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## **SIMPLICITY HOLDING LIMITED**

**倩碧控股有限公司 \***

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

**(Stock Code: 8367)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board of directors (the “**Board**”) of Simplicity Holding Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2022 (the “**Interim Results**”). This announcement contains the full text of the interim report of the Group for the six months ended 30 September 2022 and the contents were prepared in accordance with the relevant disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**GEM Listing Rules**”). The Interim Results have been reviewed by the Board and the audit committee of the Board.

This results announcement is published on the websites of the Company ([www.simplicityholding.com](http://www.simplicityholding.com)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the six months ended 30 September 2022 will be delivered to shareholders of the Company and will also be available at the abovementioned websites in due course.

By Order of the Board  
**Simplicity Holding Limited**  
**Wong Sau Ting Peony**  
*Executive Director*

Hong Kong, 14 November 2022

*As at the date of this announcement, the executive Directors of the Company are Ms. Wong Sau Ting Peony and Mr. Choi Pun Lap; and the independent non-executive Directors of the Company are Mr. Yeung Man Sun, Mr. Wong Hoyen Pegasus and Mr. Lo Cheuk Fei Jeffrey.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least seven days from the date of its publication and posting and will be published and remains on the website of the Company at <http://www.simplicityholding.com>.*

*\* For identification purpose only*

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

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

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

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*This report, for which the directors (the “**Directors**”) of Simplicity Holding Limited (the “**Company**”) and together with its subsidiaries, the “**Group**” or “**We**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



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## CORPORATE INFORMATION

### **Board of Directors**

#### *Executive Directors*

Ms. Wong Suet Hing (*Chairlady*)

(resigned with effect from 14 October 2022)

Ms. Wong Sau Ting Peony

Mr. Choi Pun Lap

#### *Independent non-executive Directors*

Mr. Lo Cheuk Fei Jeffrey

Mr. Chan Wai Pun

(resigned with effect from 31 August 2022)

Mr. Yeung Man Sun

Mr. Wong Hoyen Pegasus

### **Compliance Officer**

Mr. Choi Pun Lap

### **Authorised Representatives**

Ms. Wong Sau Ting Peony

Mr. Choi Pun Lap

### **Company Secretary**

Mr. Choi Pun Lap

### **Audit Committee**

Mr. Yeung Man Sun (*Chairman*)

Mr. Lo Cheuk Fei Jeffrey

Mr. Chan Wai Pun

(resigned with effect from 31 August 2022)

Mr. Wong Hoyen Pegasus

**Remuneration Committee**

Mr. Lo Cheuk Fei Jeffrey (*Chairman*)  
Mr. Yeung Man Sun  
Ms. Wong Suet Hing  
(resigned with effect from 14 October 2022)  
Ms. Wong Sau Ting Peony  
Mr. Choi Pun Lap  
Mr. Wong Hoyen Pegasus  
Mr. Chan Wai Pun  
(resigned with effect from 31 August 2022)

**Nomination Committee**

Mr. Yeung Man Sun (*Chairman*)  
Mr. Lo Cheuk Fei Jeffrey  
Ms. Wong Suet Hing  
(resigned with effect from 14 October 2022)  
Ms. Wong Sau Ting Peony  
Mr. Choi Pun Lap  
Mr. Wong Hoyen Pegasus  
Mr. Chan Wai Pun  
(resigned with effect from 31 August 2022)

**Auditor**

Elite Partners CPA Limited  
Certified Public Accountants  
10/F, 8 Observatory Road,  
Tsim Sha Tsui,  
Kowloon, Hong Kong

**Legal Adviser as to Hong Kong Laws**

Khoo & Co.  
15/F & 16/F, Tern Centre Tower 2,  
251 Queen's Road Central, Hong Kong

**Principal Bankers**

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

	<p>The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong</p>
<b>Registered Office</b>	<p>Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands</p>
<b>Headquarters and principal place of business in Hong Kong</b>	<p>35/F, Central Plaza 18 Harbour Road Wanchai Hong Kong</p>
<b>Principal Share Registrar and Transfer Office</b>	<p>Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands</p>
<b>Hong Kong Share Registrar and Transfer Office</b>	<p>Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong</p>
<b>Company Website</b>	<p><a href="http://www.simplicityholding.com">www.simplicityholding.com</a></p>
<b>GEM Stock Code</b>	<p>08367</p>

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

THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2022

The unaudited condensed consolidated results of the Group for the three months ended and six months ended 30 September 2022, together with the unaudited comparative figures for the corresponding period in 2021, are as follows:

	Notes	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	4	17,534	26,338	32,817	50,854
Other income	5	22	35	363	155
Other gains	6	–	505	–	14,628
Raw materials and consumables used		(6,848)	(9,025)	(12,789)	(17,921)
Staff costs		(7,882)	(8,916)	(14,552)	(17,776)
Depreciation		(3,275)	(4,204)	(6,746)	(8,419)
Rental and related expenses		(704)	(1,089)	(1,473)	(1,948)
Utilities expenses		(793)	(1,025)	(1,599)	(2,116)
Other expenses		(5,506)	(4,158)	(12,771)	(7,068)
Finance costs	7	(208)	(623)	(411)	(960)
(Loss)/profit before tax	8	(7,660)	(2,162)	(17,161)	9,429
Income tax expense	9	–	(79)	–	(79)
(Loss)/profit for the period		(7,660)	(2,241)	(17,161)	9,350
Other comprehensive expense for the period					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
– Exchange differences on translation of financial statements of PRC subsidiaries		(24)	(17)	(122)	(17)
Total comprehensive (expense)/income for the period		(7,684)	(2,258)	(17,283)	9,333

		Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
Notes	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	
(Loss)/profit for the period attributable to:					
– owners of the Company	<b>(7,660)</b>	(2,243)	<b>(17,161)</b>		9,352
– non-controlling interests	<u>–</u>	<u>2</u>	<u>–</u>		<u>(2)</u>
	<b><u>(7,660)</u></b>	<b><u>(2,241)</u></b>	<b><u>(17,161)</u></b>		<b><u>9,350</u></b>
(Loss)/profit and total comprehensive (expense)/ income for the period attributable to:					
– owners of the Company	<b>(7,684)</b>	(2,260)	<b>(17,283)</b>		9,335
– non-controlling interests	<u>–</u>	<u>2</u>	<u>–</u>		<u>(2)</u>
	<b><u>(7,684)</u></b>	<b><u>(2,258)</u></b>	<b><u>(17,283)</u></b>		<b><u>9,333</u></b>
(Loss)/earnings per share					
Basic (HK cents)	11 <b><u>(0.80)</u></b>	<u>(0.23)</u>	<b><u>(1.79)</u></b>		<u>0.97</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

		<b>Unaudited 30 September 2022 HK\$'000</b>	Audited 31 March 2022 HK\$'000
	<i>Notes</i>		
<b>Non-Current Assets</b>			
Property, plant and equipment	12	19,992	26,580
Deferred tax assets		95	95
Deposits	13	4,229	4,367
		<b>24,316</b>	31,042
<b>Current Assets</b>			
Inventories		1,310	1,811
Trade and other receivables, deposits and prepayments	13	32,239	31,702
Tax recoverable		329	329
Bank balances and cash		29,343	31,903
		<b>63,221</b>	65,745
<b>Current Liabilities</b>			
Trade and other payables and accruals	14	14,193	7,382
Contract liabilities		18,637	20,952
Lease liabilities		8,539	11,172
Contingent consideration	15	—	—
		<b>41,369</b>	39,506
<b>Net current assets</b>		<b>21,852</b>	26,239
<b>Total assets less current liabilities</b>		<b>46,168</b>	57,281

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	<b>Unaudited 30 September 2022 HK\$'000</b>	Audited 31 March 2022 HK\$'000
<i>Notes</i>		
<b>Non-current liabilities</b>		
Provisions for reinstatement	1,575	1,575
Lease liabilities	10,160	12,319
Deferred tax liabilities	596	596
	<u>12,331</u>	<u>14,490</u>
<b>Net assets</b>	<u>33,837</u>	<u>42,791</u>
<b>Capital and reserves</b>		
Share Capital	9,600	9,600
Reserves	24,270	33,224
	<u>33,870</u>	<u>42,824</u>
<b>Equity attributable to owners of the Company</b>	<u>33,870</u>	<u>42,824</u>
<b>Non-controlling interests</b>	<u>(33)</u>	<u>(33)</u>
	<u>33,837</u>	<u>42,791</u>
<b>Total equity</b>	<u>33,837</u>	<u>42,791</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to the owners of the Company							
	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 March 2021 (Audited)</b>	9,600	88,381	-	(8,669)	(50,519)	38,793	(46)	38,747
Profit/(loss) for the period	-	-	-	-	9,352	9,352	(2)	9,350
Other comprehensive expense for the period								
- Exchange difference on translation of financial statements of PRC subsidiaries	-	-	(17)	-	-	(17)	-	(17)
Total comprehensive (expenses)/income for the period	-	-	(17)	-	9,352	9,335	(2)	9,333
<b>As at 30 September 2021 (Unaudited)</b>	<u>9,600</u>	<u>88,381</u>	<u>(17)</u>	<u>(8,669)</u>	<u>(41,167)</u>	<u>48,128</u>	<u>(48)</u>	<u>48,080</u>

	Attributable to the owners of the Company								
	Share capital	Share premium	Share-based payment reserve	Foreign currency translation reserve	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 March 2022 (Audited)</b>	9,600	88,381	-	24	(8,669)	(46,512)	42,824	(33)	42,791
Loss for the period	-	-	-	-	-	(17,161)	(17,161)	-	(17,161)
Other comprehensive income									
Exchange difference arising on translation of foreign operations	-	-	-	(122)	-	-	(122)	-	(122)
Total comprehensive expense	-	-	-	(122)	-	(17,161)	(17,283)	-	(17,283)
Recognition of equity-settled share-based payment	-	-	8,329	-	-	-	8,329	-	8,329
<b>As at 30 September 2022 (Unaudited)</b>	<u>9,600</u>	<u>88,381</u>	<u>8,329</u>	<u>(98)</u>	<u>(8,669)</u>	<u>(63,673)</u>	<u>33,870</u>	<u>(33)</u>	<u>33,837</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 30 SEPTEMBER 2022

