

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **MOS HOUSE GROUP LIMITED**

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

**(Stock code: 1653)**

### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of MOS House Group Limited (the “**Company**”) presents the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2023 together with the comparative figures of the previous financial year ended 31 March 2022 as set out below. 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**”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 March 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>	5	<b>153,945</b>	165,834
Other income	6	<b>3,952</b>	7,246
Other gains and losses	6	<b>1,269</b>	550
Net reversal of (provision for) impairment losses on trade receivables		<b>1,455</b>	(571)
Net changes in fair value of investment property		–	3,000
Cost of inventories sold		<b>(72,353)</b>	(69,278)
Staff costs	9	<b>(20,557)</b>	(22,371)
Depreciation	9	<b>(39,676)</b>	(42,456)
Property related expenses		<b>(2,121)</b>	(2,661)
Other expenses	9	<b>(18,638)</b>	(21,519)
Finance costs	8	<b>(5,013)</b>	(3,600)
<b>Profit before taxation</b>	9	<b>2,263</b>	14,174
Income tax expense	10	<b>(851)</b>	(2,304)
 Profit and total comprehensive income for the year		 <b>1,412</b>	 11,870
<b>Profit and total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>1,412</b>	11,870
		<i>HK cents</i>	<i>HK cents</i>
 Earnings per share			
Basic	12	<b>0.588</b>	4.946
Diluted		<b>0.587</b>	4.946

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Notes</i>	<b>2023</b>	2022
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>			
Investment property		<b>34,000</b>	34,000
Property, plant and equipment		<b>2,429</b>	2,140
Right-of-use assets		<b>52,032</b>	40,371
Deferred tax assets		<b>910</b>	1,198
Deposits and prepayments		<b>8,874</b>	6,615
Financial assets at fair value through profit or loss (“FVPL”)		<b>7,095</b>	6,880
		<b>105,340</b>	91,204
<b>Current assets</b>			
Inventories		<b>80,572</b>	87,870
Trade receivables	<i>13</i>	<b>58,824</b>	41,610
Deposits, prepayments and other receivables		<b>40,077</b>	41,806
Pledged bank deposit		<b>15,000</b>	15,000
Bank balances and cash		<b>6,257</b>	2,030
		<b>200,730</b>	188,316
<b>Current liabilities</b>			
Trade payables	<i>14</i>	<b>6,866</b>	19,176
Other payables and accrued charges		<b>8,058</b>	6,985
Contract liabilities		<b>8,160</b>	10,665
Lease liabilities – current portion		<b>36,335</b>	34,823
Amount due to a Director		<b>2,006</b>	4,332
Tax payable		<b>3,337</b>	3,273
Bank borrowings		<b>80,712</b>	55,087
Loan from a Director		<b>10,733</b>	–
		<b>156,207</b>	134,341
<b>Net current assets</b>		<b>44,523</b>	53,975
<b>Total assets less current liabilities</b>		<b>149,863</b>	145,179

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities – non-current portion		<b>22,503</b>	9,600
Loan from a Director		–	10,733
		<u><b>22,503</b></u>	<u>20,333</u>
<b>NET ASSETS</b>		<u><b>127,360</b></u>	<u>124,846</u>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>24,000</b>	24,000
Reserves		<u><b>103,360</b></u>	<u>100,846</u>
<b>TOTAL EQUITY</b>		<u><b>127,360</b></u>	<u>124,846</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2023*

## 1. GENERAL

MOS House Group Limited is incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The addresses of the Company’s registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 50/F, United Asia Finance Centre, 333 Lockhart Road, Wanchai, Hong Kong, respectively.

Its immediate holding company is RB Power Limited (“**RB Power**”) and its ultimate holding company is RB Management Holding Limited (the “**Trust Company**”), both of which are incorporated in the British Virgin Islands (“**BVI**”). They are controlled by Mr. Simon Tso (“**Mr. Tso**”), an executive Director of the Company.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are trading of tiles and bathroom fixture products in Hong Kong and Macau and property investment.

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

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

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time in the current year. The adoption of the new/revised HKFRSs does not have significant impact on the consolidated financial statements.

