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## **MOS HOUSE GROUP LTD**

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

**(Stock code: 1653)**

### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024**

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 2024 together with the comparative figures of the previous financial year ended 31 March 2023 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 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>122,577</b>	153,945
Other income	5	<b>2,383</b>	3,952
Other gains and losses	5	<b>13</b>	1,269
(Impairment loss) reversal of impairment losses under expected credit loss model, net		<b>(1,455)</b>	1,455
Changes in fair value of an investment property		<b>280</b>	–
Cost of inventories sold		<b>(42,429)</b>	(72,353)
Staff costs	8	<b>(17,422)</b>	(20,557)
Depreciation	8	<b>(36,786)</b>	(39,676)
Property related expenses		<b>(2,289)</b>	(2,121)
Other expenses	8	<b>(14,829)</b>	(18,638)
Share of result of an associate		<b>18</b>	–
Finance costs	7	<b>(7,411)</b>	(5,013)
<b>Profit before taxation</b>	8	<b>2,650</b>	2,263
Taxation	9	<b>(487)</b>	(851)
 Profit and total comprehensive income for the year		 <b><u>2,163</u></b>	 <u>1,412</u>
 <b>Profit and total comprehensive income for the year attributable to:</b>			
Owners of the Company		 <b><u>2,163</u></b>	 <u>1,412</u>
		 <i>HK cents</i>	 <i>HK cents</i>
 Earnings per share			
Basic	11	 <b><u>0.87</u></b>	 <u>0.59</u>
 Diluted		 <b><u>0.87</u></b>	 <u>0.59</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2024*

	<i>Notes</i>	<b>2024</b>	2023
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Investment property		<b>34,280</b>	34,000
Property, plant and equipment		<b>1,870</b>	2,429
Right-of-use assets		<b>25,110</b>	52,032
Interest in an associate		<b>13,915</b>	–
Deferred tax assets		<b>1,039</b>	910
Deposits and prepayments		<b>9,406</b>	8,874
Financial assets at fair value through profit or loss		<b>7,359</b>	7,095
		<b>92,979</b>	105,340
<b>Current assets</b>			
Inventories		<b>69,860</b>	80,572
Trade receivables	<i>12</i>	<b>66,180</b>	58,824
Deposits, prepayments and other receivables		<b>69,546</b>	40,077
Tax recoverable		<b>1,962</b>	–
Pledged bank deposit		<b>15,000</b>	15,000
Bank balances and cash		<b>1,465</b>	6,257
		<b>224,013</b>	200,730
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>11,411</b>	6,866
Other payables and accrued charges		<b>20,918</b>	8,058
Contract liabilities		<b>7,512</b>	8,160
Lease liabilities		<b>25,217</b>	36,335
Amount due to a director		<b>64</b>	2,006
Tax payable		<b>3,420</b>	3,337
Bank borrowings		<b>92,083</b>	80,712
Loan from a director		<b>11,333</b>	10,733
		<b>171,958</b>	156,207
<b>Net current assets</b>		<b>52,055</b>	44,523
<b>Total assets less current liabilities</b>		<b>145,034</b>	149,863

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>Non-current liability</b>			
Lease liabilities		<u>1,614</u>	<u>22,503</u>
		<u>1,614</u>	<u>22,503</u>
<b>NET ASSETS</b>		<u><b>143,420</b></u>	<u>127,360</u>
<b>Capital and reserves</b>			
Share capital	<i>14</i>	<b>28,412</b>	24,000
Reserves		<u>115,008</u>	<u>103,360</u>
<b>TOTAL EQUITY</b>		<u><b>143,420</b></u>	<u>127,360</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 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 STANDARD (“**HKFRSs**”)

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

In 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, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of other new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

*Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

**Amendments to HKFRSs in issue but not yet effective**

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all these amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue from contracts with customers within HKFRS 15</b>		
<i>Types of products:</i>		
Tiles	109,666	107,873
Bathroom fixtures and others	<u>12,431</u>	<u>45,592</u>
	122,097	153,465
<b>Revenue from other sources:</b>		
Rental income from investment property	<u>480</u>	<u>480</u>
	<u><u>122,577</u></u>	<u><u>153,945</u></u>
<b>Sales channel of revenue from contracts with customers within HKFRS 15:</b>		
Retail	58,875	94,205
Non-retail	<u>63,222</u>	<u>59,260</u>
	<u><u>122,097</u></u>	<u><u>153,465</u></u>

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

## 5. OTHER INCOME/OTHER GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Other income</b>		
Bank interest income	660	202
Compensation income from insurance claim	15	171
Fair value gain on financial assets at fair value through profit or loss (“ <b>FVTPL</b> ”)	338	287
Gain on early termination of lease	362	–
Gain on rent concession	–	973
Government subsidies ( <i>Note</i> )	–	1,819
Interest income on rental deposits	532	339
Sundry income	476	161
	<u>2,383</u>	<u>3,952</u>
<b>Other gains and losses</b>		
Net exchange gain	<u>13</u>	<u>1,269</u>

*Note:* During the year ended 31 March 2023, the Group recognised government subsidies of approximately HK\$1,431,000 (2024: nil) and HK\$388,000 (2024: nil) 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.

## 6. 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) Trading of tiles and bathroom fixture products — 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, interest in an associate, bank balances and cash (including pledged bank deposit), tax recoverable and other unallocated corporate assets. All liabilities are allocated to reportable segments other than tax payable, bank borrowings, loan from a director, amount due to a director and other unallocated corporate liabilities.



## Business segments

	Trading of tiles and bathroom fixture products		Property investment		Consolidated	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>						
Revenue from external customers	<u>122,097</u>	<u>153,465</u>	<u>480</u>	<u>480</u>	<u>122,577</u>	<u>153,945</u>
<b>Segment results</b>	<b>12,774</b>	<b>12,295</b>	<b>653</b>	<b>352</b>	<b>13,427</b>	<b>12,647</b>
Unallocated corporate expenses					(5,673)	(7,556)
Finance costs (other than interest on lease liabilities)					<u>(5,104)</u>	<u>(2,828)</u>
Profit before taxation					<u>2,650</u>	<u>2,263</u>

## Segment assets and liabilities

The following table presents segment assets and liabilities of the Group's business segments as at 31 March 2024:

	Trading of tiles and bathroom fixture products		Property investment		Consolidated	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets and liabilities</b>						
Segment assets	<b>249,086</b>	249,642	<b>34,282</b>	34,018	<b>283,368</b>	283,660
Tax recoverable					<b>1,962</b>	–
Deferred tax assets					<b>1,039</b>	910
Bank balances and cash					<b>1,465</b>	6,257
Pledged bank deposit					<b>15,000</b>	15,000
Interest in an associate					<b>13,915</b>	–
Unallocated corporate assets					<u>243</u>	<u>243</u>
Total consolidated assets					<u><b>316,992</b></u>	<u>306,070</u>
Segment liabilities	<b>66,183</b>	81,243	<b>176</b>	176	<b>66,359</b>	81,419
Tax payable					<b>3,420</b>	3,337
Bank borrowings					<b>92,083</b>	80,712
Loan from a director					<b>11,333</b>	10,733
Amount due to a director					<b>64</b>	2,006
Unallocated corporate liabilities					<u>313</u>	<u>503</u>
Total consolidated liabilities					<u><b>173,572</b></u>	<u>178,710</u>

## Other information

	Trading of tiles and bathroom fixture products		Property investment		Unallocated		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditures								
Property, plant and equipment	406	1,274	-	-	-	-	406	1,274
Right-of-use assets	8,899	50,352	-	-	-	-	8,899	50,352
Depreciation								
Property, plant and equipment	965	985	-	-	-	-	965	985
Right-of-use assets	35,821	38,691	-	-	-	-	35,821	38,691
Increase in fair value of investment property	-	-	280	-	-	-	280	-
Fair value gain on financial assets at FVTPL	-	-	-	-	338	287	338	287
(Impairment loss) reversal of impairment loss under expected credit loss model on trade receivables, net	(1,455)	1,455	-	-	-	-	(1,455)	1,455
Net exchange gain	13	1,269	-	-	-	-	13	1,269

