MOS HOUSE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1653)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of MOS House Group Limited (the "**Company**") presents the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2018 together with the comparative figures of the last corresponding period in 2017 as set out below. This interim results announcement has been reviewed by the audit committee under the Board (the "**Audit Committee**"). Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Company's prospectus dated 28 September 2018 (the "**Prospectus**"):

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2018

	NOTES	**Six months ended 30 September** **2018** **HK$'000** **(Unaudited)**	2017 HK$'000 (Unaudited)
Revenue	3	**97,000**	96,680
Other income	4	**120**	119
Other gains and losses	4	**2,125**	(2,981)
Cost of inventories sold		**(29,663)**	(32,124)
Staff costs		**(10,795)**	(10,583)
Depreciation		**(1,361)**	(1,478)
Property rentals and related expenses		**(26,032)**	(25,129)
Other expenses		**(15,359)**	(14,701)
Finance costs	5	**(2,247)**	(2,223)
Profit before taxation	6	**13,788**	7,580
Taxation	7	**(3,247)**	(2,316)
Profit and total comprehensive income for the period		**10,541**	5,264
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**10,415**	5,238
Non-controlling interests		**126**	26
		10,541	5,264
Earnings per share			
– Basic (HK cents)	8	**0.69**	0.35

Condensed Consolidated Statement of Financial Position

As at 30 September 2018

	NOTES	**30 September 2018 HK$'000 (Unaudited)**	31 March 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**3,652**	3,780
Deferred tax assets		**937**	788
Deposits and prepayments	11	**11,317**	16,771
Financial assets at fair value through profit or loss	12	**6,017**	—
		21,923	21,339
Current assets			
Inventories		**68,507**	73,398
Trade receivables	13	**41,709**	32,820
Deposits, prepayments and other receivables	11	**11,888**	8,586
Amount due from a director	14	**699**	35,880
Amounts due from related companies	14	**55,510**	130,938
Bank balances and cash		**6,957**	6,308
		185,270	287,930
Current liabilities			
Trade payables	15	**29,994**	35,277
Other payables and accrued charges		**13,340**	19,603
Contract liabilities		**6,637**	—
Amount due to a related company	14	**6,462**	6,463
Tax payable		**2,655**	934
Bank borrowings	16	**136,406**	136,834
		195,494	199,111
Net current (liabilities) assets		**(10,224)**	88,819
NET ASSETS		**11,699**	110,158
Capital and reserves			
Share capital	17	**—**	—
Reserves		**11,377**	109,962
Equity attributable to owners of the Company		**11,377**	109,962
Non-controlling interests		**322**	196
Total equity		**11,699**	110,158

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

	Attributable to owners of the Company					
	Share capital	**Other reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2018 (Audited)	—	17	109,945	109,962	196	110,158
Profit and total comprehensive income for the period	—	—	10,415	10,415	126	10,541
Dividends paid (note 9)	—	—	(109,000)	(109,000)	—	(109,000)
At 30 September 2018 (Unaudited)	—	17	11,360	11,377	322	11,699
At 1 April 2017 (Audited)	—	17	92,868	92,885	167	93,052
Profit and total comprehensive income for the period	—	—	5,238	5,238	26	5,264
At 30 September 2017 (Unaudited)	—	17	98,106	98,123	193	98,316

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	**2,966**	7,951
Net cash from (used in) investing activities	**359**	(13,277)
Net cash (used in) from financing activities	**(2,676)**	155
Net increase (decrease) in cash and cash equivalents	**649**	(5,171)
Cash and cash equivalents at beginning of the period	**6,308**	19,692
Cash and cash equivalents at end of the period represented by:		
Bank balances and cash	**6,957**	14,521

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

1. GENERAL

MOS House Group Limited (the "**Company**") was incorporated in the Cayman Islands on 25 September 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, and was registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 3 February 2016. The Company was formerly known as RBMS Group Limited. Its name changed to MOS House Group Limited on 25 January 2018. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is located at 50/F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong. The Company's shares are listed on Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 19 October 2018 (the "**Listing Date**").

The Group is a retailer and supplier of overseas manufactured tiles in Hong Kong, specialising in high-end European imported porcelain, ceramic and mosaic tiles.

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

In preparing the condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that as of 30 September 2018, the Group has net current liabilities of HK$10,224,000.

The Directors consider that after taking into account the listing of its shares on the Stock Exchange on 19 October 2018, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018 as stated in the accountants' report in Appendix I of the Prospectus.