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>4,827</b>	2,953
<b>NET CASH(USED IN) GENERATED FROM INVESTING ACTIVITIES</b>	<b>(158)</b>	43,845
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(4,792)</b>	(21,795)
<b>NET(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(123)</b>	25,003
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>31,903</b>	12,811
Effect of foreign exchange rate changes	<b>(2,437)</b>	(17)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>29,343</b>	37,797

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 27 January 2017 and its shares were listed on GEM of the Stock Exchange (the "**Listing**") on 26 February 2018 (the "**Listing Date**"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal place of business of the Company is located at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Its immediate holding company is Marvel Jumbo Limited ("**MJL**"), a private limited company incorporated in the British Virgin Islands ("**BVI**") with limited liability. MJL is 30.24% owned by Ms. Wong Suet Hing ("**Ms. SH Wong**"), 30.24% owned by Ms. Chow Lai Fan ("**Ms. LF Chow**"), sister-in-law of Ms. SH Wong, 18.24% owned by Ms. Wong Sau Ting Peony ("**Ms. ST Wong**"), daughter of Ms. SH Wong, 14.64% owned by Ms. Wong Suet Ching ("**Ms. SC Wong**"), sister of Ms. SH Wong, 4.20% owned by Mr. Ma Sui Hong ("**Mr. SH Ma**"), the nephew of Ms. SH Wong, and 2.44% owned by Linking World Limited.

The Company is an investment holding company and its subsidiaries are principally engaged in restaurant operations in Hong Kong. The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("**HK\$**"), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 (the "**Interim Financial Statements**") have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules, Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance.

The Interim Financial Statements have been prepared under the historical cost convention.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are the same as those followed in the Group's audited annual report for the year ended 31 March 2022 dated 12 August 2022 (the "**2022 Annual Report**"), except for the adoption of the new and revised HKFRSs (the "**New and Revised HKFRSs**") (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA that are adopted for the first time for the current period's financial statements.

The adoption of the New and Revised HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these Interim Financial Statements.

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

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2022 Annual Report.

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. ESTIMATES

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 Annual Report.

## 4. REVENUE AND SEGMENT INFORMATION

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

Information reported to the management of the Group, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on styles of cuisine serving by the Group's restaurants to the customers.

Specifically, the Group's reportable segments under HKFRS 8 "Operating Segments" are as follows:

1. Chinese cuisine — Operations of Chinese cuisine restaurants under the brand of "Marsino"
2. Thai cuisine — Operations of Thai cuisine restaurants under the brand of "Grand Avenue"
3. Malaysian cuisine — Operations of Malaysian cuisine restaurants under the brands of "Baba Nyonya"
4. Sale of food ingredients — Sale of food ingredients to external third parties
5. Sales of drug vending machines and related services — Selling drug vending machines and pharmaceutical products through automatic drug vending machines in the PRC

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

#### Segment revenue and results

Six months ended 30 September 2022

	Chinese cuisine <i>HK\$'000</i> (Unaudited)	Thai cuisine <i>HK\$'000</i> (Unaudited)	Malaysian cuisine <i>HK\$'000</i> (Unaudited)	Sale of food ingredients <i>HK\$'000</i> (Unaudited)	Sales of drug vending machines and related services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>10,971</u>	<u>7,743</u>	<u>11,223</u>	<u>2,880</u>	<u>-</u>	32,817
Segment (loss)/profit	<u>(2,203)</u>	<u>(947)</u>	<u>(1,469)</u>	<u>2,206</u>	<u>(100)</u>	(2,513)
Unallocated other income						8
Unallocated corporate expenses						(6,327)
Share options granted expense						<u>(8,329)</u>
Loss before taxation						<u>(17,161)</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

Six months ended 30 September 2021

	Chinese cuisine <i>HK\$'000</i> (Unaudited)	Thai cuisine <i>HK\$'000</i> (Unaudited)	Malaysian cuisine <i>HK\$'000</i> (Unaudited)	Sale of food ingredients <i>HK\$'000</i> (Unaudited)	Sales of drug vending machines and related services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>12,458</u>	<u>14,248</u>	<u>17,682</u>	<u>5,649</u>	<u>817</u>	50,854
Segment profit	<u>240</u>	<u>1,006</u>	<u>1,411</u>	<u>2,161</u>	<u>307</u>	5,125
Unallocated other income						32
Unallocated finance costs						(400)
Unallocated corporate expenses						(9,882)
Gain on disposal of an associate						50
Gain on disposal of subsidiaries						2,060
Gain on disposal of a property						11,992
Gain on deregistration of fellow subsidiaries						<u>452</u>
Profit before taxation						<u><u>9,429</u></u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### Segment assets and liabilities

At 30 September 2022

	Chinese cuisine <i>HK\$'000</i> (Unaudited)	Thai cuisine <i>HK\$'000</i> (Unaudited)	Malaysian cuisine <i>HK\$'000</i> (Unaudited)	Sale of food ingredients <i>HK\$'000</i> (Unaudited)	Sales of drug vending machines and related services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	<u>12,462</u>	<u>5,334</u>	<u>10,352</u>	<u>762</u>	<u>21,102</u>	50,012
Unallocated property, plant and equipment						1,756
Deferred tax assets						95
Unallocated inventories						376
Unallocated other receivables and prepayments						10,087
Tax recoverable						320
Bank balances and cash						<u>24,891</u>
Consolidated assets						<u>87,537</u>
Segment liabilities	<u>12,238</u>	<u>5,594</u>	<u>11,695</u>	<u>-</u>	<u>19,172</u>	48,699
Unallocated trade and other payables and accruals						4,558
Deferred tax liabilities						56
Unallocated lease liabilities						<u>387</u>
Consolidated liabilities						<u>53,700</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities (Continued)