## 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:

	2024 HK\$'000	2023 HK\$'000
Hong Kong	101,077	114,874
Macau	21,500	39,071
	<u>122,577</u>	<u>153,945</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:

	2024 HK\$'000	2023 HK\$'000
Hong Kong	<u>75,175</u>	<u>88,461</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:

			2024	2023
			<i>HK\$'000</i>	<i>HK\$'000</i>
	<u>Segment</u>	<u>Geographical market which the transactions are located</u>		
Customer A	Trading of tiles and bathroom fixture products	Macau	N/A*	24,375

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

## 7. FINANCE COSTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings	4,304	2,028
Interest on loan from a director	800	800
Interest on lease liabilities	2,307	2,185
	<u>7,411</u>	<u>5,013</u>

## 8. PROFIT BEFORE TAXATION

Profit before taxation is arrive after charging:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>a. Employee benefits expenses (including Directors' emoluments)</b>		
Salaries and other benefits	16,857	18,807
Retirement benefits scheme contributions	565	648
Equity-settled share-based payment expenses	–	1,102
	<u>17,422</u>	<u>20,557</u>
<b>b. Other expenses</b>		
Auditor's remuneration	600	757
Bank charges	1,174	1,503
Direct operating expenses arising from investment property that generated rental income	107	128
Product delivery expenses	3,997	8,139
Legal and professional fees	2,699	3,160
Utility and office expenses	2,465	2,413
Sundry items	3,787	2,538
	<u>14,829</u>	<u>18,638</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>c. Other items</b>		
Depreciation:		
— Property, plant and equipment	965	985
— Right-of-use assets	<u>35,821</u>	<u>38,691</u>
	<u><b>36,786</b></u>	<u>39,676</u>

## 9. TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax		
Current year	62	155
Underprovision in prior years	4	201
Macau Corporate Income Tax		
Current year	<u>550</u>	<u>207</u>
	<b>616</b>	563
<b>Deferred taxation</b>		
(Credit) charge for the year	<u>(129)</u>	<u>288</u>
	<u><b>487</b></u>	<u>851</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% (2023: 12%) on the estimated assessable profits of the Macau subsidiary during the year.

## 10. DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil).

## 11. 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.

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

	<b>2024</b>	2023
	<i>HK\$'000</i>	<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>2,163</b></u>	<u>1,412</u>
	<b>Number of shares</b>	
	<b>2024</b>	2023
Weighted average number of ordinary shares in issue during the year, for the purpose of basic earnings per share	<b>247,232,295</b>	240,000,000
Effect of dilutive potential shares from share option scheme	<u><b>790,375</b></u>	<u>371,200</u>
Weighted average number of ordinary shares in issue during the year, for the purpose of diluted earnings per share	<u><b>248,022,670</b></u>	<u>240,371,200</u>

## 12. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	69,290	60,479
Less: allowance for expected credit losses	<u>(3,110)</u>	<u>(1,655)</u>
	<u><b>66,180</b></u>	<u><b>58,824</b></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.

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 period.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–90 days	32,937	46,981
91–180 days	6,530	82
181–365 days	63	2,124
Over 365 days	<u>26,650</u>	<u>9,637</u>
	<u><b>66,180</b></u>	<u><b>58,824</b></u>

## 13. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	506	2,041
31–60 days	870	836
61–90 days	392	92
91–120 days	504	271
Over 120 days	<u>9,139</u>	<u>3,626</u>
	<u><b>11,411</b></u>	<u><b>6,866</b></u>

## 14. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each		
<b>Authorised:</b>		
As at 1 April 2022, 31 March 2023 and 31 March 2024	<u>500,000,000</u>	<u>50,000</u>
<b>Issued and fully paid:</b>		
As at 1 April 2022, 31 March 2023 and 1 April 2023	240,000,000	24,000
Issue of shares on acquisition of an associate	<u>44,117,000</u>	<u>4,412</u>
<b>As at 31 March 2024</b>	<u>284,117,000</u>	<u>28,412</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the year under review, the Group was principally engaged in two business segments, being (i) the trading of tiles and bathroom fixture products through its retail shops in Hong Kong and non-retail channels 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 2024, the Group recorded a total revenue of approximately HK\$122.6 million, representing a decrease of approximately 20.3% as compared to approximately HK\$153.9 million for the year ended 31 March 2023.

