



倩碧控股有限公司
Simplicity Holding Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8367

INTERIM REPORT

2024

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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.

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*This report, for which the directors (the “**Directors**”) of Simplicity Holding Limited (the “**Company**”) and together with its subsidiaries, the “**Group**” or “**We**”) 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Choi Pun Lap
Mr. Leung Wai Tai

Independent non-executive Directors

Mr. Lo Cheuk Fei Jeffrey
Mr. Cheung Hiu Fung
Mr. Wang Rongqian
(retired on 30 August 2024)

Compliance Officer

Mr. Choi Pun Lap

Authorised Representatives

Mr. Choi Pun Lap
Mr. Leung Wai Tai

Company Secretary

Mr. Choi Pun Lap

Audit Committee

Mr. Lo Cheuk Fei Jeffrey (*Chairman*)
Mr. Cheung Hiu Fung
Mr. Wang Rongqian
(retired on 30 August 2024)

Remuneration Committee

Mr. Cheung Hiu Fung (*Chairman*)
Mr. Lo Cheuk Fei Jeffrey
Mr. Choi Pun Lap
Mr. Leung Wai Tai

Nomination Committee

Mr. Choi Pun Lap (*Chairman*)
Mr. Lo Cheuk Fei Jeffrey
Mr. Leung Wai Tai
Mr. Cheung Hiu Fung

Auditor

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

Principal Bankers

Shanghai Commercial Bank Limited
Shanghai Commercial Bank Tower
12 Queen's Road Central
Hong Kong

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

Bank of China (Hong Kong) Limited
Bank of China Tower
No. 1, Garden Road,
Central, Hong Kong

Registered Office

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P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

**Headquarters and principal place of
business in Hong Kong**

35/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

**Principal Share Registrar and
Transfer Office**

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
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**Hong Kong Share Registrar and
Transfer Office**

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
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Company Website

www.simplicityholding.com

GEM Stock Code

08367

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

SIX MONTHS ENDED 30 SEPTEMBER 2024

The unaudited condensed consolidated results of the Group for the six months ended 30 September 2024 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2023, are as follows:

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

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

SIX MONTHS ENDED 30 SEPTEMBER 2024

	Unaudited Six months ended 30 September	
<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Loss for the period attributable to:		
– owners of the Company	(10,889)	(8,962)
– non-controlling interests	–	–
	<u>(10,889)</u>	<u>(8,962)</u>
Loss and total comprehensive expense for the period attributable to:		
– owners of the Company	(10,889)	(8,962)
– non-controlling interests	–	–
	<u>(10,889)</u>	<u>(8,962)</u>
Loss per share		
Basic and diluted (<i>HK cents</i>)	(0.95)	(0.93)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

		Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
	<i>Notes</i>		
Non-Current Assets			
Property, plant and equipment	12	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	13	1,346	2,606
		<u>46,606</u>	<u>44,783</u>
Current Assets			
Inventories		3,680	3,908
Trade and other receivables, deposits and prepayments	13	19,641	9,544
Financial assets at FVTPL		2,714	2,948
Bank balances and cash		12,745	8,530
		<u>38,780</u>	<u>24,930</u>
Current Liabilities			
Trade and other payables and accruals	14	38,117	15,623
Bank and other borrowings		1,996	1,996
Lease liabilities		7,707	6,385
Tax payable		275	136
		<u>48,095</u>	<u>24,140</u>
Net current (liabilities)/assets		<u>(9,315)</u>	<u>790</u>
Total assets less current liabilities		<u>37,291</u>	<u>45,573</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
<i>Notes</i>		
Non-current liabilities		
Provisions for reinstatement	1,575	763
Defined benefit plan obligations	330	330
Lease liabilities	9,554	4,954
Bank and other borrowings	1,681	2,826
Deferred tax liabilities	596	2,256
	<u>13,736</u>	<u>11,129</u>
Net assets	<u>23,555</u>	<u>34,444</u>
Capital and reserves		
Share Capital	15 11,508	11,508
Reserves	12,080	22,969
	<u>23,588</u>	<u>34,477</u>
Equity attributable to owners of the Company	<u>23,588</u>	<u>34,477</u>
Non-controlling interests	<u>(33)</u>	<u>(33)</u>
	<u>23,555</u>	<u>34,444</u>
Total equity	<u>23,555</u>	<u>34,444</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 SEPTEMBER 2024