### **Adoption of new/revised HKFRSs**

#### *Amendments to HKAS 16: Proceeds before Intended Use*

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### ***Amendments to HKAS 37: Cost of Fulfilling a Contract***

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### ***Amendments to HKFRS 3: Reference to the Conceptual Framework***

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### ***Annual Improvements Project — 2018-2020 Cycle***

#### ***HKFRS 1: Subsidiary as a First-time Adopter***

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent — i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

#### ***HKFRS 9: Fees in the “10 per cent” Test for Derecognition of Financial Liabilities***

This amendment clarifies that — for the purpose of performing the “10 per cent test” for derecognition of financial liabilities — in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

#### ***HKFRS 16: Lease Incentives***

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

#### ***HKAS 41: Taxation in Fair Value Measurements***

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for the payments for life insurance policies and investment property which are measured at fair value, and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

#### **Key sources of estimation uncertainty**

##### *Provision of ECL for trade receivables*

The management of the Group measures lifetime ECL of the trade receivables based on (i) trade receivables from customers located in the People's Republic of China ("**PRC distributors**"), trade receivables with aggregated significant balances exceeding HK\$1,000,000 and credit-impaired trade receivables that are assessed individually; and (ii) remaining trade receivables that are based on provision matrix through grouping of various debtors that have similar loss patterns, after considering the past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. The assessment of credit risk of trade receivables involves high degree of estimation uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise accordingly in future periods.

##### *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses necessary to make the sale. These estimates are based on the current market condition and the historical experience of selling products of similar nature. Management of the Group reassesses the estimations on a product-by-product basis at the end of the reporting period and makes allowances when necessary.

##### *Discount rates for calculating lease liabilities as lessee*

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discount rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

### *Fair value of investment properties*

In assessing the fair value of investment property, the Group obtains the valuation of the investment property provided by the independent professional qualified valuer. The valuation techniques applied by the independent professional qualified valuer for the investment property have been discussed with the Directors of the Company. The Directors review the valuations performed by the independent professional qualified valuer and use their estimation to determine whether valuation techniques applied are appropriate to the circumstances of the Group. Changes in assumptions could affect the reported fair value of investment property in the consolidated financial statements.

### **Critical judgements made in applying accounting policies**

#### *Lease term of contracts with extension options — as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has lease contracts that include extension options. The Group applies judgement and considers all relevant factors that create an economic incentive for it to exercise the extension in evaluating whether it is reasonably certain whether or not to exercise the options to extend the lease. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within its control and affects its ability to exercise the extension option.

## **5. REVENUE**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Revenue from contracts with customers within HKFRS 15</b>		
<i>Types of products:</i>		
Tiles	<b>107,873</b>	120,862
Bathroom fixtures and others	<b>45,592</b>	44,252
	<b>153,465</b>	165,114
<b>Revenue from other sources:</b>		
Rental income from investment property	<b>480</b>	720
	<b>153,945</b>	165,834
<b>Sales channel of revenue from contracts with customers within HKFRS 15:</b>		
Retail	<b>94,205</b>	118,523
Non-retail	<b>59,260</b>	46,591
	<b>153,465</b>	165,114

The above revenue from contracts with customers within HKFRS 15 is recognised at a point in time and at fixed price.

The amount of revenue recognised for the year ended 31 March 2023 that was included in the contract liabilities at the beginning of the year is approximately HK\$8,439,000 (2022: HK\$6,294,000).



## 6. OTHER INCOME/OTHER GAINS AND LOSSES

	2023 HK\$'000	2022 HK\$'000
<b>Other income</b>		
Compensation income from insurance claim	171	–
Bank interest income	202	67
Fair value gain on financial assets at FVPL	287	317
Gain on disposal of right-of-use assets	–	246
Gain on rent concession	973	5,984
Government subsidies ( <i>Note</i> )	1,819	–
Sundry income	161	–
Interest income on rental deposits	339	632
	<u>3,952</u>	<u>7,246</u>
<b>Other gains and losses</b>		
Net exchange gain	1,269	718
Loss on written-off of property, plant and equipment	–	(168)
	<u>1,269</u>	<u>550</u>

*Note:* During the year ended 31 March 2023, the Group recognised government subsidies of approximately HK\$1,431,000 and HK\$388,000 in respect of the Employment Support Scheme under the Anti-epidemic Fund of the Hong Kong SAR Government and Dedicated Fund on Branding, Upgrading and Domestic Sales (“**the BUD Fund**”) scheme respectively. No government subsidies were granted during the year ended 31 March 2022.

## 7. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. The Group’s operating segments are structured and managed separately according to the nature of their businesses, which are currently organised into two operating businesses as follows:

- (a) Retail — sale of tiles and bathroom fixture products through either retail or non-retail channel; and
- (b) Property investment.