In the current interim period, the Group has applied, for the first time, new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers and the related amendments
HK(IFRIC) - Int 22	Foreign currency transactions and advance consideration
Amendments to HKFRS 2	Classification and measurement of share - based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014 - 2016 cycle
Amendments to HKAS 40	Transfers of investment property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures.

New or revised HKFRSs in issue but not yet effective

At the date of this announcement, the HKICPA has issued the following new and amendments to HKFRSs and interpretations (the "**new or revised HKFRSs**") which are not yet effective. The Group has not early adopted these new or revised HKFRSs.

HKFRS 16	Leases[1]
HKFRS 17	Insurance contracts[3]
HK(IFRIC) — Int 23	Uncertainty over income tax treatments[1]
Amendments to HKFRS 9	Prepayment features with negative compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[2]
Amendments to HKAS 19	Plan amendment, curtailment or settlement[1]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 September 2018, the Group, as lessee, has non-cancellable operating lease commitments of approximately HK$37.1 million as disclosed in note 18. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. However, the Directors do not expect the adoption of HKFRS 16, as compared to the current accounting policy of the Group, would result in significant impact on the results and the net assets of the Group. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except for above, the Directors anticipate that the application of the other new or revised HKFRSs will have no material impact on the future financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the sales of goods by the Group to external customers, net of discount. Revenue primarily represents revenue arising from sales of tiles and bathroom fixtures and related delivery services in Hong Kong.

The Group's operation is solely derived from sales of goods in Hong Kong for both periods. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Group) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of goods delivered. The Group's property, plant and equipment, and deposits and prepayments in the aggregate amount of HK$14,969,000 as at 30 September 2018 (31 March 2018: HK$14,654,000) are all located in Hong Kong by physical location of assets.

The following is an analysis of the Group's revenue from major products:

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Porcelain tiles	**88,890**	87,899
Ceramic tiles	**3,045**	3,585
Mosaic tiles	**3,328**	2,111
Bathroom fixtures and others	**1,737**	3,085
	97,000	96,680

4. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Other income		
Compensation income	**—**	27
Others	**120**	92
	120	119
Other gains and losses		
Net exchange gain (loss)	**2,142**	(2,972)
Loss on written-off of property, plant and equipment	**(17)**	(9)
	2,125	(2,981)

5. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**2,247**	2,223

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Directors' emoluments	**1,963**	1,841
Other staff costs:		
Salaries and other benefits	**8,476**	8,400
Retirement benefits scheme contributions	**356**	342
Total staff costs	**10,795**	10,583
Operating lease rentals in respect of rented premises	**24,199**	23,864
Listing expenses (included in other expenses)	**6,229**	5,294

7. TAXATION

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
Current period	**3,396**	2,470
Deferred tax:		
Credit for the period	**(149)**	(154)
	3,247	2,316

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 September 2018, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK$2,000,000. The profits of corporations not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

8. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
Earnings:	**HK$'000**	HK$'000
Profit for the period attributable to owners of the Company for the purpose of calculating basic earnings per share	**10,415**	5,238
Number of shares:	**'000**	'000
Number of ordinary shares for the purpose of calculating basic earnings per share	**1,500,000**	1,500,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the capitalisation issue as described in note 24 had been effective on 1 April 2016.

No diluted earnings per share is presented as there were no potential ordinary shares in issue during both periods.

9. DIVIDEND

On 10 September 2018, the Company declared dividends of HK$109,000,000 to the then shareholder of the Company. The rate of dividends and the number of shares ranking for the above dividends are not presented as such information is not considered meaningful having regard to the purpose of this announcement.

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: nil).

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired property, plant and equipment of approximately HK$1,250,000 (six months ended 30 September 2017: approximately HK$381,000).

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Rental and utilities deposits (note a)	**11,168**	11,256
Payments for life insurance policies (note b)	**—**	5,897
Prepayments and other (note c)	**8,859**	7,748
Other receivables and deposits	**3,178**	456
Total	**23,205**	25,357
The balances analysed as follows:		
Non-current	**11,317**	16,771
Current	**11,888**	8,586
	23,205	25,357

Notes:

(a) There are rental deposits paid to Asian Wealth Limited ("**Asian Wealth**") of HK$900,000 (31 March 2018: HK$900,000), Cyber Building Limited ("**Cyber Building**") of HK$1,440,000 (31 March 2018: HK$1,440,000) and Happy Gear Limited ("**Happy Gear**") of HK$505,000 (31 March 2018: HK$505,000) as at 30 September 2018.

These companies are related companies of the Group. Mr. Simon Tso owns 50% equity interest in Asian Wealth and he is the director and controlling shareholder of Cyber Building and Happy Gear.