	Attributable to the owners of the Company								
	Share capital	Share premium	Share-based payment reserve	Foreign currency			Accumulated losses	Non-controlling interests	Total equity
				translation reserve	Other reserves	Total			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at 31 March 2023 (Audited)	9,600	88,381	4,600	-	(8,669)	(78,453)	15,459	(33)	15,426
Loss for the period	-	-	-	-	-	(8,962)	(8,962)	-	(8,962)
Other comprehensive income									
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive expense	-	-	-	-	-	(8,962)	(8,962)	-	(8,962)
As at 30 September 2023 (Unaudited)	<u>9,600</u>	<u>88,381</u>	<u>4,600</u>	<u>-</u>	<u>(8,669)</u>	<u>(87,415)</u>	<u>6,497</u>	<u>(33)</u>	<u>6,464</u>

	Attributable to the owners of the Company								
	Share capital	Share premium	Share-based payment reserve	Foreign currency			Accumulated losses	Non-controlling interests	Total equity
				translation reserve	Other reserves	Total			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at 31 March 2024 (Audited)	11,508	98,496	4,600	-	(8,669)	(71,458)	34,477	(33)	34,444
Loss for the period	-	-	-	-	-	(10,889)	(10,889)	-	(10,889)
Other comprehensive income									
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive expense	-	-	-	-	-	(10,889)	(10,889)	-	(10,889)
As at 30 September 2024 (Unaudited)	<u>11,508</u>	<u>98,496</u>	<u>4,600</u>	<u>-</u>	<u>(8,669)</u>	<u>(82,347)</u>	<u>23,588</u>	<u>(33)</u>	<u>23,555</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 30 SEPTEMBER 2024

	Unaudited Six months ended 30 September	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NET CASH GENERATED FROM OPERATING ACTIVITIES	9,745	5,123
NET CASH USED IN INVESTING ACTIVITIES	(4,269)	(7,942)
NET CASH USED IN FINANCING ACTIVITIES	(1,261)	(2,953)
NET INCREASED/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,215	(5,772)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	8,530	15,526
Effect of foreign exchange rate changes	–	–
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12,745	9,754

NOTES TO THE UNAUDITED 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 (the "**Listing**") on 26 February 2018 (the "**Listing Date**"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company 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 services. The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("**HK\$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The Interim Financial Statements have been prepared under the historical cost basis except for financial assets/liabilities at fair value through profit or loss ("**FVTPL**"), which is measured at fair values.

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 unaudited 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 unaudited 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Going Concern Basis *(Continued)*

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 accounting policies and methods of computation used in the preparation of the Interim Financial Statements are the same as those followed in the Group's audited annual report for the year ended 31 March 2024 dated 28 June 2024 (the **"2024 Annual Report"**).

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 Interim 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 Interim Financial Statements.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2024 Annual Report.

The Interim Financial Statements have not been audited by the Company's auditors, but have been reviewed by the audit committee (the **"Audit Committee"**) of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. ESTIMATES

The preparation of Interim Financial Statements 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 the Interim Financial Statements, 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 2024 Annual Report.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received or receivable for goods sold and services rendered by the Group during the Period.

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

No operating segments have been aggregated in arriving at the reportable segments of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue, results, assets and liabilities by operating and reportable segments:

Segment revenue and results

Six months ended 30 September 2024

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Six months ended 30 September 2023

	Chinese cuisine HK\$'000 (Unaudited)	Thai cuisine HK\$'000 (Unaudited)	Malaysian cuisine HK\$'000 (Unaudited)	Food ingredients and beverage operations HK\$'000 (Unaudited)	Aircraft's engine stand repairing and maintenance services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	<u>10,667</u>	<u>6,957</u>	<u>11,797</u>	<u>786</u>	<u>20,369</u>	50,576
Segment (loss)/profit	<u>(2,467)</u>	<u>(451)</u>	<u>(1,255)</u>	<u>311</u>	<u>1,341</u>	(2,521)
Unallocated other income						35
Unallocated corporate expenses						<u>(6,273)</u>
Loss before taxation						<u>(8,759)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

