tax liabilities.

## 5. OTHER INCOME/OTHER GAINS AND (LOSSES), NET

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other income:		
Promotion income	12	3
Bank interest income	15	4
Others	132	28
	<u>159</u>	<u>35</u>
Other gains and (losses):		
Loss on disposal of financial assets at FVTPL	(1,860)	(33)
Fair value change on financial assets at FVTPL	56	(1,067)
Gain on disposal of property, plant and equipment	60	–
	<u>(1,744)</u>	<u>(1,100)</u>

## 6. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interests on bank and other borrowings	116	108
Interests on lease liabilities	510	467
	<u>626</u>	<u>575</u>

## 7. LOSS BEFORE TAX

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Loss before tax has been arrived at after charging:		
Staff costs (including directors' emoluments):		
Salaries and other benefits	<b>11,096</b>	17,432
Contribution to defined contribution retirement benefit schemes	<b>391</b>	687
	<b>11,487</b>	18,119
Operating lease payments in respect of rented premises		
Short-term lease expenses	<b>1,224</b>	1,207
Contingent rentals	<b>-</b>	16

## 8. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
Hong Kong Profits Tax	<b>34</b>	203
Deferred tax	<b>-</b>	-
	<b>34</b>	203

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and accordingly, is not subject to income tax in the Cayman Islands.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of assessable profits of a qualifying corporation are taxed at 8.25%, and assessable profits above HK\$2 million continue to be taxed at 16.5%. For the six months ended 30 September 2024 and 2023, 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 group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

## 9. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 September 2024, nor has any dividend been proposed since the end of the Period (2023: nil).

## 10. LOSS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<b><u>10,889</u></b>	<u>8,962</u>
	<b>'000</b>	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	<b><u>1,150,840</u></b>	<u>960,000</u>

The computation of diluted loss per share for the six months ended 30 September 2024 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in loss per share.

Therefore, the diluted loss per share is the same as the basic loss per share for the six months ended 30 September 2024.

## 11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
Trade receivables from sales of food ingredients and beverages	<b>395</b>	395
Trade receivables from restaurant operations	<b>533</b>	850
Trade receivables from aircraft engine stand repairing	<b>4,880</b>	1,576
	<b>5,808</b>	2,821
Allowance for expected credit losses	<b>(395)</b>	(395)
	<b>5,413</b>	2,426
Deposits	<b>2,175</b>	3,473
Prepayments and other receivables ( <i>note</i> )	<b>13,399</b>	6,251
Total	<b><u>20,987</u></b>	<b><u>12,150</u></b>
Analysed for reporting purposes as:		
Non-current assets	<b>1,346</b>	2,606
Current assets	<b>19,641</b>	9,544
	<b><u>20,987</u></b>	<b><u>12,150</u></b>

There was no credit period granted to individual customers for the restaurant operations. The Group's trading terms with its customers are mainly by cash, octopus card and credit card settlement. The settlement terms of octopus card and credit card companies are usually within 7 days after the service rendered date. All trade receivables from restaurant operations are aged within 7 days after the service rendered date. All trade receivables from sales of food ingredients are aged within 30–90 days based on the invoice date at the end of the reporting period.



The Group has a policy of allowing credit periods ranging from 0 to 90 days to its customers in the sales of food ingredients and beverage operations. Longer credit period is also allowed on a case by case basis. The following is an aged analysis of trade receivables of sales of food ingredients and beverage operations, net of ECL, presented based on the invoice date, which approximated the revenue recognition date for income of food ingredients and beverage operations, as appropriate:

	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
0–90 days	<u>–</u>	<u>–</u>

The Group has a policy of allowing a credit period ranging from 0 to 180 days to its customers in the aircraft engine stand repairing operations. Longer credit period is also allowed on a case by case basis. The following is an aged analysis of trade receivables of aircraft engine stand repairing, net of ECL, presented based on the invoice date, which approximated the revenue recognition date for income of aircraft engine stand repairing, as appropriate:

	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
0–90 days	<b>4,880</b>	1,576
91–180 days	–	–
Over 180 days	<u>–</u>	<u>–</u>
	<b><u>4,880</u></b>	<b><u>1,576</u></b>

The expected credit loss for the trade receivables of engine's repairing is HK\$nil.