(b) The amount represents the payments for life insurance policies with insurance companies to insure a Director and measured at amortised costs under HKAS 39 as at 31 March 2018. The amount is reclassified to financial assets at fair value through profit or loss as at 1 April 2018 upon the initial application of HKFRS 9. Please refer to note 12 for details.

(c) Included in the prepayments and others of HK$6,392,000 (31 March 2018: HK$5,477,000) represented the prepaid and deferred listing expenses.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Payments for life insurance policies	**6,017**	—

In previous years, the Group has entered into a life insurance policy with an insurance company to insure a Director (the "**First Policy**"). Under this policy, the Group is the beneficiary and policy holder and the total insured sum is USD1,000,000 (equivalent to approximately HK$7,800,000). The Group paid a single premium of USD250,000 (equivalent to approximately HK$1,950,000) at inception. The Group can, at any time, withdraw cash based on the account value of the policy ("**Account Value**") at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge deducted from Account Value. This insurance company will pay the Group a guaranteed interest rate of 4.2% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 3% per annum) during the effective period of the policy.

The Group has also entered into a life insurance policy with another insurance company to insure the same director of the Company (the "**Second Policy**"). Under this policy, the Group is the beneficiary and policy holder and the total insured sum is USD2,507,610 (equivalent to approximately HK$19,559,000). The Group paid a single premium of USD500,000 (equivalent to approximately HK$3,900,000) at inception. The Group can, at any time, withdraw cash based on the Account Value at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 18th policy year, there is a specified amount of surrender charge deducted from Account Value. This insurance company will pay the Group a guaranteed interest rate of 4.25% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2.5% per annum) during the effective period of the policy.

On the inception days of the policies, the upfront payment paid by the Group included a fixed policy premium charge and a deposit. Monthly policy expense and insurance charges will be incurred over the insurance period with reference to the terms set out in the life insurance policy.

Upon the initial application of HKFRS 9, the payments for life insurance policies are classified as financial assets at fair value through profit or loss as contractual rights to cash flows do not represent contractual cash flows that are solely payments of principal and interest on the principal outstanding. Details of the fair value measurement of the payments for life insurance policies are disclosed in note 23.

As represented by the Directors, the Company will not terminate the policies nor withdraw cash prior to 15th policy year for the First Policy and 18th policy year for the Second Policy and the expected life of the policies remained unchanged from the initial recognition.

13. TRADE RECEIVABLES

Generally, the Group did not grant any credit period to its retail customers. Credit period of 30 to 120 days is granted to customers with bulk purchases.

The following is an ageing analysis of trade receivables presented based on the invoice date at the end of the reporting periods.

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
0–30 days	**5,275**	10,235
31–60 days	**3,024**	4,324
61–90 days	**3,442**	6,431
91–120 days	**9,866**	6,678
Over 120 days	**20,102**	5,152
	41,709	32,820

Before accepting any new customer, the Group will assess the potential customer's credit quality and define its credit limits. Credit sales are made to customers with a satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly.

Since 1 April 2018, the Directors apply the HKFRS 9 simplified approach to measure expected credit losses ("**ECL**") for trade receivables. To measure the ECL of trade receivables, the debtors of the Group are grouped based on shared credit risk characteristics by reference to past default experience and current pass due exposure of the debtor as well as all available forward looking information as at 1 April 2018 and 30 September 2018.

The Directors assessed that the ECL on trade receivables as at 1 April 2018 and 30 September 2018 was insignificant and no loss allowance was made during current period.

14. AMOUNT DUE FROM A DIRECTOR/AMOUNTS DUE FROM/TO RELATED COMPANIES

The amounts are non-trade nature, unsecured, interest-free and repayable on demand. Mr. Simon Tso ("**Mr. Tso**"), an executive Director, is also the director and controlling shareholder of these related companies.

On 10 September 2018, certain amounts due from a director and related companies are settled with the dividends declared by the Company under the instruction of Mr. Tso. Subsequent to the end of the reporting period, the remaining amounts due from a director and related companies were settled.

15. TRADE PAYABLES

The credit period on purchases of goods is 90 to 180 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting periods.

