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MOS HOUSE GROUP LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1653)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of MOS House Group Limited (the “**Company**”) presents the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2024 together with the comparative figures of the last corresponding period in 2023.

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

For the six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	63,968	81,953
Other income	5	1,744	948
Other gains and losses	5	(6)	(28)
Reversal of impairment losses under expected credit loss model, net		–	(328)
Cost of inventories sold		(31,781)	(31,091)
Staff costs	8	(7,492)	(8,679)
Depreciation on property, plant and equipment	8	(321)	(1,591)
Depreciation on right-of-use assets	8	(14,250)	(18,627)
Property related expenses		(873)	(1,162)
Other expenses	8	(4,615)	(7,640)
Share of result of an associate		1,977	–
Finance costs	7	(2,459)	(3,844)
Profit before taxation	8	5,892	9,911
Income tax expense	9	(897)	(1,826)
 Profit and total comprehensive income for the period		 <u>4,995</u>	 <u>8,085</u>
 Profit and total comprehensive income for the period attributable to:			
Owners of the Company		<u>4,995</u>	<u>8,085</u>
		<u>4,995</u>	<u>8,085</u>
		<i>HK cents</i>	<i>HK cents</i>
 Earnings per share	 10		
— Basic		<u>1.76</u>	<u>3.37</u>
 — Diluted		<u>1.76</u>	<u>3.36</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	<i>Notes</i>	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Non-current assets			
Investment property		34,280	34,280
Property, plant and equipment		1,860	1,870
Right-of-use assets		16,987	25,110
Interest in an associate		15,892	13,915
Deferred tax assets		587	1,039
Deposits and prepayments		9,518	9,406
Financial assets at fair value through profit or loss ("FVTPL")		7,492	7,359
		86,616	92,979
Current assets			
Inventories		85,760	69,860
Trade receivables	12	41,006	66,180
Deposits, prepayments and other receivables		97,567	69,546
Tax recoverable		28	1,962
Pledged bank deposit		15,000	15,000
Bank balances and cash		2,938	1,465
		242,299	224,013
Current liabilities			
Trade payables	13	26,025	11,411
Other payables and accrued charges		23,799	20,918
Contract liabilities		13,031	7,512
Lease liabilities		13,213	25,217
Amount due to a Director		13,658	64
Tax payable		3,858	3,420
Borrowings		70,837	92,083
Loan from a Director		11,733	11,333
		176,154	171,958
Net current assets		66,145	52,055

		30 September	31 March
		2024	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Total assets less current liabilities		<u>152,761</u>	<u>145,034</u>
Non-current liabilities			
Lease liabilities		<u>4,346</u>	<u>1,614</u>
		<u>4,346</u>	<u>1,614</u>
Net assets		<u>148,415</u>	<u>143,420</u>
Capital and reserves			
Share capital	<i>14</i>	28,412	28,412
Reserves		<u>120,003</u>	<u>115,008</u>
Total equity		<u><u>148,415</u></u>	<u><u>143,420</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law and its shares have been 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 Unit 1001, 10/F, Plaza 228, 228 Wan Chai Road, Wan Chai, Hong Kong respectively.

The Company is an investment holding company. During the reporting period, the Group was engaged in (i) the trading of tiles and bathroom fixtures; (ii) property investment; and (iii) the trading of solar panels.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the six months ended 30 September 2024 (“**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements are presented in Hong Kong dollars (“**HK\$**”), in which all amounts have been rounded to the nearest thousand, unless otherwise indicated.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following new/revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) that are relevant to the Group and effective for the current period.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of the revised standards does not have any significant impact on the Interim Financial Statements of the Group.

4. REVENUE

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers (HKFRS 15)		
Types of products:		
Tiles	38,753	75,764
Bathroom fixtures and others	16,419	5,949
Solar panels	8,556	–
	<u>63,728</u>	<u>81,713</u>
Revenue from other sources:		
Rental income from investment property	240	240
	<u>63,968</u>	<u>81,953</u>
Sales channel of revenue from contracts with customers (HKFRS 15)		
Retail — Tiles, bathroom fixtures and others	24,768	36,406
Non-retail — Tiles, bathroom fixtures and others	30,404	45,307
Non-retail — Solar panels	8,556	–
	<u>63,728</u>	<u>81,713</u>

5. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	320	322
Fair value gain on FVTPL	169	143
Gain on early termination of lease	1,099	–
Interest income on rental deposits	112	288
Others	44	195
	<u>1,744</u>	<u>948</u>
Other gains and losses		
Net exchange loss	6	28
	<u>6</u>	<u>28</u>

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 three operating businesses as follows:

- (a) Trading of tiles and bathroom fixtures — sale of tile and bathroom fixtures through either retail or non-retail channel;
- (b) Property investment; and
- (c) Trading of solar panels.