At 31 March 2022

	Chinese cuisine HK\$'000 (Audited)	Thai cuisine HK\$'000 (Audited)	Malaysian cuisine HK\$'000 (Audited)	Sale of food ingredients HK\$'000 (Audited)	Sales of drug vending machines and related services HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	<u>11,251</u>	<u>6,547</u>	<u>12,377</u>	<u>1,926</u>	<u>23,584</u>	55,685
Unallocated property, plant and equipment						1,405
Deferred tax assets						95
Unallocated inventories						839
Unallocated other receivables and prepayments						6,531
Tax recoverable						329
Bank balances and cash						<u>31,903</u>
Consolidated assets						<u>96,787</u>
Segment liabilities	<u>11,018</u>	<u>5,565</u>	<u>11,758</u>	<u>-</u>	<u>21,666</u>	50,007
Unallocated trade and other payables and accruals						3,393
Deferred tax liabilities						<u>596</u>
Consolidated liabilities						<u>53,996</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 5. OTHER INCOME

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Other income				
Promotion income	4	7	7	13
Bank interest income	–	7	–	9
Subsidies income	–	–	300	100
Others	18	21	56	33
	<u>22</u>	<u>35</u>	<u>363</u>	<u>155</u>

## 6. OTHER GAINS

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
(Loss)/gain on disposal of property, plant and equipment	–	–	–	11,992
Rent concession	–	–	–	71
Gain on disposal of subsidiaries	–	–	–	2,060
Gain on reversal of impairment loss of interest in an associate	–	–	–	–
Gain on disposal of an associate	–	50	–	50
Gain on deregistration of fellow subsidiaries	–	452	–	452
Others	–	3	–	3
	<u>–</u>	<u>505</u>	<u>–</u>	<u>14,628</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7. FINANCE COSTS

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Interest expenses on bank borrowings	–	2	–	47
Interest expenses on lease liabilities	208	266	411	558
Imputed interest on promissory note	–	113	–	113
Interest expenses on other loan	–	242	–	242
	<b>208</b>	<b>623</b>	<b>411</b>	<b>960</b>

## 8. (LOSS)/PROFIT BEFORE TAX

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
(Loss)/profit before tax has been arrived at after charging:				
Staff costs (including director's emoluments):				
Salaries and other benefits	7,545	8,501	13,932	16,975
Contributions to retirement benefit scheme	337	415	620	801
Auditor's remuneration	150	188	300	376
Gain on disposal of items of property, plant and equipment	–	–	–	11,992
Operating lease payments in respect of rented premises:				
– Short – term lease expenses	233	414	515	581
– contingent rentals ( <i>Note</i> )	26	9	36	11

*Note:*

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and accordingly, is not subject to income tax in the Cayman Islands.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of assessable profits of a qualifying corporation will be taxed at 8.25%, and assessable profits above HK\$2 million will continue to be taxed at 16.5%. For the six months period ended 30 September 2022 and 2021, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2021: 25%).

No provision was made for Hong Kong Profits Tax and Enterprise Income Tax as there was no assessable profit for the six months period ended 30 September 2022.

Hong Kong profits tax has been provided at the rate of 16.5% of the estimated assessable profits for the six months ended 30 September 2021.

### 10. DIVIDENDS

The board of Directors (the "**Board**") does not recommend any payment of dividend in respect of the six months ended 30 September 2022 (2021: Nil).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share (2021: basis (loss)/earnings per share) attributable to owners of the Company is based on the following data:

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
(Loss)/earnings for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share	(7,660)	(2,243)	(17,161)	9,352
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>'000</b>	'000	<b>'000</b>	'000
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>960,000</b>	960,000	<b>960,000</b>	960,000

The computation of diluted loss per share for the six months period ended 30 September 2022 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in loss per share.

Therefore, the diluted loss per share is the same as the basic loss per share for the six months period ended 30 September 2022.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired property, plant and equipment of approximately HK\$0.16 million (30 September 2021: HK\$0.05 million).