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
0–30 days	**7,440**	16,335
31–60 days	**2,098**	1,246
61–90 days	**4,869**	3,566
91–120 days	**5,327**	3,815
121–180 days	**6,719**	6,170
Over 180 days	**3,541**	4,145
	29,994	35,277

16. BANK BORROWINGS

	30 September 2018	31 March 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Secured and guaranteed:		
Bank overdrafts	**16,232**	8,638
Bank loans	**118,453**	126,221
Trust receipt loans	**1,721**	1,975
	136,406	136,834
Carrying amount repayable based on schedule repayment terms:		
— on demand or within one year	**33,853**	32,306
Carrying amounts of bank borrowings (shown under current liabilities) contain a repayment on demand clause:		
— within one year	**102,553**	104,528
	136,406	136,834

The bank borrowings are at floating rate which carry interest in Hong Kong Interbank Offered Rate ("**HIBOR**") plus 1.0% to 4.0% per annum or a spread below Prime Rate/Standard Bills Rate quoted by the banks.

As at 30 September 2018 and 31 March 2018, the bank borrowings are secured by the properties owned by Cyber Building, Denmark Investments Limited ("**Denmark Investments**"), Fortune Goldman Limited ("**Fortune Goldman**"), Happy Gear and Wealth Goldman Limited ("**Wealth Goldman**"), life insurance policies of the Group as at 30 September 2018 and 31 March 2018, corporate guarantee from Denmark Investments, Wealth Goldman, Fortune Goldman and Cyber Building and personal guarantee from Mr. Tso.

These companies are related companies of the Group. Mr. Tso is the director and controlling shareholder of these related companies.

As at 30 September 2018, the Group was in the progress of negotiation with the banks for the release of the pledge of properties owned by the related companies, corporate guarantee from related companies and personal guarantee from Mr. Tso upon the listing of the Company's shares on the Stock Exchange.

17. SHARE CAPITAL

	Number of Shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each in the share capital of the Company ("**Share(s)**")		
Authorised:		
At 1 April 2017 and 31 March 2018 *(note i)*	38,000,000	380
Increased in authorised share capital *(note ii)*	4,962,000,000	49,620
As at 30 September 2018	**5,000,000,000**	**50,000**

	Number of Shares	**Amount**
		HK$'000
Issued and fully paid:		
At 1 April 2017, 31 March 2018 (audited) and 30 September 2018 (unaudited) *(note i)*	1	—

Notes:

(i) The Company was incorporated in the Cayman Islands on 25 September 2015 as an exempted company with an authorised capital of HK$380,000, divided into 38,000,000 Shares. On the date of incorporation, 1 Share was allotted and issued to the subscriber to the memorandum and articles of association of the Company, which was later transferred to RB Power Limited, a company incorporated in the British Virgin Islands and wholly owned by the Controlling Shareholders.

(ii) Pursuant to the written resolution passed by the then sole shareholder of the Company on 20 September 2018, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares of HK$0.01 each.

18. OPERATING LEASES COMMITMENTS

The Group as lessee

As at 30 September 2018 and 31 March 2018, the Group had commitments for total future minimum lease payments in respect of office, warehouse and shop premises under non-cancellable operating leases which fall due as follows:

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Within one year	**24,915**	31,011
In the second to fifth years, inclusive	**12,215**	3,128
	37,130	34,139

Leases are negotiated and monthly rentals are fixed for term of one to three years.

Certain lease agreements entered into between the landlords and the Group include a renewal option at the discretion of the Group for a further one to three years from the end of the existing lease without a fixed rental being agreed at the moment. Accordingly, this is not included in the above commitment.

19. CAPITAL COMMITMENT

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Capital commitment in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**400**	400

20. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following transactions with its related parties during the six months ended 30 September 2017 and 2018:

		Six months ended 30 September	
		2018	2017
		HK$'000	HK$'000
Names of related companies	**Nature of transactions**	**(Unaudited)**	(Unaudited)
Cyber Building	Rental expenses	**3,180**	3,180
Denmark Investments	Rental expenses	**1,680**	1,680
Happy Gear	Rental expenses	**1,260**	1,260
Fortune Goldman	Rental expenses	**2,460**	2,460
Asian Wealth	Rental expenses	**900**	900
		9,480	9,480

At the end of the reporting period, the Group has operating lease commitments for future minimum payments under non-cancellable operating leases with the above related companies, which fall due as follows:

	30 September	31 March
	2018	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Within one year	**5,500**	8,800

These operating lease commitments had been included in the amounts as shown in note 18.

During the six months ended 30 September 2017 and 2018, the Group provided corporate guarantee to banks for general banking facilities granted to certain related companies. Details are disclosed in note 21.

Compensation of key management personnel

The key management personnel of the Group represents the Directors, whose remunerations are disclosed in note 6.

21. FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES

During the six months ended 30 September 2017 and 2018, the Group provided corporate guarantee to banks for general banking facilities granted to certain related companies.

