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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

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

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

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

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

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately HK\$97.76 million for the year ended 31 March 2025, representing an increase of approximately HK\$5.91 million or 6.43% as compared to approximately HK\$91.85 million for the year ended 31 March 2024.
- Loss for the year ended 31 March 2025 amounted to approximately HK\$20.85 million, as compared to the profit for the year ended 31 March 2024 of approximately HK\$8.25 million.
- The Group recorded basic loss per share for the year ended 31 March 2025 of approximately HK cents 34.48 as compared with basic earnings per share of approximately HK cents 17.18 for the year ended 31 March 2024.
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: Nil).

The board of the Directors (the “**Board**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2025 together with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	4	97,763	91,852
Other income	5	579	1,214
Other gains and losses, net	5	(2,356)	327
Raw materials and consumables used		(47,537)	(33,160)
Staff costs		(21,027)	(32,296)
Depreciation and amortisation expense		(10,626)	(12,144)
Rental and related expenses		(1,107)	(1,370)
Utilities expenses		(1,217)	(2,970)
Impairment loss on goodwill		(9,000)	–
Impairment loss under expected credit loss model for trade receivables		(467)	(395)
Fair value gain on reclassification from financial liabilities at fair value through profit or loss to equity		–	13,380
Other expenses		(24,992)	(15,500)
Finance costs	6	(925)	(1,065)
(Loss)/profit before tax	7	(20,912)	7,873
Income tax credit	8	59	374
(Loss)/profit for the year		(20,853)	8,247
(Loss)/profit for the year attributable to:			
– owners of the Company		(20,853)	8,247
– non-controlling interest		–	–
		(20,853)	8,247
(Loss)/profit for the year		(20,853)	8,247
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		–	–
		(20,853)	8,247
Total comprehensive (expense)/income for the year attributable to:			
– owners of the Company		(20,853)	8,247
– non-controlling interests		–	–
		(20,853)	8,247

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (restated)
(Loss)/earnings per share			
Basic (<i>HK cents</i>)	<i>10</i>	<u>(34.48)</u>	<u>17.18</u>
Diluted (<i>HK cents</i>)	<i>10</i>	<u>(34.48)</u>	<u>16.72</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		12,218	3,183
Right-of-use assets		8,116	9,874
Deferred tax assets		871	95
Goodwill		11,722	20,722
Intangible asset		6,183	8,303
Deposits	11	1,045	2,606
Total non-current assets		40,155	44,783
Current assets			
Inventories		2,035	3,908
Trade other receivables, deposits and prepayments	11	24,002	9,544
Financial assets at fair value through profit or loss		410	2,948
Tax recoverable		765	–
Bank balances and cash		6,728	8,530
Total current assets		33,940	24,930
Current liabilities			
Trade and other payables and accruals	12	38,482	15,623
Bank and other borrowings		2,282	1,996
Lease liabilities		5,644	6,385
Tax payable		–	136
Total current liabilities		46,408	24,140
Net current (liabilities)/assets		(12,468)	790
Total assets less current liabilities		27,687	45,573

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	2025 HK\$'000	2024 HK\$'000
Non-current liabilities		
Deferred tax liabilities	2,955	2,256
Defined benefit plan obligations	372	330
Provision for reinstatement	480	763
Bank and other borrowings	3,010	2,826
Lease liabilities	3,365	4,954
	<hr/>	<hr/>
Total non-current liabilities	10,182	11,129
	<hr/>	<hr/>
Net assets	17,505	34,444
	<hr/>	<hr/>
Capital and reserves		
Share capital	13,811	11,508
Reserves	3,727	22,969
	<hr/>	<hr/>
Equity attributable to owners of the Company	17,538	34,477
Non-controlling interests	(33)	(33)
	<hr/>	<hr/>
Total equity	17,505	34,444
	<hr/>	<hr/>

NOTES TO THE 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 HKFRS ACCOUNTING STANDARDS

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

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

- Amendments to HKFRS 16, 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)
- Amendments to HKAS 1, Non-current Liabilities with Covenants
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

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

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

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

	Effective for accounting periods beginning on or after
• Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
• Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be Determined
• Amendments to HKFRS Accounting Standards, Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
• Amendments to HKAS 21, Lack of Exchangeability	1 January 2025
• HKFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and by the Hong Kong Companies Ordinance.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss (“**FVTPL**”) and financial liabilities at FVTPL that are measured at fair value at the end of each reporting period.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is also the functional currency of the Company.