At 30 September 2024

	Chinese cuisine HK\$'000 (Unaudited)	Thai cuisine HK\$'000 (Unaudited)	Malaysian cuisine HK\$'000 (Unaudited)	Food ingredients and beverage operations HK\$'000 (Unaudited)	Aircraft's engine stand repairing and maintenance services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
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>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2024

	Chinese cuisine HK\$'000 (Audited)	Thai cuisine HK\$'000 (Audited)	Malaysian cuisine HK\$'000 (Audited)	Food ingredients and beverage operations HK\$'000 (Audited)	Aircraft's engine stand repairing and maintenance services HK\$'000 (Audited)	Total HK\$'000 (Audited)
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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME

	Unaudited Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Other income		
Promotion income	12	3
Bank interest income	15	4
Others	132	28
	<u>159</u>	<u>35</u>

6. OTHER GAINS AND (LOSSES), NET

	Unaudited Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Loss on disposal on 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>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCE COSTS

	Unaudited Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Interest expenses on bank and other borrowings	116	108
Interest expenses on lease liabilities	510	467
	626	575

8. LOSS BEFORE TAX

	Unaudited Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Loss before tax has been arrived at after charging:		
Staff costs (including director's emoluments):		
Salaries and other benefits	11,096	17,432
Contributions to defined contribution retirement benefit scheme	391	687
	11,487	18,119
Operating lease payments in respect of rented premises:		
– Short-term lease expenses	1,224	1,207
– Contingent rentals (<i>Note</i>)	–	16
	1,224	1,223

Note:

The lease payments for certain restaurants are determined as the higher of a fixed rental or a predetermined percentage on revenue of respective restaurants pursuant to the terms and conditions that are set out in the respective rental agreements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

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

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 will be taxed at 8.25%, and assessable profits above HK\$2 million will continue to be taxed at 16.5%. For the six months period 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%.

10. DIVIDENDS

The board of Directors (the "Board") does not recommend any payment of dividend in respect of the six months ended 30 September 2024 (2023: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. LOSS PER SHARE

The calculation of the basic loss per share (2023: basis loss per share) attributable to owners of the Company is based on the following data:

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

The computation of diluted loss per share for the six months period 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 period ended 30 September 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired property, plant and equipment of approximately HK\$2.76 million.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
Trade receivables from sale of food ingredients and beverage	395	395
Trade receivables from restaurant operations	533	850
Trade receivables from aircraft engine stand repairing	4,880	1,576
Deposits	2,175	3,473
Prepayments and other receivables	13,399	6,251
	21,382	12,545
Allowance for expected credit losses	(395)	(395)
Total	20,987	12,150
Analysed for reporting purposes as:		
Non-current assets	1,346	2,606
Current assets	19,641	9,544
	20,987	12,150

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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:

	Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
0–90 days	—	—

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's standing repairing, as appropriate:

	Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
0–90 days	4,880	1,576
91–180 days	—	—
Over 180 days	—	—
	4,880	1,576

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE AND OTHER PAYABLES AND ACCRUALS

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

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.

15. SHARE CAPITAL

	Number of shares	Share Capital HK\$'000
Authorised:		
As at 31 March 2024 and 30 September 2024	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
As at 31 March 2024 and 30 September 2024	<u>1,150,839,695</u>	<u>11,508</u>

16. SHARE OPTION SCHEME

Movements in share options

	Unaudited
Number of share options	
Outstanding at 1 April 2024	80,000,000
Granted	–
Lapsed	<u>–</u>
Outstanding at 30 September 2024	<u>80,000,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

For the business of catering

The value of total receipts of the restaurants sector in the third quarter of 2024, provisionally estimated at HK\$26.7 billion, decreased by 1.3% over a year earlier. Over the same period, the provisional estimate of the value of total purchases by restaurants decreased by 0.1% to HK\$8.8 billion.

After netting out the effect of price changes over the same period, the provisional estimate of the volume of total restaurant receipts decreased by 3.3% in the third quarter of 2024 compared with a year earlier.