On 29 February 2012, the Company provided a corporate guarantee to a bank in relation to the granting of banking facilities of HK$28,500,000 to Cyber Building for a maturity period of 15 years. The banking facilities are also pledged by a premise in Hong Kong owned by Cyber Building. The fair values of the financial guarantee as at date of grant were arrived at on the basis of valuation carried out on that date by Access Partner Consultancy & Appraisals Limited ("**Access Partner**"), independent qualified professional valuer not connected with the Company. The initial fair value of this financial guarantee was insignificant. As at 30 September 2018, Cyber Building has utilised the banking facilities of approximately HK$17,443,000 (31 March 2018: HK$18,361,000). During both periods, there is no default payment by Cyber Building.

On 17 April 2013, the Company provided a corporate guarantee to a bank in relation to the granting of banking facilities of HK$47,500,000 to Happy Gear for a maturity period of 20 years. The banking facilities are also pledged by a premise in Hong Kong owned by Happy Gear. The fair values of the financial guarantee as at date of grant were arrived at on the basis of valuation carried out on that date by Access Partner. The initial fair value of this financial guarantee was insignificant. As at 30 September 2018, Happy Gear has utilised the banking facilities of approximately HK$35,416,000 (31 March 2018: HK$36,438,000). During both periods, there is no default payment by Happy Gear.

On 16 April 2014, the Company provided a corporate guarantee to a bank in relation to the granting of banking facilities of HK$26,000,000 to Wealth Goldman for a maturity period of 12 years. The banking facilities are also pledged by a premise in Hong Kong owned by Wealth Goldman. The fair values of the financial guarantee as at date of grant were arrived at on the basis of valuation carried out on that date by Access Partner. The initial fair value of this financial guarantee was insignificant. As at 30 September 2018, Wealth Goldman has utilised the banking facilities of approximately HK$17,576,000 (31 March 2018: HK$18,584,000). During both periods, there is no default payment by Wealth Goldman.

On 11 May 2016, the Company provided a corporate guarantee to a bank in relation to the granting of banking facilities of HK$46,000,000 to Fortune Goldman for a maturity period of 3 years. The banking facilities are also pledged by a premise in Hong Kong owned by Fortune Goldman. The fair values of the financial guarantee as at date of grant were arrived at on the basis of valuation carried out on that date by Access Partner. The initial fair value of this financial guarantee was insignificant. As at 30 September 2018, Fortune Goldman has utilised the banking facilities of approximately HK$40,562,000 (31 March 2018: HK$41,786,000). During both periods, there is no default payment by Fortune Goldman.

On 12 August 2016, the Company provided a corporate guarantee to a bank in relation to the granting of banking facilities of HK$38,000,000 to Denmark Investments for a maturity period of 30 years. The banking facilities are also pledged by a premise in Hong Kong owned by Denmark Investments. The fair values of the financial guarantee as at date of grant were arrived at on the basis of valuation carried out on that date by Access Partner. The initial fair value of this financial guarantee was insignificant. As at 30 September 2018, Denmark Investments has utilised the banking facilities of approximately HK$36,262,000 (31 March 2018: HK$36,719,000). During both periods, there is no default payment by Denmark Investments.

On 12 August 2016, the Company provided a corporate guarantee to a bank in relation to the granting of banking facilities of HK$23,200,000 to Fortune Goldman for a maturity period of 30 years. The banking facilities are also pledged by a premise in Hong Kong owned by Fortune Goldman. The fair values of the financial guarantee as at date of grant were arrived at on the basis of valuation carried out on that date by Access Partner. The initial fair value of this financial guarantee was insignificant. As at 30 September 2018, Fortune Goldman has utilised the banking facilities of approximately HK$22,139,000 (31 March 2018: HK$22,418,000). During both periods, there is no default payment by Fortune Goldman.

On 17 October 2016, the Company provided a corporate guarantee to a bank in relation to the granting of banking facilities of HK$10,000,000 to Cyber Building for a maturity period of 20 years. The banking facilities are also pledged by a premise in Hong Kong owned by Cyber Building. The fair values of the financial guarantee as at date of grant were arrived at on the basis of valuation carried out on that date by Access Partner. The initial fair value of this financial guarantee was insignificant. As at 30 September 2018, Cyber Building has utilised the banking facilities of approximately HK$9,264,000 (31 March 2018: HK$9,501,000). During both periods, there is no default payment by Cyber Building.

As at 30 September 2018, the Group was in the progress of negotiation with the banks for the release of the guarantees provided by the Group upon the listing of the Company's shares on the Stock Exchange.