## 12. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
Trade payables	<b>14,037</b>	696
Accruals and other payables	<b><u>24,080</u></b>	<u>14,927</u>
	<b><u>38,117</u></b>	<b><u>15,623</u></b>

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days. All trade payables are aged within 60 days based on the invoice date at the end of the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

We are a casual dining full service restaurant operator and up to the date of this announcement. For the six months ended 30 September 2024, we were operating restaurants under 3 brands, namely “Marsino”, “Baba Nyonya” and “Grand Avenue”, and they were all situated across Hong Kong, Kowloon and the New Territories.

“Marsino” is a Chinese noodle specialist, “Grand Avenue” offers Thai cuisine, and “Baba Nyonya” offers Malaysian cuisine. Each of “Marsino”, “Grand Avenue” and “Baba Nyonya” are founded and operated by our Group except for one of “Baba Nyonya” is operated by a franchisee.

“Marsino” had recorded revenue of approximately HK\$6.12 million during the six months ended 30 September 2024, which is equivalent to 12.50% of our total revenue. As compared to the last corresponding period, “Marsino” has experienced a decrease in revenue by 42.60% mainly due to the restaurant industry market was not good and unstable.

“Grand Avenue” had recorded revenue of approximately HK\$nil million during the six months ended 30 September 2024, which is equivalent to nil% of our total revenue. As compared to the last corresponding period, “Grand Avenue” has experienced a decrease in revenue by 100.00% due to the lease of the shop was expired.

“Baba Nyonya” had recorded revenue of approximately HK\$5.25 million during the six months ended 30 September 2024, which is equivalent to 10.72% of our total revenue. As compared to the last corresponding period, “Baba Nyonya” has experienced a decrease in revenue by 55.49% due to the restaurant industry market was not good and unstable.

The segment of “Food ingredients and beverage” had recorded revenue of approximately HK\$nil million during the six months ended 30 September 2024, which is equivalent to nil% of our total revenue. As compared to the last corresponding period, the segment of “Food ingredients and beverage” has experienced a decrease in revenue by 100.00% due to the business was not good and unstable.

The segment of income of aircraft engine stand repair and maintenance services had recorded revenue of approximately HK\$37.60 million during the six months ended 30 September 2024, which is equivalent 76.78% of our total revenue.

## **FUTURE PROSPECTS**

The Group is committed to strengthen our core capabilities to keep on improving its business performance and operating results so as to cope with these challenges and to present satisfactory results and bring favourable returns to our shareholders. In view of the challenges faced by the Group, we will adopt a conservative and cautious approach to operate our businesses. Actions we have taken or are likely to take are:

- 1) Minimising our staff costs by reducing the usage of staff in our restaurants;
- 2) Negotiating with our landlords for rent concession;
- 3) Negotiating with our suppliers for purchase discounts and longer payment terms;
- 4) Expanding the take-away product line such as food pack and ready-to-eat products and increasing marketing efforts and sales stimulating measures;
- 5) Cooperating with food delivery companies to deliver our food to the customers;
- 6) Participating in food fairs to promote our take-away product lines;
- 7) Supplying food materials to a chain of restaurants in Hong Kong;
- 8) Opening new restaurants at lower costs; and
- 9) Refining business strategies to cope with the continuing challenges.

## **FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 September 2024, the Group recorded revenue of approximately HK\$48.98 million (2023: HK\$50.58 million), representing a decrease of 3.16% compared with the same period of the previous year. The decrease in revenue was primarily attributed to the business of catering.

### **Raw materials and consumables used**

For the six months ended 30 September 2024, the Group recorded raw materials and consumables used of approximately HK\$25.00 million (2023: HK\$19.17 million), representing an increase of 30.38% compared with the same period of the previous year. The increase in raw materials and consumables used was primarily attributed to the increased in running cost of business.

### **Other income**

For the six months ended 30 September 2024, the Group recorded other income of approximately HK\$0.16 million (2023: HK\$0.04 million), representing an increase of 354.29% compared with the same period of the previous year. The increase in other income was primarily attributed to the rental income.

### **Other gains and losses, net**

For the six months ended 30 September 2024, the Group recorded net loss of approximately HK\$1.74 million (2023: net loss of HK\$1.10 million), representing increased in net loss by approximately HK\$0.64 million. Such increase was mainly due to increase in loss on disposal of financial assets at FVTPL.