Analysed by type of restaurant and comparing the third quarter of 2024 with the third quarter of 2023, total receipts of Chinese restaurants decreased by 7.7% in value and 9.8% in volume. Total receipts of non-Chinese restaurants decreased by 0.6% in value and 1.5% in volume. Total receipts of fast food shops increased by 8.5% in value and 5.7% in volume. Total receipts of bars decreased by 6.3% in value and 10.1% in volume. As for miscellaneous eating and drinking places, total receipts increased by 0.3% in value, but decreased by 2.8% in volume.

Looking ahead, the changing consumption patterns of visitors and residents will continue to affect the business performance of restaurants. Nevertheless, an improved outlook for the Mainland economy following the recent introduction of a wide range of stimulus measures, and the commencement of the US interest rate cut, would render support to catering spending. The SAR Government's various initiatives to boost market sentiment and increasing employment earnings would also benefit the sector.

For the business of engineering

Total receipts (comprising service income and other business receipts) of establishments engaged in the architectural, surveying and engineering services amounted to HK\$27.7 billion in 2023, representing an increase of 3.9% over 2022. Operating expenses and compensation of employees altogether amounted to HK\$24.0 billion in 2023, representing an increase of 4.8% over 2022. Gross surplus decreased by 1.6% compared with 2022 to HK\$3.7 billion in 2023. Gross surplus accounted for 13.4% of total receipts in 2023, down by 0.7 percentage point compared with 2022. Industry value added increased by 1.0% over 2022 to HK\$18.9 billion in 2023.

In 2023, the architectural, surveying and engineering services comprised some 2,400 establishments and engaged about 27,800 persons, or an average of 11.5 persons per establishment.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are a casual dining full service restaurant operator and up to the date of this report. For the six months ended 30 September 2024, we were operating restaurants under the brands, namely “Marsino” and “Baba Nyonya”, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MATERIAL PRINCIPAL RISKS AND UNCERTAINTIES

- 1) As we lease all of the properties for our restaurant operations, any attractive location will likely be subject to high demand from, among others, other food and beverage operators that compete directly with our Group for the same location. As such, there is no assurance that our Group would be able to find suitable premises that are commercially attractive for its restaurants with reasonable commercial terms in the event there is a need for relocation or our Group intends to open new restaurants. In addition, it is uncertain that all our leases can be renewed at all when they expire or on terms acceptable to us. Even if our Group is able to renew or extend its leases, the rental expenses may increase significantly, which could adversely affect our profitability.
- 2) If our suppliers fail to deliver food with an acceptable quality or in a timely manner, we may experience supply shortages and increased food costs.
- 3) We require various approvals and licences to operate our business, and the loss of, or failure to, obtain or renew any or all of these approvals and licences, could materially and adversely affect our business.
- 4) Labour shortages or increases in labour costs will increase our Group's operating costs and reduce our profitability.
- 5) Risks related to the spread of coronavirus and other possible infectious disease which may adversely affect the business of the food and beverage sector.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. The increase in finance costs is mainly due to increase in interests expenses on lease liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

CAPITAL STRUCTURE

There were no change in the capital structure of the Group for the six months ended 30 September 2024.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 September 2024, current assets amounted to approximately HK\$38.8 million (as at 31 March 2024: approximately HK\$24.9 million), of which approximately HK\$12.7 million (as at 31 March 2024: approximately HK\$8.5 million) was bank balances and cash, approximately HK\$19.6 million (as at 31 March 2024: approximately HK\$9.5 million) was trade and other receivables, deposits and prepayments. The Group's current liabilities amounted to approximately HK\$48.1 million (as at 31 March 2024: approximately HK\$24.1 million) which primarily consisted of trade and other payables, accrued charges, lease liabilities and bank and other borrowings. Current ratio (calculated based on the total current assets divided by total current liabilities) and quick ratio (calculated based on the total current assets less inventories divided by total current liabilities) were 0.8 and 0.7 respectively (as at 31 March 2024: 1.0 and 0.9 respectively). Gearing ratio is calculated based on the borrowings representing the sum of interest-bearing bank borrowings, divided by total equity at the end of the year and multiplied by 100%. Gearing ratio was 16.0% (as at 31 March 2024: 14.0%).