22. MAJOR NON-CASH TRANSACTION

On 10 September 2018, the Company declared dividends of HK$109,000,000 to the then shareholder of the Company. The dividends were settled through the amounts due from a director and related companies under the instruction of Mr. Tso, an executive Director.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (audited)		
Financial assets at fair value through profit or loss - payments for life insurance policies	6,017	N/A	Level 2	Quoted prices from financial institutions

There were no transfers between Level 1, 2 and 3 during the current period.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate their fair values.

24. SUBSEQUENT EVENTS

The shares of the Company have been listed on the Stock Exchange since 19 October 2018. On the same date, 1,499,999,999 new shares of the Company of HK$0.01 each were issued through capitalisation of HK$14,999,999.99 standing to the credit of the share premium account of the Company. Also, 500,000,000 new shares of the Company of HK$0.01 each were issued at an offer price of HK$0.19 per Share.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a retailer and supplier of overseas manufactured tiles in Hong Kong, specialising in high-end European imported porcelain, ceramic and mosaic tiles. The Group bases its operations vastly on retail business of overseas manufactured tiles and, to a lesser extent, bathroom fixtures in Hong Kong. As at 30 September 2018, the Group operated 18 retail shops, all strategically located at prime retail locations in Hong Kong for home improvement, remodelling and furnishing materials. Apart from retail sale, the Group also supplies tile products on project basis for large-scale property development projects and residential and commercial property renovation projects principally in Hong Kong and Macau, and sells tiles and bathroom fixtures to distributors located in the PRC.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2018, the Group recorded a total revenue of approximately HK$97.0 million, representing a slight increase of approximately 0.3% as compared to approximately HK$96.7 million for the six months ended 30 September 2017.

The Group's revenue was mainly derived from the sale of tile products (including porcelain, ceramic and mosaic tiles), which accounted for approximately 98.2% and 96.8% of the Group's total revenue for the six months ended 30 September 2018 and 2017 respectively; and the remaining represented the sales of bathroom fixtures and other products.

In terms of sales channels, the Group's revenue was mainly derived from retail sales which accounted for approximately 75.9% and 75.2% of the Group's total revenue for the six months ended 30 September 2018 and 2017 respectively; and the remaining mainly represented revenue from sales to project customers and PRC distributors.

Gross profit and product margin

The Group's gross profit (i.e. revenue minus cost of inventories sold) amounted to approximately HK$67.3 million for the six months ended 30 September 2018, representing an increase of approximately 4.3% from approximately HK$64.6 million for the six months ended 30 September 2017, which was mainly due to the overall improvement of product margin from approximately 66.8% for the six months ended 30 September 2017 to approximately 69.4% for the six months ended 30 September 2018. Such improvement of product margin was mainly due to the fact that the relevant cost of inventories in respect of certain tile products sold to PRC distributors during the six months ended 30 September 2018 had been substantially written-off in prior years, resulting in minimal cost of inventories sold in respect of the relevant sales.

Staff costs

Staff costs for the six months ended 30 September 2018 was approximately HK$10.8 million, which was stable as compared to approximately HK$10.6 million for the six months ended 30 September 2017.

Property rentals and related expenses

The Group's property rentals and related expenses mainly comprised rentals for its retail shops and warehouse. Property rentals and related expenses for the six months ended 30 September 2018 was approximately HK$26.0 million, which was stable as compared to approximately HK$25.1 million for the six months ended 30 September 2017.

Other expenses

The Group's other expenses mainly consisted of listing expenses, transportation and delivery expenses, bank charges and utilities. Excluding the listing expenses of approximately HK$6.2 million and HK$5.3 million for the six months ended 30 September 2018 and 2017 respectively, the Group's other expenses would be approximately HK$9.1 million and HK$9.4 million for the respective periods, which remained relatively stable.

Profit attributable to owners of the Company

For the six months ended 30 September 2018, the Group's profit attributable to owners of the Company was approximately HK$10.4 million, representing an increase of approximately HK$5.2 million or 98.8% from approximately HK$5.2 million for the six months ended 30 September 2017. Such increase was mainly due to the combined net effects of (i) increase in gross profit by approximately HK$2.8 million as a result of improvement of overall product margin; and (ii) the turnaround of a net exchange loss of approximately HK$3.0 million recorded for the six months ended 30 September 2017 to a net exchange gain of approximately HK$2.1 million recorded for the six months ended 30 September 2018; (iii) increase in listing expenses incurred by approximately HK$0.9 million; and (iv) increase in taxation expenses by approximately HK$0.9 million.