(d) Going Concern basis

The Group incurred a net loss of approximately HK\$20,853,000 for the year ended 31 March 2025 and as at 31 March 2025, the Group’s net current liabilities and total current liabilities amounted to approximately HK\$12,468,000 and HK\$51,533,000 respectively while its total cash and cash equivalents amounted to only HK\$6,728,000. These conditions cast significant doubt on the Group’s ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the 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.

Notwithstanding the above results and financial condition, the consolidated financial statements have been prepared on a going concern basis after taking into consideration of the following circumstances and financing arrangements:

The directors are implementing plans and measures to improve the revenue and financial performance of the businesses of the Group.

On 16 June 2025, the Company entered into an agreement with an independent third-party financial institution whereby a loan facility with a limit of HK\$20,000,000 was granted to the Company for a period of 18 months, with a loan facility limit of HK\$15,000,000 for the first 6 months and another loan facility limit of HK\$5,000,000 for the subsequent 6 months.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, uncertainty exists as to whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainty. Should the Group be unable to continue to operate as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Adjustments would have to be made to write down the carrying value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

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

Revenue

The amounts of each significant category of revenue recognised during the reporting period were disaggregated as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
By timing of revenue recognition:		
On a point in time basis:		
Revenue from restaurant operations	19,909	48,728
Revenue from food ingredients and beverage operations		
– sales of noodles (acting as an agent)	–	805
– sales of wine	323	157
Revenue from provision of aircraft engine logistic services	6,407	–
	26,639	49,690
On over time basis:		
Income of aircraft engine stand repairing and maintenance services	66,781	42,162
Income of provision of warehouse storage services	4,343	–
	97,763	91,852

Segment revenue and results

Information reported to the executive directors of the Company, 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 and other related services – Provision of aircraft engine stand repairing and maintenance services and warehouse storage services, and of logistics services for aircraft engines.

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 (loss)/profit represents the (loss)/profit earned by each segment without allocation of central administration costs, impairment of goodwill, directors’ emoluments, share-based payment expenses, bank interest income, certain gains or losses and finance cost on general working capital borrowings.

Year ended 31 March 2025

	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 and other related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>8,959</u>	<u>9,699</u>	<u>1,251</u>	<u>323</u>	<u>77,531</u>	<u>97,763</u>
Segment (loss)/profit	<u>(1,677)</u>	<u>(1,981)</u>	<u>(4,537)</u>	<u>(860)</u>	<u>3,165</u>	<u>(5,890)</u>
Unallocated other income and other gains						83
Unallocated corporate costs						(4,245)
Impairment of goodwill						(9,000)
Loss on disposal of financial assets at FVTPL						<u>(1,860)</u>
Loss before tax						<u>(20,912)</u>

Year ended 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 and other related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>18,797</u>	<u>6,916</u>	<u>23,015</u>	<u>962</u>	<u>42,162</u>	<u>91,852</u>
Segment profit/(loss)	<u>(5,278)</u>	<u>(257)</u>	<u>842</u>	<u>(254)</u>	<u>4,896</u>	<u>(51)</u>
Unallocated other income and other gains						193
Unallocated corporate costs						(6,147)
Fair value gain on reclassification from financial liabilities to equity						13,380
Fair value gain on financial assets at FVTPL						<u>498</u>
Profit before tax						<u>7,873</u>

Segment assets and liabilities

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

At 31 March 2025

	Chinese cuisine HK\$'000	Thai cuisine HK\$'000	Malaysian cuisine HK\$'000	Food ingredients and beverage operations HK\$'000	Aircraft's engine stand repairing and maintenance services and other related services HK\$'000	Total HK\$'000
Segment assets	<u>1,684</u>	<u>4,813</u>	<u>2,496</u>	<u>2,973</u>	<u>53,355</u>	65,321
Deferred tax assets						871
Tax recoverable						765
Financial assets at FVTPL						410
Bank balances and cash						<u>6,728</u>
Consolidated total assets						<u>74,095</u>
Segment liabilities	<u>7,091</u>	<u>9,892</u>	<u>6,835</u>	<u>2,416</u>	<u>26,286</u>	52,520
Unallocated trade and other payables and accruals						1,115
Deferred tax liabilities						<u>2,955</u>
Consolidated total liabilities						<u>56,590</u>

At 31 March 2024

	Chinese cuisine HK\$'000	Thai cuisine HK\$'000	Malaysian cuisine HK\$'000	Food ingredients and beverage operations HK\$'000	Aircraft's engine stand repairing and maintenance services and other related services HK\$'000	Total HK\$'000
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 total 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 total 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, and deferred tax liabilities.