### 13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>Unaudited 30 September 2022 HK\$'000</b>	Audited 31 March 2022 HK\$'000
Trade receivables from sale of food ingredients	–	1,164
Trade receivables from restaurant operations	<b>581</b>	683
Rental deposits	<b>3,653</b>	3,653
Other deposits	<b>1,326</b>	1,465
Prepayments and other receivables	<b>30,908</b>	29,104
	<hr/>	<hr/>
Total	<b>36,468</b>	36,069
	<hr/>	<hr/>
Analysed for reporting purposes as:		
Non-current assets	<b>4,229</b>	4,367
Current assets	<b>32,239</b>	31,702
	<hr/>	<hr/>
	<b>36,468</b>	36,069
	<hr/>	<hr/>

There was no credit period granted to individual customers for the restaurant operations. The Group's trading terms with its customers are mainly by cash, octopus card and credit card settlement. The settlement terms of octopus card and credit card companies are usually within 7 days after the service rendered date. All trade receivables from restaurant operations are aged within 7 days after the service rendered date. All trade receivables from sales of food ingredients are aged within 30 days based on the invoice date at the end of the reporting period.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 14. TRADE AND OTHER PAYABLES AND ACCRUALS

	Unaudited 30 September 2022 HK\$'000	Audited 31 March 2022 HK\$'000
Trade payables	1,415	1,394
Salaries payables	4,054	2,716
Payable for acquisition of property, plant and equipment	79	–
Accruals and other payables	8,645	3,272
	<u>14,193</u>	<u>7,382</u>

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days. All trade payables are aged within 60 days based on the invoice date at the end of the reporting period.

## 15. CONTINGENT CONSIDERATION

During the year ended 31 March 2022, the Group entered into the agreement for the acquisition of 100% equity interest of Lucky State Investment Holdings Limited and its subsidiaries (the "**Lucky State Group**") (the "**Agreement**"). The initial face value of promissory note as consideration was HK\$58,000,000 and issued by the Company.

Pursuant to the Agreement, the profit guarantee for the Lucky State Group's profit before tax for the period from 1 January 2021 to 31 December 2021 (the "**first relevant period**") and the period from 1 January 2022 to 31 December 2022 (the "**second relevant period**") shall not be less than HK\$5,700,000 and HK\$16,150,000 respectively.

With the clause of profit guarantee in accordance with the Agreement, the Company has appointed an independent professional valuer to assess the fair value, as a result of profit guarantee for the first relevant period and the second relevant period on 30 September 2022 and 31 March 2022 respectively. The fair value of the contingent consideration was approximately HK\$nil and HK\$nil on 30 September 2022 and 31 March 2022 respectively.

The fair value of the contingent consideration was determined by an independent professional valuer not connected with the Group by using the probabilistic approach.

Details were set out in the Company's announcement date 17 August 2022, 30 August 2021, 25 August 2022 and 30 September 2022.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 16. SHARE CAPITAL

	Number of shares	Share Capital <i>HK\$'000</i>
<b>Authorised:</b>		
As at 31 March 2022 and 30 September 2022	<u>2,000,000,000</u>	<u>20,000</u>
<b>Issued and fully paid:</b>		
As at 31 March 2022 and 30 September 2022	<u>960,000,000</u>	<u>9,600</u>

## 17. SHARE OPTION SCHEME

### Movements in share options

	Unaudited
<b>Number of share options</b>	
Outstanding at 1 April 2022	—
Granted	96,000,000
Lapsed	<u>(33,600,000)</u>
Outstanding at 30 September 2022	<u>62,400,000</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

According to the data released by the Census and Statistics Department of the Government of Hong Kong on 6 May 2022, the value of total receipts of the restaurants sector in the first quarter of 2022 was provisionally estimated at HK\$15.2 billion, representing a decrease of approximately 23.1% over a year earlier. Over the same period, the provisional estimate of the value of total purchases by restaurants decreased by approximately 18.9% to approximately HK\$5.2 billion.

Analysed by type of restaurant and comparing the first quarter of 2022 with the first quarter of 2021, total receipts of Chinese restaurants decreased by 33.5% in value and 35.4% in volume. Total receipts of non-Chinese restaurants decreased by 23.6% in value and 26.1% in volume. Total receipts of fast-food shops decreased by 11.3% in value and 13.9% in volume. Total receipts of bars decreased by 34.9% in value and 34.0% in volume. As for miscellaneous eating and drinking places, total receipts decreased by 12.9% in value and 15.1% in volume.

A Government spokesman said that business of restaurants deteriorated sharply in the first quarter of 2022 due to the fifth wave of local epidemic and the resultant restrictive measures. The value of total restaurant receipts fell visibly by 23.1% year-on-year despite a low base of comparison. On a seasonally adjusted quarter-to-quarter comparison, it plunged by 40.2%.

The spokesman pointed out that the easing local epidemic situation and gradual relaxation of social distancing measures, as well as the launch of a new round of Consumption Voucher Scheme, should provide support to business of restaurants in the coming months. Various other support measures rolled out by the Government should also help. It is essential for the community to work in unison to support the Government to further stabilise the local epidemic situation. The Government will continue to monitor the developments closely.

The outlook down the road depends critically on how the situation of the COVID-19 infection will evolve.

The Group will continue to monitor the developments closely and will be cautious in running our business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

The economic downturn accompanied by the outbreak of the coronavirus pandemic in Hong Kong, had affected the operating environment for food and beverage business in Hong Kong. Notwithstanding that the degree of impact of the coronavirus pandemic will depend on the duration of the pandemic and the prevention and control measures taken by the Hong Kong government, the catering business in Hong Kong will still be facing a lot of uncertainties in the coming future. The Group expects that after the coronavirus pandemic has been under control, the revenue generated by the Group will be improved.

