



MOS HOUSE GROUP LTD

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1653



2024

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Simon Tso (*Chairman and chief executive officer*)
Ms. Tsui To Fei

Independent Non-executive Directors

Mr. Woo King Hang, *JP*
Mr. Hui Chun Tak, *PDSM*
Mr. Wong Chun Ping, *MH, JP*

AUDIT COMMITTEE

Mr. Woo King Hang, *JP (Chairman)*
Mr. Hui Chun Tak, *PDSM*
Mr. Wong Chun Ping, *MH, JP*

REMUNERATION COMMITTEE

Mr. Hui Chun Tak, *PDSM (Chairman)*
Ms. Tsui To Fei
Mr. Woo King Hang, *JP*

NOMINATION COMMITTEE

Mr. Simon Tso (*Chairman*)
Mr. Hui Chun Tak, *PDSM*
Mr. Wong Chun Ping, *MH, JP*

CORPORATE GOVERNANCE COMMITTEE

Mr. Wong Chun Ping, *MH, JP (Chairman)*
Mr. Woo King Hang, *JP*
Mr. Hui Chun Tak, *PDSM*

COMPANY SECRETARY

Mr. Chan Cheung, *CPA*

AUTHORISED REPRESENTATIVES

Mr. Simon Tso
Ms. Tsui To Fei

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAW

Wong Heung Sum & Lawyers

AUDITOR

CL Partners CPA Limited

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1001, 10/F, Plaza 228
228 Wan Chai Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

1653

COMPANY WEBSITE

www.moshouse.com.hk

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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.

	Notes	Six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (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		4,995	8,085
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		4,995	8,085
		4,995	8,085
		HK cents	HK cents
Earnings per share	10		
– Basic		1.76	3.37
– Diluted		1.76	3.36

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	Notes	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")	12	7,492	7,359
		86,616	92,979
Current assets			
Inventories		85,760	69,860
Trade receivables	13	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	14	2,938	1,465
		242,299	224,013
Current liabilities			
Trade payables	15	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	16	13,658	64
Tax payable		3,858	3,420
Borrowings	17	70,837	92,083
Loan from a Director	18	11,733	11,333
		176,154	171,958
Net current assets		66,145	52,055
Total assets less current liabilities		152,761	145,034
Non-current liabilities			
Lease liabilities		4,346	1,614
		4,346	1,614
Net assets		148,415	143,420
Capital and reserves			
Share capital	19	28,412	28,412
Reserves		120,003	115,008
Total equity		148,415	143,420

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2024	28,412	83,822	1,102	17	30,067	143,420
Profit and total comprehensive income for the period	-	-	-	-	4,995	4,995
At 30 September 2024 (Unaudited)	28,412	83,822	1,102	17	35,062	148,415
At 1 April 2023	24,000	74,337	1,102	17	27,904	127,360
Profit and total comprehensive income for the period	-	-	-	-	8,085	8,085
At 30 September 2023 (Unaudited)	24,000	74,337	1,102	17	35,989	135,445

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash from operating activities	25,475	30,377
Net cash from/(used in) investing activities	9	(2,909)
Net cash used in financing activities	(18,707)	(25,351)
Net increase in cash and cash equivalents	6,777	2,117
Cash and cash equivalents at beginning of the period	8,641	13,777
Cash and cash equivalents at end of the period	15,418	15,894

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

4. REVENUE

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (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	–
	63,728	81,713
Revenue from other sources:		
Rental income from investment property	240	240
	63,968	81,953
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	–
	63,728	81,713

5. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (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
	1,744	948
Other gains and losses		
Net exchange loss	6	28

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		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	55,172	81,713	240	240	8,556	–	63,968	81,953
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)							(1,891)	(2,532)
Profit before taxation							5,892	9,911

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

6. SEGMENT INFORMATION (Continued)

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 2024	31 March 2024	30 September 2024	31 March 2024	30 September 2024	31 March 2024	30 September 2024	31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (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
Total consolidated assets							328,915	316,992
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
Total consolidated liabilities							180,500	173,572