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 tax recoverable, deferred tax assets, financial assets at FVTPL, interest in an associate, bank balances and cash (including pledged bank deposit) and other unallocated corporate assets. All liabilities are allocated to reportable segments other than tax payable, bank borrowings, loan from a Director, amount due to a Director and other unallocated corporate liabilities.

Business segments

	Trading of tiles and bathroom fixtures		Property investment		Trading of solar panels		Consolidated	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue								
Revenue from external customers	<u>55,172</u>	<u>81,713</u>	<u>240</u>	<u>240</u>	<u>8,556</u>	<u>-</u>	<u>63,968</u>	<u>81,953</u>
Segment results	4,638	14,789	172	181	2,639	-	7,449	14,970
Unallocated corporate expenses							(1,812)	(2,670)
Fair value gain on financial assets at FVTPL							169	143
Share of result of an associate							1,977	-
Finance costs (Other than interest on lease liabilities)							<u>(1,891)</u>	<u>(2,532)</u>
Profit before taxation							<u>5,892</u>	<u>9,911</u>

Segment assets and liabilities

The following table presents segment assets and liabilities of the Group's business segments as at 30 September 2024 and 31 March 2024:

	Trading of tiles and bathroom fixtures		Property investment		Trading of solar panels		Consolidated	
	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March
	2024	2024	2024	2024	2024	2024	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Assets and liabilities								
Segment assets	243,581	241,727	34,285	34,282	8,556	–	286,422	276,009
Tax recoverable							28	1,962
Deferred tax assets							587	1,039
Financial assets at FVTPL							7,492	7,359
Bank balances and cash							2,938	1,465
Pledged bank deposit							15,000	15,000
Interest in an associate							15,892	13,915
Unallocated corporate assets							556	243
							<u>328,915</u>	<u>316,992</u>
Total consolidated assets								
Segment liabilities	74,663	66,183	176	176	5,575	–	80,414	66,359
Tax payable							3,858	3,420
Bank borrowings							70,837	92,083
Loan from a Director							11,733	11,333
Amount due to a Director							13,658	64
Unallocated corporate liabilities							–	313
							<u>180,500</u>	<u>173,572</u>
Total consolidated liabilities								

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 transactions are located:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	59,968	60,453
Macau	4,000	21,500
	<u>63,968</u>	<u>81,953</u>

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

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Hong Kong	<u>69,019</u>	<u>75,175</u>

7. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	1,491	1,888
Interest on hire purchase	–	242
Interest on loan from a Director	400	400
Interest on lease liabilities	568	1,314
	<u>2,459</u>	<u>3,844</u>

8. PROFIT BEFORE TAXATION

This is stated after charging:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Employee benefits expenses (including Directors' emoluments)		
Salaries and other benefits	7,256	8,381
Retirement benefits scheme contributions	236	298
	<u>7,492</u>	<u>8,679</u>
(b) Other expenses		
Bank charges	566	634
Product delivery expenses	1,894	3,450
Utility and office expenses	866	1,186
Sundry items	1,289	2,370
	<u>4,615</u>	<u>7,640</u>
(c) Other items		
Depreciation:		
— Property, plant and equipment	321	1,591
— Right-of-use assets	14,250	18,627
	<u>14,250</u>	<u>18,627</u>

9. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
Current period	446	754
Macau Corporate Income Tax:		
Current period	–	824
Deferred tax:		
Charge for the period	451	248
	<u>897</u>	<u>1,826</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% on the estimated assessable profits of the Macau subsidiary during the period.

10. EARNINGS PER SHARE

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

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	4,995	8,085
	284,117,000	240,000,000
Weighted average number of ordinary shares in issue during the period, for the purpose of calculating basic earnings per share	284,117,000	240,000,000
Effect of dilutive potential share issuance from share option scheme	355,218	766,140
Weighted average number of ordinary shares in issue during the period, for the purpose of diluted earnings per share	284,472,218	240,766,140

11. DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the six months ended 30 September 2024 (2023: nil).

12. TRADE RECEIVABLES

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Total gross carrying amount	44,116	69,290
Less: allowance for credit losses	<u>(3,110)</u>	<u>(3,110)</u>
	<u>41,006</u>	<u>66,180</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 presented based on the invoice date at the end of the reporting periods.