The Group is committed to strengthen our core capabilities to keep on improving its business performance and operating results so as to cope with these challenges and to present satisfactory results and bring favourable returns to our shareholders. In view of the challenges faced by the Group, we will adopt a conservative and cautious approach to operate our businesses. Actions we have taken or are likely to take are:

- 1) Minimising our staff costs by reducing the usage of staff in our restaurants;
- 2) Negotiating with our landlords for rent concession;
- 3) Negotiating with our suppliers for purchase discounts and longer payment terms;
- 4) Expanding the take-away product line such as food pack and ready-to-eat products and increasing marketing efforts and sales stimulating measures;
- 5) Cooperating with food delivery companies to deliver our food to the customers;
- 6) Participating in food fairs to promote our take-away product lines;
- 7) Supplying food materials to a chain of restaurants in Hong Kong; and
- 8) Refining business strategies to cope with the continuing challenges.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

We are a casual dining full service restaurant operator and up to the date of this report, we are operating 7 restaurants under 3 brands, namely “Marsino”, “Baba Nyonya” and “Grand Avenue”, and they are all situated across Hong Kong, Kowloon and the New Territories. Among these 7 restaurants, 6 of them are operated by our own whereas 1 of them is operated by a franchisee.

“Marsino” is a Chinese noodle specialist, “Grand Avenue” offers Thai cuisine, and “Baba Nyonya” offers Malaysian cuisine. Each of “Marsino”, “Grand Avenue” and “Baba Nyonya” are founded and operated by our Group except for one of “Baba Nyonya” is operated by a franchisee.

“Marsino” had recorded revenue of approximately HK\$11.0 million during the six months ended 30 September 2022, which is equivalent to 33.5% of our total revenue. As compared to the last corresponding period, “Marsino” has experienced a decrease in revenue by 12.0% mainly due to the negative impacts brought by the COVID-19.

“Grand Avenue” had recorded revenue of approximately HK\$7.7 million during the six months ended 30 September 2022, which is equivalent to 23.5% of our total revenue. As compared to the last corresponding period, “Grand Avenue” has experienced a decrease in revenue by 45.8% due to the negative impacts brought by the COVID-19.

“Baba Nyonya” had recorded revenue of approximately HK\$11.2 million during the six months ended 30 September 2022, which is equivalent to 34.1% of our total revenue. As compared to the last corresponding period, “Baba Nyonya” has experienced a decrease in revenue by 36.7% due to the negative impacts brought by the COVID-19.

The segment of “Sale of food ingredients” had recorded revenue of approximately HK\$2.9 million during the six months ended 30 September 2022, which is equivalent to 8.9% of our total revenue. As compared to the last corresponding period, the segment of “Sale of food ingredients” has experienced a decrease in revenue by 48.2% due to the negative impacts brought by the COVID-19.

## MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong business environment has been getting worse since Covid-19 attack in early 2020. Economy has been hard hit and spending power of customers is diminishing. To get through the crisis we have never met before, we have relocated and downsized our head office from 5,000 to 2,000 sq.ft. Office rental has been decreased by 66.7% and annual saving is more than HK\$680,000. In addition, we have closed our central kitchen and outsourced the production line whereas food cost remains the same as before. As such, annual rental saving for central kitchen is more than \$960,000. And management team can focus on business and sales driven.

## MATERIAL PRINCIPAL RISKS AND UNCERTAINTIES

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

For the six months ended 30 September 2022, the Group recorded revenue of approximately HK\$32.8 million (six months ended 30 September 2021: approximately HK\$50.9 million), representing a decrease of 35.6% compared with the same period of the previous financial year. The decrease in revenue was primarily attributed to the severe economic downturn as caused by the COVID-19.

#### Raw materials and consumables used

The raw materials and consumables used mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group include, but are not limited to, meat, seafood, frozen food, vegetables and beverages. Raw materials and consumables used is one of the major components of the Group's operating expenses which amounted to approximately HK\$12.8 million and HK\$17.9 million for each of the six months ended 30 September 2022 and 2021, respectively, representing approximately 39.0% and 35.2% of the Group's total revenue for the corresponding periods. Such increase in percentage was mainly contributed by the increase in additional marketing efforts for sales stimulating measures as well as higher food costs associated with launching new food menu at the initial stage.

#### Staff costs

Staff costs was approximately HK\$14.6 million for the six months ended 30 September 2022, representing a decrease of approximately 18.0% as compared to approximately HK\$17.8 million for the six months ended 30 September 2021. Such decrease was mainly due to the tightened cost control.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Depreciation

Depreciation expenses were approximately HK\$6.7 million and HK\$8.4 million for the six months ended 30 September 2022 and 2021 respectively.

### Rental and related expenses

The Group's rental and related expenses was decreased from approximately HK\$1.9 million for the six months ended 30 September 2021 to approximately HK\$1.5 million for the six months ended 30 September 2022.

### Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the six months ended 30 September 2022 and 2021, the total utility expenses amounted to approximately HK\$1.6 million and HK\$2.1 million, respectively.

### Other expenses

The Group's other expenses increased by approximately 80.3% from approximately HK\$7.1 million for the six months ended 30 September 2021 to approximately HK\$12.8 million for the six months ended 30 September 2022. Such increase was mainly due to the increase in Share Options expense of HK\$8,329,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Loss attributable to owners of the Company

For the six months ended 30 September 2022, the Group recorded a loss attributable to owners of the Company of approximately HK\$17.2 million, as compared to the profit of approximately HK\$9.4 million for the six months ended 30 September 2021. The Board considered that the turnaround from profit to loss was mainly attributable to segment loss on restaurants business and increased in Share Options expense for the six month period ended 30 September 2022.