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 (Unaudited)	HK\$'000 (Unaudited)
Hong Kong	59,968	60,453
Macau	4,000	21,500
	63,968	81,953

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	31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Hong Kong	69,019	75,175

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

7. FINANCE COSTS

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (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
	2,459	3,844

8. PROFIT BEFORE TAXATION

This is stated after charging:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
(a) Employee benefits expenses (including Directors' emoluments)		
Salaries and other benefits	7,256	8,381
Retirement benefits scheme contributions	236	298
	7,492	8,679
(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
	4,615	7,640
(c) Other items		
Depreciation:		
– Property, plant and equipment	321	1,591
– Right-of-use assets	14,250	18,627

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

9. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Hong Kong Profits Tax: Current period	446	754
Macau Corporate Income Tax: Current period	–	824
Deferred tax: Charge for the period	451	248
	897	1,826

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 HK\$'000 (Unaudited)	2023 HK\$'000 (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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

10. EARNINGS PER SHARE *(Continued)*

	Number of shares 30 September	
	2024	2023
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. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	30 September 2024	31 March 2024
		HK\$'000 (Unaudited)	HK\$'000 (Audited)
Payments for life insurance policies			
– First life insurance policy (the “ First Policy ”)	(a)	2,546	2,505
– Second life insurance policy (the “ Second Policy ”)	(b)	4,946	4,854
		7,492	7,359

- (a) In 2012, the Group entered into a life insurance policy with an insurance company to insure a Director. Under this policy, the Group is the beneficiary and policy holder and the total insured sum is United States Dollar (“**USD**”) 1,000,000 (equivalent to HK\$7,800,000). The Group paid a single premium of USD250,000 (equivalent to HK\$1,950,000) at inception. The Group can, at any time, withdraw cash based on the account value of the policy (“**Account Value**”) at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge deducted from Account Value. The insurance company will pay the Group a guaranteed interest at 4.2% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 3% per annum) during the effective period of the policy.
- (b) In 2012, the Group also entered into a life insurance policy with another insurance company to insure the same Director. Under this policy, the Group is the beneficiary and policy holder and the total insured sum is USD2,507,610 (equivalent to HK\$19,559,000). The Group paid a single premium of USD500,000 (equivalent to HK\$3,900,000) at inception. The Group can, at any time, withdraw cash based on the Account Value at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 18th policy year, there is a specified amount of surrender charge deducted from Account Value. The insurance company will pay the Group a guaranteed interest at 4.25% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2.5% per annum) during the effective period of the policy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

As represented by the Directors, the Group will not terminate the policies or withdraw cash prior to the 15th policy year for the First Policy and the 18th policy year for the Second Policy and the expected life of the policies remained unchanged from the initial recognition. The balance of the payments for life insurance policies is denominated in USD, being a currency other than the functional currency of the relevant subsidiary.

The fair value of the payments for life insurance policies is determined by reference to the surrender cash value of the life insurance policies at the end of the reporting period, together with the guaranteed interest as mentioned above.

13. TRADE RECEIVABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Total gross carrying amount	44,116	69,290
Less: allowance for credit losses	(3,110)	(3,110)
	41,006	66,180

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

14. CASH AND CASH EQUIVALENTS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Bank balances and cash	2,938	1,465
Pledged bank deposit with maturity of three months or less	15,000	15,000
Bank overdrafts (Note 17)	(2,520)	(7,824)
	15,418	8,641

Cash at bank earns interest at floating rates based on daily bank deposit rates. The pledged bank deposit of HK\$15,000,000 (31 March 2024: HK\$15,000,000) is pledged to a bank to secure banking facilities granted to the Group. It is made with maturity of three months or less, and earns interest at the prevailing short-term deposit rates.