The segment performance is evaluated based on reportable segment profit or loss before income tax without allocation of finance costs (other than interest on lease liabilities) and other unallocated corporate expenses and the basis of preparing such information is consistent with that of the consolidated financial statements. All assets are allocated to reportable segments other than deferred tax assets, bank balances and cash (including pledged bank deposit) and other unallocated corporate assets. All liabilities are allocated to reportable segments other than tax payable, bank borrowings, loan from a Director and other unallocated corporate liabilities.

## Business segments

	Retail		Property investment		Consolidated	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>						
Revenue from external customers	<u>153,465</u>	<u>165,114</u>	<u>480</u>	<u>720</u>	<u>153,945</u>	<u>165,834</u>
<b>Segment results</b>						
Net changes in fair value of investment property	-	-	-	3,000	-	3,000
Unallocated corporate expenses					(7,556)	(6,489)
Finance costs (other than interest on lease liabilities)					<u>(2,828)</u>	<u>(1,495)</u>
Profit before taxation					2,263	14,174
Income tax expenses					<u>(851)</u>	<u>(2,304)</u>
Profit for the year					<u>1,412</u>	<u>11,870</u>

## Segment assets and liabilities

The following table presents segment assets and liabilities of the Group's business segments as at 31 March 2023:

	Retail		Property investment		Consolidated	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets and liabilities</b>						
Segment assets	249,642	227,031	34,018	34,018	283,660	261,049
Deferred tax assets					910	1,198
Bank balances and cash					6,257	2,030
Pledged bank deposit					15,000	15,000
Unallocated corporate assets					<u>243</u>	<u>243</u>
Total consolidated assets					<u>306,070</u>	<u>279,520</u>
Segment liabilities	81,243	80,572	176	176	81,419	80,748
Tax payable					3,337	3,273
Bank borrowings					80,712	55,087
Loan from a Director					10,733	10,733
Amount due to a Director					2,006	4,332
Unallocated corporate liabilities					<u>503</u>	<u>501</u>
Total consolidated liabilities					<u>178,710</u>	<u>154,674</u>

## Other information

	Retail		Property investment		Unallocated		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditures								
Property, plant and equipment	1,274	678	-	-	-	-	1,274	678
Right-of-use assets	50,352	36,108	-	-	-	-	50,352	36,108
Investment property	-	-	-	31,000	-	-	-	31,000
Depreciation								
Property, plant and equipment	985	1,168	-	-	-	-	985	1,168
Right-of-use assets	38,691	41,288	-	-	-	-	38,691	41,288
Loss on disposal of property, plant and equipment	-	(168)	-	-	-	-	-	(168)
Net changes in fair value of investment property	-	-	-	3,000	-	-	-	3,000
Fair value gain on financial assets at FVPL	-	-	-	-	287	317	287	317
Net reversal of (provision for) impairment losses on trade receivables	1,455	(571)	-	-	-	-	1,455	(571)
Net exchange gain	1,269	718	-	-	-	-	1,269	718

## Geographical information

The Group's operations are principally located in Hong Kong and Macau. The following table provides an analysis of the Group's revenue from external customers by geographical market in which the products are delivered:

	2023	2022
	HK\$'000	HK\$'000
Hong Kong	114,874	130,778
Macau	39,071	35,056
	<u>153,945</u>	<u>165,834</u>

The following is an analysis of the carrying amounts of non-current assets (excluding financial instruments and deferred tax assets) in which the assets are located:

	2023	2022
	HK\$'000	HK\$'000
Hong Kong	<u>88,461</u>	<u>76,511</u>

## Information about major customers

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group is disclosed as follows:

			2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
	<u>Segment</u>	<u>Geographical market which the transactions are located</u>		
Customer A	Retail	Macau	24,375	NA*
Customer B	Retail	Hong Kong	NA*	30,741

\* The corresponding revenue did not contribute 10% or more of the total revenue of the Group for the relevant year.