### Dividend

The Board does not recommend any payment of dividend for the six months ended 30 September 2022 (2021: Nil).

## USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE (THE “2020 PLACING”)

### 2020 Placing

On 16 October 2020, the Company entered into the Placing Agreement as supplemented by a supplemental agreement dated 20 October 2020 (collectively, the “**Placing Agreements**”) with the placing agent, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 160,000,000 placing shares (the “**Placing Shares**”), to not less than six Placees who and whose ultimate beneficial owners shall be independent third parties at a price of HK\$0.052 per Placing Share. The Placing Shares were allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 24 September 2020. All the conditions precedent under the Placing Agreements have been fulfilled and completion of the Placing Agreements took place on 2 November 2020. For details of the 2020 Placing, please refer to the announcements of the Company dated 16 October 2020, 20 October 2020 and 2 November 2020. The net proceeds from the 2020 Placing are approximately HK\$8,150,000 which is intended to be used as general working capital of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the status of use of proceeds from the 2020 Placing:

	<b>Intended use of net proceeds from the 2020 Placing HK\$'000</b>	<b>Utilised net proceeds from the 2020 Placing as at 30 September 2022 HK\$'000</b>	<b>Unutilised net proceeds from the 2020 Placing as at 30 September 2022 HK\$'000</b>
General working capital of the Group	<b>8,150</b>	<b>8,150</b>	–
Total	<b>8,150</b>	<b>8,150</b>	–

All unutilised proceeds from the 2020 Placing have been placed in licenced banks in Hong Kong.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL STRUCTURE

There were no change in the capital structure of the Group for the six months ended 30 September 2022.

### FINANCIAL RESOURCES AND LIQUIDITY

As at 30 September 2022, current assets amounted to approximately HK\$63.2 million (as at 31 March 2022: approximately HK\$65.7 million), of which approximately HK\$29.3 million (as at 31 March 2022: approximately HK\$31.9 million) was bank balances and cash, approximately HK\$32.2 million (as at 31 March 2022: approximately HK\$31.7 million) was trade and other receivables, deposits and prepayments. The Group's current liabilities amounted to approximately HK\$41.4 million (as at 31 March 2022: approximately HK\$39.5 million) which primarily consisted of trade and other payables, accrued charges and lease liabilities. Current ratio (calculated based on the total current assets divided by total current liabilities) and quick ratio (calculated based on the total current assets less inventories divided by total current liabilities) were 1.5 and 1.5 respectively (as at 31 March 2022: 1.7 and 1.6 respectively). Gearing ratio is calculated based on the borrowings representing the sum of interest-bearing bank borrowings, promissory note and amounts due to related parties which are non-trade nature divided by total equity at the end of the year and multiplied by 100%. Gearing ratio was nil% (as at 31 March 2022: nil%).

The Group's non-current liabilities amounted to approximately HK\$12.3 million (as at 31 March 2022: approximately HK\$14.5 million) which primarily consisted of provisions for reinstatement, lease liabilities and deferred tax liabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN CURRENCY EXPOSURE

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. The Directors of the Company have a positive attitude to regularly monitor the Group's exposure to foreign exchange so as to reduce the foreign exchange rate risk to a minimum level. To a larger extent, foreign exchange risks were minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it was considered that the Group's exposure to foreign exchange risks was not significant and no hedging measure had been undertaken by the Group.

The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

As at 30 September 2022, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedgings or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions

### CAPITAL COMMITMENTS

As at 30 September 2022, the Group did not have any outstanding capital commitment.

### CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any material contingent liabilities.

### BORROWING

As at 30 September 2022, there was no bank borrowings outstanding (31 March 2022: approximately HK\$nil million).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CHARGE ON GROUP ASSETS**

At 30 September 2022, the Group did not have any charge of assets.

### **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

There was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the six months ended 30 September 2022. There is no other plan for material investments or capital assets as at 30 September 2022.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2022, the Group had 111 full-time and 61 part-time employees (as at 31 March 2022: 95 full-time and 60 part-time employees). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. The remuneration of the Directors is determined based on, among others, the prevailing market conditions and his/her roles and responsibilities.

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

## OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 September 2022.

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

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors subsequent to the date of the 2022 annual report of the Company are set out below:

Ms. Wong Suet Hing resigned as an executive Director, and ceased to be chairlady and member of each of nomination and remuneration committees of the Company with effect from 14 October 2022.

Mr. Chan Wai Pun resigned as an independent non-executive Director, and ceased to be the chairman of remuneration committees, and the member of each of the audit committee and nomination committee with effect from 31 August 2022.

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

## OTHER INFORMATION

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

As at the date of this report, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long position in the shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/nature	No. of shares held in the associated corporation	% of shareholding in the associated corporation
Ms. SH Wong ( <i>Note</i> )	MJL	Beneficial interest	620	30.24%
Ms. ST Wong	MJL	Beneficial interest	374	18.24%

*Note:* Ms. SH Wong has resigned as an executive director on 14 October 2022.