5. OTHER INCOME/OTHER GAINS AND LOSSES, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other income		
Insurance compensation	145	—
Promotion income	7	13
Bank interest income	129	13
Subsidies income (<i>note</i>)	14	17
Reversal of provision for reinstatement	283	812
Others	1	359
	<u>579</u>	<u>1,214</u>
Other gains and losses, net		
Gain/(loss) on disposal of property, plant and equipment	5	(160)
Loss on disposal of financial assets at FVTPL	(1,860)	—
Gain on termination of lease	150	251
Provision for impairment of property, plant and equipment	(67)	—
Provision for impairment of right-of-use assets	(586)	(262)
Fair value change on financial assets at fair value through profit or loss	2	498
	<u>(2,356)</u>	<u>327</u>

Note:

Subsidies income was granted from HKSAR Government in relation to the food license without unfulfilled conditions or other contingencies attaching to the subsidies.

6. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interests on bank and other borrowings	498	268
Interests on lease liabilities	427	797
	<u>925</u>	<u>1,065</u>

7. (LOSS)/PROFIT BEFORE TAX

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit before tax has been arrived at after charging:		
Staff costs (including directors' emoluments):		
Salaries and other benefits	20,345	31,239
Contribution to defined contribution retirement benefit schemes	640	1,035
Expenses recognised in respect of defined benefit plans:		
– long service payments	42	22
	<u>21,027</u>	<u>32,296</u>
Auditor's remuneration		
– audit service	680	680
Depreciation:		
– owned property, plant and equipment	2,457	1,586
– leased right-of-use assets	6,049	8,438
Amortisation of intangible assets	2,120	2,120
Write-off of property, plant and equipment (included in other expenses)	140	292
Transportation costs related to aircraft engine stand repair and maintenance services and aircraft engine logistic services (included in other expenses)	10,115	49
Subcontracting fees for aircraft engine stand repair and maintenance works	29,261	7,786
Marketing expenses	4,775	5,602
Short-term lease expenses	<u>1,107</u>	<u>1,370</u>

8. INCOME TAX CREDIT

	2025 HK\$'000	2024 HK\$'000
Current tax:		
Hong Kong Profits Tax	(776)	(659)
Deferred tax	<u>835</u>	<u>1,033</u>
	<u><u>59</u></u>	<u><u>374</u></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 are taxed at 8.25%, and assessable profits above HK\$2 million continue to be taxed at 16.5%. For the years ended 31 March 2025 and 2024, 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 year ended 31 March 2025, nor has any dividend been proposed since the end of reporting period (2024: nil).

There are no income tax consequences related to the payment of dividends by the Company to its shareholders.

10. (LOSS)/EARNINGS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u>(20,853)</u>	<u>8,247</u>
	<i>'000</i>	<i>'000</i>
		(Restated)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	60,476	48,000
Effect of dilutive potential shares – share options	<u>–</u>	<u>1,337</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>60,476</u>	<u>49,337</u>

The weighted average number of ordinary shares used to calculate the basic and diluted earnings/loss per share for both years have been adjusted to reflect the share consolidation that was effected in May 2025. Details of which are disclosed in note 13 of this announcement. Accordingly, the basic and diluted loss per share presented for the year ended 31 March 2024 are restated.

The computation of diluted loss per share for the year ended 31 March 2025 did not assume the exercise of the Company's outstanding share options since these potential ordinary shares are anti-dilutive. Therefore, the diluted loss per share is the same as the basic loss per share for the year ended 31 March 2025.

For the purpose of basic earnings/loss per share, ordinary shares are equity instruments that are subordinate to all other classes of equity instruments of the Company. The Consideration Shares of 190,839,695 shares of the Company that were issued as consideration for the acquisition of High Smart Engineering Limited during the year ended 31 March 2023 were not equity instruments and were classified as financial liabilities at fair value through profit or loss. The Consideration Shares of 190,839,695 shares were reclassified as equity instruments during the year ended 31 March 2024 and hence were included in the weighted average number of ordinary shares with effect from the date the Consideration Shares were reclassified as equity instruments of the Company for the purpose of basic earnings per share for the year ended 31 March 2024.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 HK\$'000	2024 HK\$'000
Trade receivables from sales of food ingredients and beverages	395	395
Trade receivables from restaurant operations	554	850
Trade receivables from aircraft engine stand repairing	14,181	1,576
	<u>15,130</u>	<u>2,821</u>
Allowance for expected credit losses	(862)	(395)
	<u>14,268</u>	<u>2,426</u>
Rental deposits	1,045	2,606
Other deposits	2,996	867
Prepayments and other receivables	6,738	6,251
	<u>25,047</u>	<u>12,150</u>
Total	<u>25,047</u>	<u>12,150</u>
Analysed for reporting purposes as:		
Non-current assets	1,045	2,606
Current assets	24,002	9,544
	<u>25,047</u>	<u>12,150</u>