## 8. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank borrowings	2,028	762
Interest on loan from a Director	800	733
Interest on lease liabilities	2,185	2,105
	<u>5,013</u>	<u>3,600</u>

## 9. PROFIT BEFORE TAXATION

This is stated after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>a. Employee benefits expenses (including Directors' emoluments)</b>		
Salaries and other benefits	18,807	21,622
Retirement benefits scheme contributions	648	749
Equity-settled share-based payment expenses	1,102	–
	<u>20,557</u>	<u>22,371</u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>b. Other expenses</b>		
Auditor's remuneration	757	745
Bank charges	1,503	2,019
Direct operating expenses arising from investment property that generated rental income	128	28
Product delivery expenses	8,139	11,113
Lease payments for short-term lease of warehouse	–	1,290
Legal and professional fees	3,160	2,603
Utility and office expenses	2,413	2,347
Sundry items	2,538	1,374
	<u>18,638</u>	<u>21,519</u>
<b>c. Other items</b>		
Depreciation:		
— Property, plant and equipment	985	1,168
— Right-of-use assets	38,691	41,288
	<u>39,676</u>	<u>42,456</u>
<b>10. INCOME TAX EXPENSE</b>		
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax		
Current year	155	965
Under provision in prior years	201	117
Macau Corporate Income Tax		
Current year	207	142
	<u>563</u>	<u>1,224</u>
<b>Deferred taxation</b>		
Charge for the year	288	1,080
	<u>851</u>	<u>2,304</u>

Under the two-tiered profits tax rates, the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities are taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 are taxed at the rate of 16.5%. The profits of one of the group entities are taxed in accordance with the two-tiered profits tax rates. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

Macau Corporate Income Tax has been provided at the rate of 12% (2022: 12%) on the estimated assessable profits of the Macau subsidiary during the year.

## 11. DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: nil).

## 12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on profit attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 March 2022 as the Group had no potentially dilutive ordinary shares in issue during the year ended 31 March 2022.

The calculations of basic and diluted earnings per share are based on:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company, for the purpose of basic and diluted earnings per share	<u><b>1,412</b></u>	<u>11,870</u>
	<b>No. of shares</b>	
	<b>2023</b>	2022
Issued ordinary shares at beginning and end of the reporting period	<u><b>240,000,000</b></u>	<u>240,000,000</u>
Weighted average number of ordinary shares in issue during the year, for the purpose of basic earnings per share	<b>240,000,000</b>	240,000,000
Effect of dilutive potential shares from share option scheme	<u><b>371,200</b></u>	<u>–</u>
Weighted average number of ordinary shares in issue during the year, for the purpose of diluted earnings per share	<u><b>240,371,200</b></u>	<u>240,000,000</u>

### 13. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
From third parties		
Total gross carrying amount	60,479	44,720
Less: allowance for credit losses	<u>(1,655)</u>	<u>(3,110)</u>
	<u>58,824</u>	<u>41,610</u>

Generally, the Group did not grant any credit period to its retail customers. Credit period ranging from 30 to 180 days is granted to customers with bulk purchases, including PRC Distributors.

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting periods.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–90 days	46,981	29,534
91–180 days	82	228
181–365 days	2,124	50
Over 365 days	<u>9,637</u>	<u>11,798</u>
	<u>58,824</u>	<u>41,610</u>

Included in the Group's trade receivables balance as at 31 March 2023 are debtors with aggregate carrying amounts of approximately HK\$44,972,000 (2022: approximately HK\$14,825,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$13,300,000 (2022: approximately HK\$14,501,000) have been past due 90 days or more and are not considered as in default. With reference to the historical records, past experience and also available reasonable and supportive forward-looking information, the management of the Group does not consider these trade receivables as credit-impaired. These customers have good business relationship with the Group and their recurring overdue balances have satisfactory settlement history.

### 14. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<u>6,866</u>	<u>19,176</u>

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:

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	<b>2,041</b>	8,309
31–60 days	<b>836</b>	72
61–90 days	<b>92</b>	1,884
91–120 days	<b>271</b>	1,941
Over 120 days	<b>3,626</b>	6,970
	<u><b>6,866</b></u>	<u>19,176</u>

## 15. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount <i>HK\$'000</i></b>
Ordinary shares of HK\$0.1 each		
<b>Authorised:</b>		
<b>At 31 March 2022 and 2023</b>	<u>500,000,000</u>	<u>50,000</u>
<b>Issued and fully paid:</b>		
<b>At 31 March 2022 and 2023</b>	<u>240,000,000</u>	<u>24,000</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the year under review, the Group was principally engaged in two business segments, being (i) the sale of tiles and bathroom fixture products to retail customers through its retail shops in Hong Kong, as well as the sale of tiles, bathroom fixtures and other products on project basis for residential and commercial premises renovation projects in Hong Kong and Macau; and (ii) the property investment in Hong Kong, where the Group earns rental income. For the year ended 31 March 2023, the Group recorded a total revenue of approximately HK\$153.9 million, representing a decrease of approximately 7.2% as compared to approximately HK\$165.8 million for the year ended 31 March 2022.