Despite a decline in revenue, the Group achieved a net profit attributable to owners of the Company of approximately HK\$2.2 million for the year ended 31 March 2024, representing an increase of approximately 57.1% as compared to approximately HK\$1.4 million for the year ended 31 March 2023. This was attributed to (i) an improved sales mix of products with higher margins; (ii) the decrease in staff costs and (iii) the decrease in product delivery expenses which was in line with the decrease in purchases during the year.

#### **i) Trading of tiles and bathroom fixture products**

The Group is a retailer and supplier of overseas manufactured tiles and bathroom fixtures in Hong Kong. Apart from retail sales, the Group also supplies tile and non-tile products on project basis for large-scale property development projects, residential and commercial property renovation projects and hotel renovation projects in Hong Kong and Macau, as well as selling tiles and bathroom fixtures to distributors in the PRC.

During the year under review, persistent high interest rates and low consumer spending power have posted challenges to the Group which have had significant impacts on its retail business. For the year ended 31 March 2024, revenue generated from the retail sales of tile, bathroom fixture and other products decreased by approximately 37.5% to approximately HK\$58.9 million, compared to 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. With the gradual resumption of economic activities during the year, the Group strived to further expand its business in non-retail sales by selling high-end European tiles to non-retail customers, leading to the gentle increase in non-retail sales by approximately 6.6% from approximately HK\$59.3 million for the year ended 31 March 2023 to approximately HK\$63.2 million for the year ended 31 March 2024.



## **ii) Property investment**

The Group earned rental income of approximately HK\$0.5 million (2023: approximately HK\$0.5 million) from its investment property for the year ended 31 March 2024. The rental income remained stable.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 March 2024, the Group recorded a total revenue of approximately HK\$122.6 million, representing a decrease of approximately 20.3% as compared to approximately HK\$153.9 million for the year ended 31 March 2023.

Revenue generated from the sale of tiles, bathroom fixtures and other products was approximately HK\$122.1 million (2023: HK\$153.4 million), of which retail sales was approximately HK\$58.9 million (2023: HK\$94.2 million) and non-retail sales was approximately HK\$63.2 million (2023: HK\$59.2 million). Revenue from the sale of tiles and bathroom fixture products accounted for approximately 99.6% (2023: 99.7%) of the Group's total revenue for the year ended 31 March 2024.

Revenue generated from the property investment segment was rental income of approximately HK\$0.5 million (2023: HK\$0.5 million), which accounted for approximately 0.4% (2023: 0.3%) of the Group's total revenue for the year ended 31 March 2024.

### **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\$79.7 million for the year ended 31 March 2024, representing a decrease of approximately 1.7% from approximately HK\$81.1 million for the year ended 31 March 2023. Nevertheless, the overall product margin increased from approximately 52.9% for the year ended 31 March 2023 to approximately 65.3% for the year ended 31 March 2024. Such increase in product margin was mainly due to the sales of tile products with higher profit margins which accounted for most of the non-retail sales for the year ended 31 March 2024; while compared to the same period last year, the sales of bathroom and fixtures products with lower profit margins accounted for most of the non-retail sales.

### **Staff costs**

Staff costs for the year ended 31 March 2024 was approximately HK\$17.4 million (2023: HK\$20.6 million). The decrease in staff costs was a result of decrease in headcount.