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:

	2025 HK\$'000	2024 HK\$'000
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:

	2025 HK\$'000	2024 HK\$'000
0–90 days	<u>13,714</u>	<u>1,576</u>

The expected credit loss for the trade receivables of aircraft engine's repairing is HK\$467,000 for the year ended 31 March 2025 (2024: HK\$nil).

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Trade payables	19,611	696
Salaries payables	5,087	1,572
Accruals and other payables	<u>13,784</u>	<u>13,355</u>
	<u>38,482</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.

13. EVENT AFTER THE REPORTING DATE

On 18 November 2024, the Board of Directors of the Company proposed to implement the capital reorganization involving (i) the consolidation of the shares on the basis that every 20 issued Shares of par value HK\$0.01 each will be consolidated into one issued consolidated share of par value HK\$0.20 each; (ii) the capital reduction by rounding down the total number of consolidated shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a consolidated share in the total number of consolidated shares in the issued share capital of the Company immediately following the share consolidation and the reduction of the par value of each issued consolidated share from HK\$0.20 to HK\$0.0001 and (iii) the sub-division of each authorized but unissued share into 100 New Shares of par value HK\$0.0001 each.

The capital reorganization was approved by the Court containing the particulars required under the Companies Act of Cayman Islands in respect of the Capital Reduction have been registered with the Registrar of Companies in the Cayman Islands and completed on 16 May 2025.

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

BUSINESS OVERVIEW

We are a casual dining full service restaurant operator and up to the date of this announcement. For the year ended 31 March 2025, we were operating 4 restaurants under 3 brands, namely “Marsino”, “Baba Nyonya” and “Grand Avenue”, and they were all situated across Hong Kong, Kowloon and the New Territories. Among these 4 restaurants, 3 of them were operated by our own whereas 1 of them was operated by a franchisee.

“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\$8.96 million during the year ended 31 March 2025, which is equivalent to 9.17% of our total revenue. As compared to the last corresponding period, “Marsino” has experienced a decrease in revenue by 52.34% mainly due to the restaurant industry market was not good and unstable.

“Grand Avenue” had recorded revenue of approximately HK\$9.70 million during the year ended 31 March 2025, which is equivalent to 9.92% of our total revenue. As compared to the last corresponding period, “Grand Avenue” has experienced an increase in revenue by 40.17% due to the Thai restaurant was getting better.

“Baba Nyonya” had recorded revenue of approximately HK\$1.25 million during the year ended 31 March 2025, which is equivalent to 1.28% of our total revenue. As compared to the last corresponding period, “Baba Nyonya” has experienced a decrease in revenue by 94.56% due to cease of operations of Malaysian cuisine restaurants.

The segment of “Food ingredients and beverage” had recorded revenue of approximately HK\$0.32 million during the year ended 31 March 2025, which is equivalent to 0.33% 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 66.67% due to the restaurant industry market was not good and unstable.

The segment of income of aircraft engine stand repairing and maintenance services and other related services had recorded revenue of approximately HK\$77.53 million during the year ended 31 March 2025, which is equivalent 79.31% 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 year ended 31 March 2025, the Group recorded revenue of approximately HK\$97.76 million (2024: HK\$91.85 million), representing an increase of 6.43% compared with the same period of the previous financial year. The increase in revenue was primarily attributed to the business of engineering.

Raw materials and consumables used

For the year ended 31 March 2025, the Group recorded raw materials and consumables used of approximately HK\$47.54 million (2024: HK\$33.16 million), representing an increase of 43.37% compared with the same period of the previous financial year. The increase in raw materials and consumables used was primarily attributed to the cost of business of engineering.

Other income

For the year ended 31 March 2025, the Group recorded other income of approximately HK\$0.58 million (2024: HK\$1.21 million), representing a decrease of 52.07% compared with the same period of the previous financial year. The decrease in other income was primarily attributed to the decrease in reversal of provision for reinstatement.

Other gains and losses, net

For the year ended 31 March 2025, the Group recorded net loss of approximately HK\$2.36 million (2024: net gains of HK\$0.33 million), representing an increase in net loss by approximately HK\$2.69 million. Such increase was mainly due to loss on disposal of financial assets at FVTPL.