For the year ended 31 March 2023, the Group's net profit attributable to owners of the Company was approximately HK\$1.4 million, representing a decrease of approximately 88.2% as compared to approximately HK\$11.9 million for the year ended 31 March 2022. Such decrease was mainly attributable to the decrease in revenue.

#### **i) Sale of tiles, bathroom fixtures and other products**

The Group continued to face considerable challenges throughout the year. In particular, retail sales was adversely affected amid an uncertain economic and business environment, with setbacks caused by the fifth wave of pandemic in the first half of the financial year. Revenue generated from the retail sales of tile, bathroom fixture and other products decreased by approximately 20.5% from approximately HK\$118.5 million for the year ended 31 March 2022 to approximately HK\$94.2 million for the year ended 31 March 2023.

The Group remained committed to expanding its product portfolio to enhance the diversity of its product offerings. To complement the wide range of tile products which can be used for kitchens, the Group introduced a limited range of high-end European kitchen cabinet for selling to non-retail project customers during the year, leading to the increase in non-retail sales by approximately 27.0% from approximately HK\$46.6 million for the year ended 31 March 2022 to approximately HK\$59.2 million for the year ended 31 March 2023.

#### **ii) Property investment**

The Group earned rental income of approximately HK\$0.5 million (2022: approximately HK\$0.7 million) from its investment property for the year ended 31 March 2023. The decrease in rental income was due to rent reduction granted to tenant during the year.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 March 2023, the Group recorded a total revenue of approximately HK\$153.9 million, representing a decrease of approximately 7.2% as compared to approximately HK\$165.8 million for the year ended 31 March 2022.

Revenue generated from the sale of tiles, bathroom fixtures and other products was approximately HK\$153.4 million (2022: HK\$165.1million), of which retail sales was approximately HK\$94.2 million (2022: HK\$118.5 million) and non-retail sales was approximately HK\$59.2 million (2022: HK\$46.6 million). Revenue from the sale of tiles and bathroom fixture products accounted for approximately 99.7% (2022: 99.6%) of the Group's total revenue for the year ended 31 March 2023.

Revenue generated from the property investment segment was rental income of approximately HK\$0.5 million (2022: HK\$0.7 million), which accounted for approximately 0.3% (2022: 0.4%) of the Group's total revenue for the year ended 31 March 2023.

### **Gross profit and product margin**

The Group's gross profit (i.e. revenue from the sale of tiles, bathroom fixtures and other products minus cost of inventories sold) amounted to approximately HK\$81.1 million for the year ended 31 March 2023, representing a decrease of approximately 15.3% from approximately HK\$95.8 million for the year ended 31 March 2022, which was mainly due to the decrease in revenue. In addition, the overall product margin decreased from approximately 58.0% for the year ended 31 March 2022 to approximately 52.9% for the year ended 31 March 2023, which was due to the increase in proportion of project sales and other sales under non-retail sales channel, which offered higher discount to non-retail customers given the scale of purchase made.

### **Staff costs**

Staff costs for the year ended 31 March 2023 was approximately HK\$20.6 million (2022: HK\$22.4 million). The decrease in staff costs was mainly due to decrease in sales commission and discretionary bonus in line with the decrease in revenue.

### **Property related expenses/Depreciation on right-of-use assets**

In respect of the rented premises, the Group recorded property related expenses of approximately HK\$2.1 million (2022: HK\$2.7 million), the depreciation on right-of-use assets of approximately HK\$38.7 million (2022: HK\$41.3 million) and the relevant interest expense on lease liabilities of approximately HK\$2.2 million (2022: HK\$2.1 million).

## **Other expenses**

The Group recorded other expenses of approximately HK\$18.6 million and HK\$21.5 million for the years ended 31 March 2023 and 2022 respectively. The Group's other expenses for the year ended 31 March 2023 mainly consisted of audit fee of approximately HK\$0.8 million (2022: HK\$0.7 million), bank charges of approximately HK\$1.5 million (2022: HK\$2.0 million), products delivery expenses of approximately HK\$8.1 million (2022: HK\$11.1 million), legal and professional fees of approximately HK\$3.2 million (2022: HK\$2.6 million), utility and office expenses of approximately HK\$2.4 million (2022: HK\$2.3 million) and sundry items of approximately HK\$2.5 million (2022: HK\$1.4 million). The decrease in other expenses for the year ended 31 March 2023 was mainly due to (i) the decrease in product delivery expenses as a result of the decrease in revenue and inventory level and (ii) the decrease in lease payments for short-term lease of warehouse of approximately HK\$1.3 million incurred in last year.