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

In respect of the rented premises, the Group recorded property related expenses of approximately HK\$2.3 million (2023: HK\$2.1 million), the depreciation on right-of-use assets of approximately HK\$35.8 million (2023: HK\$38.7 million) and the relevant interest expense on lease liabilities of approximately HK\$2.3 million (2023: HK\$2.2 million). The decrease in depreciation on right-of-use assets was due to the closure of underperforming retail shops during the year.

## **Other expenses**

The Group recorded other expenses of approximately HK\$14.8 million and HK\$18.6 million for the years ended 31 March 2024 and 2023 respectively. The Group's other expenses for the year ended 31 March 2024 mainly consisted of audit fee of approximately HK\$0.6 million (2023: HK\$0.8 million), bank charges of approximately HK\$1.2 million (2023: HK\$1.5 million), products delivery expenses of approximately HK\$4.0 million (2023: HK\$8.1 million), legal and professional fees of approximately HK\$2.7 million (2023: HK\$3.2 million), utility and office expenses of approximately HK\$2.5 million (2023: HK\$2.4 million) and sundry items of approximately HK\$3.8 million (2023: HK\$2.5 million). The decrease in other expenses for the year ended 31 March 2024 was mainly due to the decrease in product delivery expenses of approximately HK\$4.1 million arising from the decrease in purchases of inventories.

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

For the year ended 31 March 2024, the Group's profit attributable to owners of the Company was approximately HK\$2.2 million, representing a increase of approximately 57.1% as compared to approximately HK\$1.4 million for the year ended 31 March 2023. Such increase was mainly due to (i) decrease in staff costs by approximately HK\$3.2 million; (ii) decrease in other expenses by approximately HK\$3.8 million as mentioned above; and (iii) net decrease in lease-related expenses (including property related expenses, depreciation on right-of-use assets and interest on lease liabilities) by approximately HK\$2.6 million. The aforesaid factors were partially offset by (i) decrease in gross profit from sale of tile and bathroom fixture products by approximately HK\$1.4 million as a result of decrease in revenue; (ii) decrease in other income by approximately HK\$1.6 million, including approximately HK\$1.8 million in connection with the government subsidies recorded last year; (iii) impairment loss on trade receivables of approximately HK\$1.5 million compared with reversal of impairment losses of approximately HK\$1.5 million recorded last year; and (iv) increase in finance costs by approximately HK\$2.4 million as a result of high interest rates on bank borrowings.

## **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 2024, the Group's pledged bank deposit and bank and cash balances totalled approximately HK\$16.5 million (2023: HK\$21.3 million), including approximately HK\$16.2 million (2023: HK\$21.0 million) denominated in Hong Kong dollars and approximately HK\$0.3 million (2023: HK\$0.3 million) denominated in Euro, US dollars and Renminbi.

### **Indebtedness**

As at 31 March 2024, the Group had bank borrowings of approximately HK\$92.1 million (2023: HK\$80.7 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 2024, the Group's gearing ratio was approximately 0.64 time (2023: 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 2024. The Board, taking into account the nature and scale of operations of the Group, considered that the gearing ratio as at 31 March 2024 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.

The Group had not used any financial instruments for hedging purposes during the year. 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**

On 31 January 2024, the Company allotted and issued 44,117,000 new Shares with par value of HK\$0.01 each in the share capital of the Company as the consideration for the acquisition of 50% equity interest in Smart Asian Limited at the issue price of HK\$0.34 per share.

As at 31 March 2024, the total issued share capital of the Company was HK\$28,411,700 divided into 284,117,000 ordinary shares with par value of HK\$0.1 each.

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

On 14 September 2023, Unique City Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ms. Ho Tsz Yi (the “**Vendor**”) to acquire 50% interest in Smart Asian Limited (“**Smart Asian**”) at a consideration of HK\$15.0 million which was settled by way of allotment and issue of 44,117,000 consideration shares at the issue price of HK\$0.34 each. The acquisition was completed on 31 January 2024. Following the completion, Smart Asian has become an associate company of the Company.

For further details, please refer to the announcements of the Company dated 14 September 2023, 10 October 2023 and 22 December 2023.