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
0–90 days	39,466	32,937
91–180 days	269	6,530
181–365 days	235	63
Over 365 days	<u>1,036</u>	<u>26,650</u>
	<u>41,006</u>	<u>66,180</u>

13. TRADE PAYABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Trade payables	<u>26,025</u>	<u>11,411</u>

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

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
0–30 days	5,865	506
31–60 days	388	870
61–90 days	1,196	392
91–120 days	2,006	504
Over 120 days	<u>16,570</u>	<u>9,139</u>
	<u>26,025</u>	<u>11,411</u>

14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised: At 31 March 2024 and 30 September 2024	<u>500,000,000</u>	<u>50,000</u>
Issued and fully paid: At 31 March 2024 and 30 September 2024	<u>284,117,000</u>	<u>28,412</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group was principally engaged in (i) the trading of tiles, bathroom fixtures and other products through its retail shops in Hong Kong and non-retail channels in Hong Kong and Macau; (ii) the trading of solar panels and (iii) property investment in Hong Kong.

The operating environment for the retail sectors across Hong Kong remained distinctly challenging. Market sentiment continued to be subdued, with the industry experiencing profound structural transformations driven by multifaceted challenges. Key dynamics included high interest rates, diminished local consumption and significant shifts in consumer behaviors. The Group's business has inevitably been impacted, with revenue for the six months ended 30 September 2024 declining by approximately 22% to HK\$64 million from HK\$82 million as compared with that of the same period in the previous year.

The Group's profit attributable to owners of the Company for the six months ended 30 September 2024 was approximately HK\$5 million, representing a decrease of approximately 38% from approximately HK\$8.1 million for the six months ended 30 September 2023.

(i) Sale of tiles and bathroom fixtures

During the period under review, the Group continued to operate in a challenging business environment. For the six months ended 30 September 2024, revenue generated from the retail sale of tile and bathroom fixtures decreased by approximately 31.9% to approximately HK\$24.8 million from approximately HK\$36.4 million for the six months ended 30 September 2023. Such decrease was attributed to the impacts of high interest rates, weak consumption sentiments and changing consumer spending patterns.

In addition, the Group's non-retail sale was adversely affected amid an uncertain business and economic environment. For the six months ended 30 September 2024, revenue from non-retail sale decreased to approximately HK\$30.4 million from HK\$45.3 million for the six months ended 30 September 2023, representing a decrease of approximately 32.9%. The decline was primarily due to the decrease in sale of tile products on project basis compared to the same period last year.

(ii) Trading of solar panels

During the reporting period, the Group recorded a revenue of approximately HK\$8.6 million in the trading of solar panels. Leveraging on our established resources and strong non-retail relationships, the Group has diversified its business into the trading of solar panels.

(iii) Property investment

The Group earned rental income of approximately HK\$0.2 million (2023: approximately HK\$0.2 million) from its investment property for the six months ended 30 September 2024. The rental income remained stable.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2024, the Group recorded a total revenue of approximately HK\$64 million, representing a decrease of approximately 22% as compared to approximately HK\$82 million for the six months ended 30 September 2023.

Revenue generated from the sale of tile and bathroom fixture was approximately HK\$55.2 million (2023: HK\$81.7 million), of which retail sales was approximately HK\$24.8 million (2023: HK\$36.4 million) and non-retail sales was approximately HK\$30.4 million (2023: HK\$45.3 million). Revenue from the sale of tile and bathroom fixtures accounted for approximately 86.3% (2023: 99.6%) of the Group's total revenue for the six months ended 30 September 2024.

Revenue generated from the property investment segment was rental income of approximately HK\$0.2 million (2023: HK\$0.2 million), which accounted for approximately 0.3% (2023: 0.2%) of the Group's total revenue for the six months ended 30 September 2024.

Revenue generated from the trading of solar panels was approximately HK\$8.6 million (2023: nil) through non-retail channel, which accounted for approximately 13.4% (2023: nil) of the Group's total revenue for the six months ended 30 September 2024.