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

For the year ended 31 March 2023, the Group's profit attributable to owners of the Company was approximately HK\$1.4 million, representing a decrease of approximately 88.2% as compared to approximately HK\$11.9 million for the year ended 31 March 2022. Such decrease was mainly due to (i) decrease in gross profit from sale of tile and bathroom fixture products by approximately HK\$14.7 million as a result of decrease in revenue; (ii) the fair value of investment property as at 31 March 2023 remained unchanged, as compared to the fair value gain of approximately HK\$3.0 million recorded in last year; (iii) decrease in other income by approximately HK\$3.3 million, mainly resulting from the net effect of decrease in gain on rent concession by approximately HK\$5.0 million and increase in government subsidies by approximately HK\$1.8 million and (iv) increase in interest on bank borrowings by approximately HK\$1.3 million due to higher interest rates as well as increased bank borrowings. The aforesaid factors were partially offset by (i) net decrease in lease-related expenses (including property related expenses, depreciation on right-of-use assets and interest on lease liabilities) by approximately HK\$3.1 million; (ii) decrease in staff cost by approximately HK\$1.8 million; (iii) net reversal of impairment losses on trade receivables by approximately HK\$1.5 million compared with net provision of impairment losses of approximately HK\$0.6 million recorded last year and (iv) decrease in other expenses and taxation expenses by approximately HK\$2.9 million and HK\$1.5 million respectively.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

### **Capital structure**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

As at 31 March 2023, the Group's pledged bank deposit and bank and cash balances totalled approximately HK\$21.3 million (2022: HK\$17.0 million), including approximately HK\$21.0 million (2022: HK\$16.6 million) denominated in Hong Kong dollars and approximately HK\$0.3 million (2022: HK\$0.4 million) denominated in Euro, US dollars and Renminbi.

### **Indebtedness**

As at 31 March 2023, the Group had bank borrowings of approximately HK\$80.7 million (2022: HK\$55.1 million) of which all borrowings were denominated in Hong Kong dollars and were secured by the Group's investment property and the deposit pledged to a bank of the Group.

As at 31 March 2023, the Group's gearing ratio was approximately 0.63 time which is calculated based on total bank borrowings divided by total equity attributable to owners of the Company as at 31 March 2023. The Board, taking into account the nature and scale of operations of the Group, considered that the gearing ratio as at 31 March 2023 was reasonable. The Board would keep monitoring the financial and liquidity position of the Group closely and make appropriate financing strategy for the Group from time to time.

### **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 years ended 31 March 2023 and 2022, the Group recorded net exchange gains of approximately HK\$1.3 million and HK\$0.7 million respectively. During both years, 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 31 March 2023, there were 240,000,000 ordinary shares in issue. There was no movement in the issued share capital of the Company during the year ended 31 March 2023.

### **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 year ended 31 March 2023. Save as disclosed in this announcement, there was no plan for material investment or capital assets as at 31 March 2023.

### **Commitments**

As at 31 March 2023, the Group had outstanding contracted capital commitments in respect of property, plant and equipment of approximately HK\$1.0 million (2022: approximately HK\$1.0 million).

### **Charge on assets**

As at 31 March 2023, the Group had pledged its investment property at the carrying value of approximately HK\$34.0 million and bank deposit of approximately HK\$15.0 million as securities for the Group's bank borrowings.

### **Contingent liabilities**

As at 31 March 2023, the Group and the Company did not have any significant contingent liabilities.

## **Employees and remuneration policies**

The Group had approximately 65 employees as at 31 March 2023. The Group's staff costs, including Directors' emoluments, were approximately HK\$20.6 million and HK\$22.4 million for the years ended 31 March 2023 and 2022 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 year ended 31 March 2023, an aggregate of 4,800,000 share options were granted to the executive Directors. Please refer to the paragraph “Share Option Scheme” for further details.