### **Staff costs**

Staff costs was approximately HK\$11.49 million for the six months ended 30 September 2024, representing a decrease of approximately 36.60% as compared to approximately HK\$18.12 million for the six months ended 30 September 2023. Such decrease was mainly due to the decreased of staffs.

## **Depreciation and amortisation expense**

Depreciation and amortisation expenses were approximately HK\$6.22 million and HK\$7.26 million for the six months ended 30 September 2024 and 2023 respectively.

## **Rental and related expenses**

The rental and related expenses for the six months ended 30 September 2024 amounted to approximately HK\$1.22 million, representing a decrease of approximately 43.39% as compared with the same period of the previous year which amounted to approximately HK\$2.16 million.

## **Utility expenses**

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the six months ended 30 September 2024 and 2023, the total utility expenses amounted to approximately HK\$0.65 million and HK\$1.82 million, respectively and was mainly due to the shrink of catering's business.

## **Impairment loss under expected credit loss model for trade receivables**

For the six months ended 30 September 2024, the Group recorded impairment loss under expected credit loss model for trade receivables of approximately HK\$nil million.

## **Other expenses**

The Group's other expenses increased by approximately 42.50% from approximately HK\$9.16 million for the six months ended 30 September 2023 to approximately HK\$13.05 million for the six months ended 30 September 2024 mainly due to expenses increased in business of engineering.

## **Finance costs**

The Group's finance costs represented interest on bank and other borrowings and interest on lease liabilities. For the six months ended 30 September 2024 and 2023, finance costs were approximately HK\$0.63 million and HK\$0.58 million, respectively. Increased in finance costs is mainly due to increase in interests on lease liabilities.

## **Loss attributable to owners of the Company**

For the six months ended 30 September 2024, the Group recorded a loss attributable to owners of the Company of approximately HK\$10.89 million, as compared to the loss of approximately HK\$18.96 million for the six months ended 30 September 2023. The increase in loss was mainly due to decrease in revenue of catering's business.

## **Dividend**

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

## **FOREIGN CURRENCY EXPOSURE**

The Group operates in Hong Kong with significant transactions are denominated in Hong Kong dollars and the Group is not exposed to significant foreign exchange exposure.

## **TREASURY POLICIES**

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

## **CAPITAL COMMITMENTS**

As at 30 September 2024, the Group did not have any outstanding capital commitment.

## **CONTINGENT LIABILITIES**

As at 30 September 2024, the Group did not have any material contingent liabilities.

## **CHARGE ON GROUP ASSETS**

At 30 September 2024, the Group did not have any charge of assets.

## **EVENT AFTER THE REPORTING DATE**

There was no significant event after the reporting period for the six months ended 30 September 2024 except for the placing of new shares under general mandate. Details are set out on the Company's announcement dated 18 November 2024.

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

There was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the six months ended 30 September 2024. There is no other plan for material investments or capital assets as at 30 September 2024.

## **DIVIDEND**

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: nil).

## **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 six months ended 30 September 2024, the Company has complied with the code provisions as set out in the CG Code.

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

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

During the six months ended 30 September 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings during the six months ended 30 September 2024.

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

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares were held by the public as required under the GEM Listing Rules during the six months ended 30 September 2024 and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established an audit committee ("**Audit Committee**") with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee consists of two independent non-executive Directors, namely Mr. Lo Cheuk Fei Jeffrey and Mr. Cheung Hiu Fung. Mr. Lo Cheuk Fei Jeffrey 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 figures in respect of the Group’s condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, the related notes thereto for the six months ended 30 September 2024 have been reviewed by the Audit Committee before recommendation to the Board for approval.

For and on behalf of  
**Simplicity Holding Limited**  
**Choi Pun Lap**  
*Executive Director and Company Secretary*

Hong Kong, 29 November 2024

*As at the date of this announcement, the executive Directors of the Company are Mr. Choi Pun Lap, Mr. Leung Wai Tai; and the independent non-executive Directors of the Company are Mr. Lo Cheuk Fei Jeffrey and Mr. Cheung Hiu Fung.*

*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 at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its publication. This announcement will also be published and will remain on the website of the Company at <http://www.simplicityholding.com>.*