Staff costs

Staff costs was approximately HK\$21.03 million for the year ended 31 March 2025, representing a decrease of approximately 34.89% as compared to approximately HK\$32.30 million for the year ended 31 March 2024. Such decrease was mainly due to the reduction in staff costs of catering business for the year ended 31 March 2025.

Depreciation and amortisation expense

Depreciation and amortisation expenses were approximately HK\$10.63 million and HK\$12.14 million for the year ended 31 March 2025 and 2024 respectively.

Rental and related expenses

The rental and related expenses for the year ended 31 March 2025 amounted to approximately HK\$1.11 million, representing a decrease of approximately 18.98% as compared with that of the year ended 31 March 2024 which amounted to approximately HK\$1.37 million.

Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the year ended 31 March 2025 and 2024, the total utility expenses amounted to approximately HK\$1.22 million and HK\$2.97 million, respectively and was mainly due to the reduction of turnover of catering business.

Impairment loss on goodwill

For the year ended 31 March 2025, the Group recorded impairment loss on goodwill of HK\$9 million (2024: HK\$nil). Such increase was mainly due to the recoverable amount lower than the carrying amount.

Impairment loss under expected credit loss model for trade receivables

For the year ended 31 March 2025, the Group recorded impairment loss under expected credit loss model for trade receivables of approximately HK\$0.47 million. Such increase was mainly due to increase in expect credit loss of trade receivables.

Fair value gain on reclassification from financial liabilities at fair value through profit or loss to equity

For the year ended 31 March 2024, the Group recorded fair value gain on reclassification from financial liabilities at FVTPL to equity of approximately HK\$13.38 million. The increase was attributed to the acquisition of High Smart Engineering Limited (the “**High Smart**”) as the guaranteed profit of not less than HK\$5.2 million for the year ended 31 March 2024 was met by High Smart.

Other expenses

The Group’s other expenses increased by approximately 65.29% from approximately HK\$15.50 million for the year ended 31 March 2024 to approximately HK\$25.62 million for the year ended 31 March 2025.

Finance costs

The Group's finance costs represented interest on bank and other borrowings and interest on lease liabilities. For the year ended 31 March 2025 and 2024, finance costs were approximately HK\$0.93 million and HK\$1.07 million, respectively. Decreased in finance costs is mainly due to decrease in interests on lease liabilities.

Loss attributable to owners of the Company

For the year ended 31 March 2025, the Group recorded a loss attributable to owners of the Company of approximately HK\$20.85 million, as compared to the profit of approximately HK\$8.25 million for the year ended 31 March 2024. The increase in loss was mainly due to decrease in revenue of catering's business, increase in raw materials and consumables used and the increase in impairment loss on goodwill.

Dividend

The Board does not recommend any payment of dividend for the year ended 31 March 2025 (2024: 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 31 March 2025, the Group did not have any outstanding capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any material contingent liabilities.

CHARGE ON GROUP ASSETS

At 31 March 2025, the Group did not have any charge of assets.

EVENT AFTER THE REPORTING DATE

For details, refer to note 13 of this announcement.

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 year ended 31 March 2025. There was no other plan for material investments or capital assets as at 31 March 2025.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2025 (2024: 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 year ended 31 March 2025, the Company has complied with the code provisions as set out in the CG Code.

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is extract of the independent auditor's report on the Company's consolidated financial statements for the year ended 31 March 2025:

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3 of the consolidated financial statements, which states that the Group incurred a net loss of approximately HK\$20,853,000 for the year ended 31 March 2025 and as at 31 March 2025, the Group's net current liabilities and total current liabilities amounted to approximately HK\$12,468,000 and HK\$51,533,000 respectively while its total cash and cash equivalents only amounted to HK\$6,728,000. These conditions, along with other matters as set out in note 3 to the consolidated financial statements, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

During the year ended 31 March 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings during the year ended 31 March 2025.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares were held by the public as required under the GEM Listing Rules during the year ended 31 March 2025 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established an audit committee ("**Audit Committee**") with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Lo Cheuk Fei Jeffrey, Mr. Cheung Hiu Fung and Ms. Ip Sin Nam. 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 Audit Committee had reviewed the audited final results of the Company for the year ended 31 March 2025.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Fan, Chan & Co. Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2025. The work performed by Fan, Chan & Co. Limited did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Fan, Chan & Co. Limited on the preliminary announcement.

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

Hong Kong, 30 June 2025

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, Mr. Cheung Hiu Fung and Ms. Ip Sin Nam.

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 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>.