Saved as disclosed above, as at 30 September 2022, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## OTHER INFORMATION

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

So far as known to the Directors or chief executive of the Company, as at 30 September 2022, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or were directly or indirectly, to be 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

#### Long positions in the shares of the Company

Name	Capacity/nature	No. of shares held in	Approximate % of shareholding
MJL ( <i>Note 1</i> )	Beneficial interest	480,000,000	50%

*Note:*

- (1) MJL is owned as to (i) 30.24% by Ms. SH Wong; (ii) 30.24% by Ms. LF Chow; (iii) 18.24% by Ms. ST Wong; (iv) 14.64% by Ms. SC Wong; (v) 4.20% by Mr. SH Ma; and (vi) 2.44% by Linking World Limited. Ms. SH Wong and Ms. ST Wong being our executive Directors, are also directors of MJL.

#### Long positions in other members of our Group

Name	Name of member of our Group	Capacity/nature	No. of shares held	Approximate % of shareholding
Linking World Limited	All Happiness Limited	Beneficial interest	1,000	10%

## **OTHER INFORMATION**

Save as disclosed above, as at 30 September 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

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

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

During the six months ended 30 September 2022, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## OTHER INFORMATION

### DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings. Having made specific enquiries to all the Directors and all the Directors had confirmed they have complied with the required standard of dealings and the code of conduct for directors' securities transactions during the six months ended 30 September 2022.

### SHARE OPTION SCHEME

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

Further details of the Share Option Scheme are set out in the section headed "Statutory and General Information – D. Other Information – 1. Share Option Scheme" in Appendix V of the Prospectus.

The board of directors of Company hereby announces that on 20 April 2022, the Company has granted a total of 33,600,000 share options to 4 eligible participants of the Company pursuant to the share option scheme of the Company adopted by the Company on 29 January 2018 to subscribe for an aggregate of 33,600,000 new ordinary shares of HK\$0.01 each (the "**Share(s)**") of the Company. Details are set out in the Company's announcement date 20 April 2022.

## OTHER INFORMATION

The board of directors of Company hereby announces that on 27 September 2022, the Company has granted a total of 62,400,000 share options (the “Share Options”) to 7 eligible participants of the Company pursuant to the share option scheme of the Company adopted by the Company on 29 January 2018 to subscribe for an aggregate of 62,400,000 new ordinary shares of HK\$0.01 each Share(s) of the Company. Details are set out in the Company’s announcement date 27 September 2022.

Movements of the shares options granted to the selected employees and consultants pursuant to the Share Option Scheme during the six months period ended 30 September 2022 are as follows:

Grantee	Validity period of the share options	Number of shares options				Outstanding at 30 September 2022
		Outstanding at 1 April 2022	Granted during the period	Vested during the period	Lapsed during the period	
<u>Granted on 20 April 2022</u>						
<b>Director</b>						
Wong Chi Chiu Henry (note 1)	20 April 2022 to 19 April 2032	—	9,600,000	—	9,600,000	—
Employees (note 2)	20 April 2022 to 19 April 2032	—	24,000,000	—	24,000,000	—
<u>Granted on 27 September 2022</u>						
<b>Director</b>						
Choi Pun Lap	27 September 2022 to 26 September 2032	—	9,600,000	—	—	9,600,000
Employees and consultants	27 September 2022 to 26 September 2032	—	52,800,000	—	—	52,800,000

Notes:

1. Wong Chi Chiu Henry resigned as executive director on 30 June 2022.
2. Employees resigned during the six months period ended 30 September 2022.

## OTHER INFORMATION

### CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance by emphasising transparency, accountability, fairness and responsibility. The Company has adopted the Corporate Governance Code (the “Code”) as set out in Appendix 15 of the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the Code during the six months ended 30 September 2022 and up to the date of this report.

### EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 September 2022 and up to the date of this report.

### AUDIT COMMITTEE

The Company has established an Audit Committee on 29 January 2018 with written terms of reference setting out the authorities and duties of the Audit Committee. The primary duties of the Audit Committee are mainly to:

- Make recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor
- Review the adequacy of the Group’s policies and systems regarding risk management and internal controls
- Review the financial reporting principles and practices applied by the Group in preparing its financial statements
- Before audit commencement, review external auditor’s independence, objectivity, effectiveness of the audit process and the scope of the external audit, including the engagement letter
- Monitor integrity of the Group’s financial statements and the annual, quarterly and interim financial reports, and review significant financial reporting judgements contained in them prior to approval by the Board

## OTHER INFORMATION

Currently, the Audit Committee comprises three independent non-executive Directors as follows:

Mr. Yeung Man Sun (*Chairman*)

Mr. Lo Cheuk Fei Jeffrey

Mr. Wong Hoyen Pegasus

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

By Order of the Board  
**SIMPLICITY HOLDING LIMITED**  
**Wong Sau Ting Peony**  
*Executive Director*

Hong Kong, 14 November 2022

*As at the date of this report, the Board comprises Ms. Wong Sau Ting Peony and Mr. Choi Pun Lap as executive Directors; and Mr. Yeung Man Sun, Mr. Lo Cheuk Fei Jeffrey and Mr. Wong Hoyen Pegasus as independent non-executive Directors.*