Liquidity, financial resources and capital structure

Capital structure

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and to maintain an optimal capital structure to reduce the cost of capital.

As at 30 September 2018, the Group's cash and cash equivalents were approximately HK$7.0 million (31 March 2018: approximately HK$6.3 million), including approximately HK$6.5 million denominated in Hong Kong dollars and approximately HK$0.5 million denominated in Euro, US dollars and Renminbi.

Indebtedness and banking facilities

As at 30 September 2018, the Group had bank borrowings of approximately HK$136.4 million, comprising approximately HK$132.5 million denominated in Hong Kong dollars and approximately HK$3.9 million denominated in Euro, which carried floating rates of Hong Kong Interbank Offered Rate ("**HIBOR**") plus 1.0% to 4.0% or a spread below Prime Rate/Standard Bills Rate quoted by the banks per annum, and were secured by the pledge of properties owned by certain related companies, life insurance policies of the Group, corporate guarantees from certain related companies and personal guarantee from a Director.

As at 30 September 2018, the Group's gearing ratio was approximately 12.0 times, which is calculated based on the interest-bearing debts divided by total equity attributable to owners of the Company as at 30 September 2018 and multiplied by 100%. The high gearing ratio as at 30 September 2018 was mainly due to the declaration of dividends to partially settle the amounts due from a director and related companies. The Directors, taking into account the nature and scale of operations of the Group, the net proceeds received from the share offer upon the listing of the shares of the Company, and capital structure of the Group upon the listing, considered that the gearing ratio upon the listing, being greatly reduced to less than 2.0 times, was reasonable.

Foreign exchange exposure

The Group incurs its cost of purchases in Euro while it receives its revenue in Hong Kong dollars. Accordingly, the Group is exposed to the currency risk and fluctuations in foreign currency exchange rates, in particular, Euro, can increase or decrease the Group's profit margin and affect the results of its operations.

In addition, fluctuations in exchange rates between HK$ and other currencies, primarily Euro, US$ and RMB, affect the translation of the Group's non-HK$ denominated assets and liabilities into HK$ when the Group prepares its financial statements and result in foreign exchange gains or losses which will affect its financial condition and results of operations.

For the six months ended 30 September 2018 and 2017, the Group recorded net exchange gains of approximately HK$2.1 million and net exchange losses of approximately HK$3.0 million respectively. During both periods, the Group had not used any financial instruments for hedging purposes. The Group currently does not have any foreign currency hedging policy. However, the Group's management closely monitors its exposure to foreign currency risk and will consider hedging significant foreign currency exposure should the need arise.

Securities in issue

As at 30 September 2018, there was 1 ordinary share in issue. There was no movement in the issued share capital of the Company during the six months ended 30 September 2018.

Significant investment held, material acquisition or disposal of subsidiaries and affiliated companies and plans for material investment or capital assets

There was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 September 2018. Save as disclosed in this announcement, there was no plan for material investment or capital assets as at 30 September 2018.

Commitments

As at 30 September 2018, the Group had outstanding contracted capital commitments in respect of property, plant and equipment of approximately HK$0.4 million (31 March 2018: approximately HK$0.4 million).

Charge on assets

As at 30 September 2018, the Group pledged its life insurance policies of approximately HK$6.0 million as securities for the Group's bank borrowings. Save as disclosed above, the Group did not have any charge over its assets.

Contingent liabilities

As at 30 September 2018, the Group had contingent liabilities in respect of corporate guarantees in the aggregate amount of approximately HK$178.7 million (31 March 2018: approximately HK$183.8 million) provided to banks in relation to the granting of banking facilities to certain related companies. As at 30 September 2018, the Group was in the progress of negotiation with the banks for the release of the guarantees provided by the Group upon the listing of the Company's shares on the Stock Exchange.

Employees and remuneration policies

The Group had approximately 75 employees as at 30 September 2018. The Group's staff cost, including Directors' emoluments, was approximately HK$10.8 million and HK$10.6 million for the six months ended 30 September 2018 and 2017, respectively. The remuneration policy of the Group is based on merit, performance and individual competence.

The Directors and the senior management of the Group (the "**Senior Management**") receive compensation in the form of salaries and discretionary bonuses with reference to salaries paid by comparable companies, time commitment of each of the Directors and Senior Management and the performance of the Group. The Group regularly reviews and determines the remuneration and compensation package of the Directors and the Senior Management by reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the Senior Management and the performance of the Group.