The Group's non-current liabilities amounted to approximately HK\$13.7 million (as at 31 March 2024: approximately HK\$11.1 million) which primarily consisted of provisions for reinstatement, lease liabilities, bank and other borrowings and deferred tax liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

BORROWING

As at 30 September 2024, there was bank borrowings outstanding of approximately HK\$3.7 million (31 March 2024: approximately HK\$4.8 million).

GOING CONCERN

The Directors are aware that the net current liabilities and net loss for the six month period ended 30 September 2024. More information is set out in note 2 to the Interim Financial Statements.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON GROUP ASSETS

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

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.

EMPLOYEES AND REMUNERATION POLICIES

For the Period, the Group had total staffs cost HK\$11.49 million. Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. The remuneration of the Directors is determined based on, among others, the prevailing market conditions and his/her roles and responsibilities.

The Directors are of view that employees are one of the keys to the sustainable development of the Group. Our Directors believe that our Group maintains good working relationships with its employees.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 September 2024.

OTHER INFORMATION

UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors subsequent to the date of the 2024 Annual Report of the Company are set out below:

Mr. Wang Rongqian has retired as an independent non-executive director of the Company with effect from 30 August 2024.

Mr. Choi Pun Lap, currently as an executive director and secretary of the Company, was appointed as an independent non-executive director of China Smarter Energy Group Holdings Limited (stock code: 1004) with effect from 1 August 2024.

Save as disclosed above, there has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

OTHER INFORMATION

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

As at 30 September 2024, 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:

As at 30 September 2024, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

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

So far as known to the Directors or chief executive of the Company, as at 30 September 2024, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name	Capacity/nature	No. of shares held	Approximate % of shareholding
Smarty Task Limited (<i>note</i>)	Beneficial Interest	95,419,848	8.29%
Smarty Gain Limited (<i>note</i>)	Beneficial Interest	95,419,847	8.29%

Note:

Smarty Task Limited and Smarty Gain Limited are 100% owned by Wong Sai Cheung.

Save as disclosed above, as at 30 September 2024, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

OTHER INFORMATION

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No director or a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 September 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings. Having made specific enquiries to all the Directors and all the Directors had confirmed they have complied with the required standard of dealings and the code of conduct for directors' securities transactions during the six months ended 30 September 2024.

SHARE SCHEME/SHARE OPTION SCHEME

For the Share Scheme

The purpose of the Share Scheme is for our Group to attract, retain and motivate talented participants to strive for future developments and expansion of our Group. The Share Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of our Group and allow the participants to enjoy the results of our Company attained through their efforts and contributions.

Further details of the Share Scheme are set out in the Company's announcement dated 22 December 2023.

As at 30 September 2024, there was no outstanding Shares under the Share Scheme.

OTHER INFORMATION

For the Share Option Scheme

The purpose of the Share Option Scheme is for our Group to attract, retain and motivate talented participants to strive for future developments and expansion of our Group. The Share Option Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of our Group and allow the participants to enjoy the results of our Company attained through their efforts and contributions. The Share Option Scheme was terminated on 18 January 2024, detail is set out in the Company's announcement dated 18 January 2024.

As at 30 September 2024, there were 80,000,000 options outstanding in relation to the grant of share options in the past under the Share Option Scheme. Details are set out in the Company's annual report for the year ended 31 March 2024.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance by emphasising transparency, accountability, fairness and responsibility. The Company has adopted the Corporate Governance Code (the "**Code**") as set out in Appendix 15 of the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the Code during the six months ended 30 September 2024 and up to the date of this report.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 September 2024 and up to the date of this report.

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 report.

OTHER INFORMATION

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 Group’s Interim Financial Statements have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the Interim Financial Statements comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By Order of the Board

SIMPLICITY HOLDING LIMITED

Choi Pun Lap

Executive Director and Company Secretary

Hong Kong, 29 November 2024

As at the date of this report, the Board comprises Mr. Choi Pun Lap and Mr. Leung Wai Tai as executive Directors; and Mr. Lo Cheuk Fei Jeffrey and Mr. Cheung Hiu Fung as independent non-executive Directors.