## **Dividend**

The Directors do not recommend any payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

## **PROSPECTS**

To strengthen our market position and enhance our competitiveness in the tile retailing industry, the Group has been focusing on expanding its product mix and enhancing the diversity of its product offerings by selectively adding non-tile products, including high-end European bathroom fixtures and kitchen cabinets. Leveraging on our established retail operations in Hong Kong and our strong relationships with suppliers, the Group will continue to provide comprehensive branded product to meet different needs and specifications, providing our retail customers solutions for different purposes and functionality whether for residential or commercial use.

In terms of non-retail sales, including distribution sales and project sales, the Group will focus on increasing revenue from non-retail sales by enhancing our collaboration with existing distributors and project customers (including interior designing companies, construction contractors, property developers) and exploring more potential distributors and project customers.

Besides, the Group will continue to keep abreast of the market conditions and identify opportunities to further diversify its sources of revenue, so as to stabilize the financial performance of the Group.

In the face of challenging market environment, the Group remains confident in its long-term development and ability to enhance shareholders' value based on our excellent management team with years of experience in managing the business.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

For the year ended 31 March 2023 and up to the date of this announcement, 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.

## **CONTINUING CONNECTED TRANSACTIONS**

On 29 June 2021, Regent Building Limited (as tenant), an indirect wholly owned subsidiary of the Company entered into two renewal tenancy agreements (the “**Renewal Tenancy Agreements**”) with Cyber Building Limited (“**Cyber Building**”) (as landlord) in relation to the leases of a warehouse and a retail shop (the “**Properties**”) to the Group. The lease terms of the premises under the Renewal Tenancy Agreements are both for 2 years from 1 April 2021 to 31 March 2023. On 29 March 2023, Regent Building Limited (as tenant) further entered into two renewal tenancy agreements (the “**Second Renewal Tenancy Agreements**”) with Cyber Building (as landlord) in relation to the leases of the Properties to the Group. The lease terms of the premises under the Second Renewal Tenancy Agreements are both for 2 years from 1 April 2023 to 31 March 2025.

Mr. Tso is an executive Director and a Controlling Shareholder of the Company. Ms. Tsui is an executive Director and the spouse of Mr. Tso. Cyber Building is owned as to 50% by Mr. Tso and 50% by Ms. Tsui. As such, Cyber Building is an associate of Mr. Tso and Ms. Tsui and hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Renewal Tenancy Agreements and the Second Renewal Tenancy Agreements with Cyber Building constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "Code") in Appendix 14 of the Listing Rules. Throughout the year, to the best knowledge of the Board and after the review of the Company's performance of its corporate governance practices, the Company has complied with all the applicable code provisions set out in the Code, save for the deviation from code provision C.2.1 as follows:

Under Code Provision C.2.1 of the Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the year ended 31 March 2023, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Tso is the chairman and also the chief executive officer of the Company and is responsible for overseeing the operations of the Group during the year. In view of the present composition of the Board, Mr. 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. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all Directors had confirmed that they had complied with the Model Code throughout the year ended 31 March 2023.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 March 2023.



## **SHARE OPTION SCHEME**

The Company adopted the Share Option Scheme to provide incentives and rewards to Directors, employees and advisers, etc. of the Company for their contributions to the success of the Company and its subsidiaries.

Pursuant to the Scheme, on 29 September 2022, the Company granted the options to subscribe for an aggregate of 4,800,000 Shares to the executive Directors at an exercise price of HK\$0.300 per Share. For the year ended 31 March 2023, no share options were exercised. As at 31 March 2023, the maximum number of Shares which might be issued upon exercise of all outstanding options granted under the Scheme was 4,800,000 Shares, representing 2% of the Company's issued share capital as at 31 March 2023.

## **AUDIT COMMITTEE AND REVIEW OF ACCOUNTS**

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 consolidated financial statements of the Group for the year ended 31 March 2023 have been reviewed by the Audit Committee.

## **SCOPE OF WORK OF MAZARS CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Company's auditor, Mazars CPA Limited ("**Mazars**"), to the amounts set out in the Company's draft consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by Mazars on the preliminary announcement.

**PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rbmsgroup.com](http://www.rbmsgroup.com)). The annual report of the Company for the year ended 31 March 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and posted on the above websites in due course.

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

Hong Kong, 28 June 2023

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Simon Tso and Ms. Tsui To Fei and three independent non-executive Directors, namely Mr. Ng Wang To, Mr. Woo King Hang and Mr. Hui Chun Tak.*

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