The remuneration committee of the Board reviews and determines the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, the time devoted to the Group and the performance of the Group. The Directors may also receive options to be granted under the share option scheme adopted by the Company on 20 September 2018. During the six months ended 30 September 2018 and up to the date of this announcement, no share option was granted to the relevant participants pursuant to such scheme.

Dividend

The Directors do not recommend any payment of dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: nil).

Prospects

The successful listing of the Company on the Main Board of the Stock Exchange marks a major milestone as well as a new chapter of the Group. Due to the uncertainties of the Hong Kong economy, the Directors anticipate that the Group's business will face various challenges in the foreseeable future. The Directors consider that there are certain risks involved in the Group's operations. The most significant risks that the Group is facing include: (i) the Group's business and results of operations being susceptible to fluctuations in the market prices and demand for tiles; (ii) the Group's success being dependent on its ability to respond to changes in consumer preferences, perception or consumption patterns; (iii) the Group being affected by the level of demand in the real estate development industry; (iv) economic downturn and adverse market conditions in Hong Kong and the PRC; (v) disruptions in relationships with the Group's suppliers; and (vi) the Group being exposed to foreign currency exchange fluctuations.

For other risks and uncertainties that the Group is facing, please refer to the section headed "Risk Factors" in the Prospectus.

Nonetheless, the management is confident of the Group's future development and ability to enhance shareholders' value, based on the years of experience of the Senior Management in managing the Group's business in Hong Kong and its business strategies. The Group aims to maintain and further strengthen its position as the market leader in the overseas manufactured tile retailing industry in Hong Kong by adopting the following strategies: (i) strengthening the Group's leading position in Hong Kong; (ii) expanding its product mix and enhancing the diversity of its product offerings; (iii) pursuing strategic acquisition opportunities; and (iv) expanding its sales network in the PRC market.

Use of proceeds from the Share Offer

The shares of the Company were listed on the Main Board of the Stock Exchange on 19 October 2018 with gross proceeds received by the Company in the amount of approximately HK$95.0 million. After deducting underwriting commissions and all related expenses, the net proceeds is intended to be applied in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds — Use of proceeds" in the Prospectus. The Directors are not aware of any material change to the planned use of proceeds as at the date of this announcement. Any net proceeds that were not applied immediately have been placed in licensed banks in Hong Kong as at the date of this announcement.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in note 20 to the interim financial information, there were no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or associates was a party and in which any Director or controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the six months ended 30 September 2018.

COMPETING INTERESTS

For the six months ended 30 September 2018, each of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the Listing Rules) has confirmed that none of them had any business or interest in any company that competes or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE

The Company is committed to ensure a high standard of corporate governance in the interests of its shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has adopted and complied with all the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules throughout the period from the Listing Date to the date of this announcement save for the deviation from code provision A.2.1 as follows:

Under code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Mr. Simom Tso's in-depth knowledge and experience in the industry in which the Group operates and his familiarity with the operations of the Group, the Company believes that it is in the best interest of the Group for Mr. Tso to assume both roles as the Chairman and the chief executive officer of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions upon the listing. Following specific enquiries by the Company, all Directors had confirmed that they had complied with the Model Code throughout the period since the Listing Date up to the date of this announcement.

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

The Company's shares were listed on the Stock Exchange since 19 October 2018. Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2018 and up to the date of this announcement.

SHARE OPTION SCHEME

On 20 September 2018, the Company adopted a share option scheme (the "**Scheme**") conditional upon the listing of the Company's shares on the Stock Exchange. The Scheme became effective on the Listing Date. No share option has been granted since the adoption up to the date of this announcement and no share options were outstanding under the Scheme as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

The shares of the Company were listed on the Main Board of the Stock Exchange on 19 October 2018 and 500 million new shares of the Company of HK$0.01 each were issued at the offer price of HK$0.19 per share pursuant to the share offer.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises the three independent non-executive Directors. The Audit Committee reviews, amongst others, the financial information of the Group; the relationship with and terms of appointment of the external auditors; and the Group's financial reporting system and internal control procedures.

The unaudited interim financial information of the Group for the six months ended 30 September 2018 has been reviewed by the Audit Committee.

By Order of the Board
MOS House Group Limited
Simon Tso
Chairman

Hong Kong, 28 November 2018

As at the date of this announcement, the Board comprises of two executive Directors, namely Mr. Simon Tso and Ms. Tsui To Fei, one non-executive Director, namely Mr. Leung Wai Chuen, and three independent non-executive Directors, namely Mr. Ho Wing Tim, Mr. Ng Wang To and Ms. Law Chui Yuk.

In case of any inconsistency between the English and Chinese versions, the English text of this announcement shall prevail over the Chinese text.