Gross profit and product margin

The Group's gross profit decreased to approximately HK\$32.2 million for the six months ended 30 September 2024 (2023: HK\$50.9 million), representing a decrease of approximately 36.7% as compared to the same period last year. Such decrease primarily attributable to the decrease in revenue. In addition, the gross product margin decreased from approximately 62.1% for the six months ended 30 September 2023 to approximately 50.3% for the six months ended 30 September 2024, mainly due to the decrease in proportion of retail sales with higher product margin.

Excluding the rental income generated from the property investment segment, the Group's gross profit and product margin for the six months ended 30 September 2024 would be approximately HK\$32 million (2023: HK\$50.7 million) and 50.2% (2023: 62%) respectively, representing a decrease of approximately 36.9% in gross profit and a decrease of approximately 19% in product margin.

The gross profit arising from the trading of tiles and bathroom fixtures was approximately HK\$29 million for the six months ended 30 September 2024 (2023: HK\$50.7 million), representing a decrease of approximately 42.8% which was due to the decrease in revenue. In addition, the product margin decreased from approximately 62% for the six months ended 30 September 2023 to approximately 52.5% for the six months ended 30 September 2024. Such decrease was mainly due to the increase in the proportion of non-retail sales with lower product margin.

The gross profit and product margin arising from the trading of solar panels for the six months ended 30 September 2024 were approximately HK\$3 million (2023: nil) and approximately 34.8% (2023: nil) respectively.

Share of result of an associate

For the six months ended 30 September 2024, share of result of an associate had a profit of approximately HK\$2 million (2023: nil). On 31 January 2024, the Group completed the acquisition of 50% of the equity interest in Smart Asian Limited, a company engaged in project management for solar panel installation for residential, industrial and commercial buildings and other value-added services.

Staff costs

Staff costs for the six months ended 30 September 2024 was approximately HK\$7.5 million (2023: HK\$8.7 million). The decrease in staff costs was a result of decrease in headcount.

Property related expenses/Depreciation of right-of-use assets

In respect of the rented premises, the Group recorded property related expenses of approximately HK\$0.9 million (2023: HK\$1.2 million), the depreciation on right-of-use assets of approximately HK\$14.3 million (2023: HK\$18.6 million) and the relevant interest expense on lease liabilities of approximately HK\$0.6 million (2023: HK\$1.3 million). The decrease in property related expenses was due to the closure of underperforming retail shops during the period.

Other expenses

The Group recorded other expenses of approximately HK\$4.6 million and HK\$7.7 million for the six months ended 30 September 2024 and 2023 respectively. The Group's other expenses for the six months ended 30 September 2024 mainly consisted of bank charges of approximately HK\$0.6 million (2023: HK\$0.6 million), products delivery expenses of approximately HK\$1.9 million (2023: HK\$3.5 million), utilities and office expenses of approximately HK\$0.9 million (2023: HK\$1.2 million) and sundry items of approximately HK\$1.2 million (2023: HK\$2.4 million). The decrease in other expenses for the six months ended 30 September 2024 was mainly due to (i) the decrease in product delivery expenses of approximately HK\$1.6 million as a result of the decrease in revenue; (ii) the decrease in legal and professional fee of approximately HK\$0.5 million during the period; (iii) the decrease in utility expenses as a result of the reduction in number of retail shops; and (iv) the decrease in sundry expenses (including entertainment and business-related expenses) due to the reduction in headcount.

Profit attributable to owners of the Company

For the six months ended 30 September 2024, the Group's profit attributable to owners of the Company was approximately HK\$5 million, representing a decrease of approximately 38.3% as compared to approximately HK\$8.1 million for the six months ended 30 September 2023. Such decrease was mainly due to the decrease in gross profit from sale of tiles and bathroom fixtures by approximately HK\$18.7 million as a result of decrease in revenue, which was partly offset by (i) increase in other income by approximately HK\$1.2 million in connection with the gain on early termination of lease; (ii) decrease in staff costs by approximately HK\$1.2 million; (iii) decrease in lease-related expenses (including property related expenses, depreciation on right-of-use assets and interest on lease liabilities) by approximately HK\$5.3 million; (iv) decrease in other expenses by approximately HK\$3.1 million; (v) increase in share of result of an associate by approximately HK\$2 million; (vi) decrease in finance costs by approximately HK\$1.4 million due to the decrease in both bank borrowings and lease liabilities; and (vii) decrease in taxation expense by approximately HK\$0.9 million.