Except for the aforementioned transaction, there was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies and plans for material investment or capital assets during the reporting period.

### **Commitments**

As at 31 March 2024, the Group had outstanding contracted capital commitments in respect of property, plant and equipment of approximately HK\$1.0 million (2023: approximately HK\$1.0 million).

### **Charge on assets**

As at 31 March 2024, the Group had pledged its investment property at the carrying value of approximately HK\$34.3 million and bank deposit of approximately HK\$15.0 million as securities for the Group's bank borrowings.

### **Contingent liabilities**

As at 31 March 2024, the Group and the Company did not have any significant contingent liabilities.

### **Employees and remuneration policies**

The Group had approximately 51 employees (2023: 65 employees) as at 31 March 2024. The Group's staff costs, including Directors' emoluments, were approximately HK\$17.4 million and HK\$20.6 million for the years ended 31 March 2024 and 2023 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 2024, no share option was granted to relevant participants pursuant to such scheme.

### **Dividend**

The Directors do not recommend any payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

## PROSPECTS

With the Hong Kong government's removal of all "spicy" measures for residential properties in late February this year, the Group expects that demand for home improvement, remodelling and furnishing materials from retail customers will increase following the rebound in property transactions

To strengthen our market position and enhance our competitiveness, the Group will continue to expand its product mix and enhance the diversity of its product offerings. 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.

The Group remains cautious on the outlook for the retail industry and anticipates that volatile market combined with high interest rates will undoubtedly continue to have a significant impact on the retail business. Meanwhile, the Group will remain alert to the changes in the business environment and strive to enhance its operational efficiency to ensure sustainability. In addition, the Group will continue to explore and identify opportunities to further diversify its sources of revenue, so as to boost the financial performance of the Group.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2024 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 C1 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 applied the principles and complied with all the applicable code provisions set out in the Code, save for the following deviations:

### **Board of Directors**

The Board has only two independent non-executive Directors which fell short of the minimum number (namely three independent non-executive Directors) as required under Rule 3.10(1) of the Listing Rules. The required composition of the audit committee and nomination committee did not meet the requirements under Rule 3.21 and Rule 3.27A of the Listing Rules: (i) the audit committee currently comprises of two independent non-executive Directors which fails to comply with the requirement of Rule 3.21 of the Listing Rules that the audit committee must comprise a minimum of three members; and (ii) the nomination committee currently comprises of one executive Director and one independent non-executive Director, which fails to comply with the requirement of Rule 3.27A of the Listing Rules in respect of having a majority members being independent non-executive Directors.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with Rules 3.10(1), 3.21 and 3.27A of the Listing Rules and has extended the period for filling the vacancy to 14 August 2024.

### **Code Provision C.1.6**

Under Code Provision C.1.6 of the Code, independent non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. An independent non-executive Director was unable to attend the annual general meeting of the Company held on 18 September 2023 due to other business engagements. The Company will request all the independent non-executive Directors to attend all future general meetings in order to comply with Code Provision C.1.6 of the Code.

## **Code Provision C.2.1**

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 2024, 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 2024.

## **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 2024.

## **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 2024, no share options were exercised. As at 31 March 2024, 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 1.69% of the Company's issued share capital as at 31 March 2024.



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

As at the date of this announcement, the Audit Committee comprises two 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 auditor, and the Group's financial reporting system and internal control procedures.

The consolidated financial statements of the Group for the year ended 31 March 2024 have been reviewed by the Audit Committee.

## **SCOPE OF WORK OF CL PARTNERS 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 2024 as set out in the preliminary announcement have been agreed by the Company's auditor, CL Partners CPA Limited ("CL Partners"), to the amounts set out in the Company's draft consolidated financial statements for the year. The work performed by CL Partners 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 CL Partners 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.org](http://www.rbmsgroup.org)). The annual report of the Company for the year ended 31 March 2024 containing all the information required by the Listing Rules will be posted on the above websites in due course.

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

Hong Kong, 28 June 2024

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

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