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 periods.

As at 30 September 2024, the Group's pledged bank deposit and cash and bank balances totalled approximately HK\$17.9 million (31 March 2024: approximately HK\$16.5 million), including approximately HK\$17.7 million denominated in Hong Kong dollars and approximately HK\$0.2 million denominated in Euro, US dollars and Renminbi.

Indebtedness

As at 30 September 2024, the Group had bank borrowings of approximately HK\$70.8 million (31 March 2024: HK\$92.1 million) of which all borrowings were denominated in Hong Kong dollars and were secured by the Group's investment property and the deposit pledged to a bank.

As at 30 September 2024, the Group's gearing ratio was approximately 0.48 time (31 March 2024: 0.64 time) which is calculated based on total bank borrowings divided by total equity attributable to owners of the Company as at 30 September 2024 and multiplied by 100%. The Board, taking into account the nature and scale of operations of the Group, considered that the gearing ratio as at 30 September 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 result of operations.

During both periods, the Group had not used any financial instruments for hedging purposes. The Group currently does not have any foreign currency hedging policy. However, the Group's management closely monitors its exposure to foreign currency risk and will consider hedging significant foreign currency exposure should the need arise.

Securities in issue

As at 30 September 2024, there were 284,117,000 ordinary shares in issue. There was no movement in the issued share capital of the Company during the six months ended 30 September 2024.

Commitments

As at 30 September 2024, the Group had outstanding contracted capital commitments in respect of property, plant and equipment of approximately HK\$1 million (31 March 2024: approximately HK\$1 million).

Charge on assets

As at 30 September 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 million to secure the Group's bank borrowings.

Contingent liabilities

As at 30 September 2024, the Group and the Company did not have any significant contingent liabilities.

Employees and remuneration policies

The Group had approximately 37 employees as at 30 September 2024. The Group's staff cost including Directors' emoluments was approximately HK\$7.5 million and HK\$8.7 million for the six months ended 30 September 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 packages 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 (“**Share Option Scheme**”) adopted by the Company on 20 September 2018. During the six months ended 30 September 2024, no share option was granted to relevant participants pursuant to such scheme.

Dividend

The Directors do not recommend any payment of dividend for the six months ended 30 September 2024 (2023: nil).

Prospects

The general macro environment will continue to be challenging as the retail market remains competitive and local consumer spending is still conservative due to the current economic situation. In a positive development, the latest interest rate reduction has provided a stimulus for the local property market sentiment, but it will take some time to reflect in the demand for home improvement, remodelling and furnishing material from retail customers. The Group will continue to provide comprehensive branded products 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).

With an increasing public awareness of energy saving, the Group will strive to expand its business in the renewable energy industry by gaining access to the business network of green industry with an aim to diversify and broaden source of income.

In order to cope with the change in business environment, the Group will strive to enhance its operational efficiency to ensure sustainability. Meanwhile, 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’/CONTROLLING SHAREHOLDERS’ INTERESTS IN CONTRACTS

There were no contracts of significance in relation to the Group’s business to which the Company or any of its subsidiaries or associates was a party and in which any Director or controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the six months ended 30 September 2024.

COMPETING INTERESTS

For the six months ended 30 September 2024, each of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the Listing Rules) has confirmed that none of them had any business or interest in any company that competes or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE

The Company is committed to ensure a high standard of corporate governance in the interests of its shareholders and devotes considerable efforts to maintain high level of business ethics and corporate governance practices. The Company has adopted and complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2024 save for the deviation from code provision C.2.1 as follows:

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 for dealing in securities of the Company by the Directors. Following specific enquiries by the Company, all Directors had confirmed that they had complied with the Model Code throughout the six months ended 30 September 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 six months ended 30 September 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 Share Option 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\$0.3 per Share. For the six months ended 30 September 2024, no share options were exercised. As at 30 September 2024, the maximum number of Shares which might be issued upon exercise of all outstanding options granted under the Share Option Scheme was 4,800,000 Shares, representing 1.69% of the Company's issued share capital as at 30 September 2024.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors. The Audit Committee reviews, amongst others, the financial information of the Group; the relationship with and terms of appointment of the external auditor; and the Group's financial reporting system and internal control procedures.

The Interim Financial Statements have been reviewed by the Audit Committee.

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

Hong Kong, 29 November 2024

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

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