15. TRADE PAYABLES

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

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	16,570	9,139
	26,025	11,411

16. AMOUNT DUE TO A DIRECTOR

The amount due is non-trade nature, unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

17. BORROWINGS

	Notes	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Current			
Secured and guaranteed			
Bank loans		39,240	42,115
Term loans from banks with repayment on demand clause		29,077	42,144
Bank overdraft		2,520	7,824
Total borrowings	(a) & (b)	70,837	92,083

Notes:

- (a) These bank borrowings carry interest at Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.5% (31 March 2024: HIBOR plus 1.5%) or a spread below Prime Rate/Standard Bills Rate quoted by the banks per annum and the effective interest rate is from 5.45% to 8.875% (31 March 2024: 4.6% to 7.5%) per annum as at 30 September 2024.
- (b) As at 30 September 2024, the Group’s pledged bank deposit of HK\$15,000,000 and investment property of HK\$34,280,000 (31 March 2024: pledged bank deposit of HK\$15,000,000 and investment property of HK\$34,280,000) were pledged to secure banking facilities of the Group.

18. LOAN FROM A DIRECTOR

Loan from a Director is non-trade nature, unsecured, interest-bearing at 8% per annum and repayable on 31 March 2027.

19. SHARE CAPITAL

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

20. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the Group had the following transactions with its related party during the six months ended 30 September 2024 and 2023:

Name of related company	Nature of transactions	Six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cyber Building Limited	Lease payments	2,580	2,580

During the six months ended 30 September 2024 and 2023, Mr. Tso provided several guarantees to guarantee the payment and due performance of tenancy agreements to the landlord.

Compensation of key management personnel

The key management personnel of the Group represents the Directors, whose remunerations are set out below.

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries and other benefits	2,096	2,226
Contributions to defined contribution retirement scheme	18	18
	2,114	2,244

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 30 September 2024, the interests and short positions of the Directors and the chief executive of the Company and their associates in the Shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “SFO”)) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules were as follows:

Long position in the Shares

Name of Directors	Capacity/Nature	Number of Shares held	Approximate percentage of the issued share capital of the Company
Mr. Simon Tso	Beneficiary & settlor of a trust	150,000,000 ⁽¹⁾	52.80%
	Interest of controlled corporation	11,920,000 ⁽²⁾	4.20%
	Beneficial Owner	7,340,000	2.58%
Ms. Tsui To Fei	Interest of a spouse	157,340,000 ⁽³⁾	55.38%
	Interest of controlled corporation	11,920,000 ⁽²⁾	4.20%

Notes:

- (1) The 150,000,000 Shares are held by RB Power Limited (“RB Power”), RB Power is wholly owned by RB Management Holding Limited (“RB Management”), the holding vehicle incorporated in the BVI used by TMF (Cayman) Ltd., the trustee of a discretionary trust established by Mr. Tso (as the settlor) with Mr. Tso as one of the beneficiaries. By virtue of the SFO, Mr. Tso is deemed to be interested in the Shares held by RB Power.
- (2) The 11,920,000 Shares are held by Cyber Building Limited, a company owned as to 50/50 by Mr. Tso and Ms. Tsui. By virtue of the SFO, both Mr. Tso and Ms. Tsui are deemed to be interested in the Shares held by Cyber Building Limited.
- (3) Ms. Tsui is the spouse of Mr. Tso. Under Part XV of the SFO, Ms. Tsui is deemed to be interested in the same number of Shares in which Mr. Tso is interested.

Save as disclosed above, as at 30 September 2024, none of the Directors or chief executive of the Company nor their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations, which had to be notified to the Company and the Stock Exchange under the SFO or pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

B. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2024, the interest and short positions of the persons (other than the Directors or chief executive of the Company) in the Shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long Positions in the Shares

Name of Shareholder	Capacity/Nature	Number of Shares held	Percentage of the issued share capital of the Company
TMF (Cayman) Ltd.	Trustee of a trust	150,000,000 ^(Note)	52.80%
RB Management	Interest of a controlled corporation	150,000,000 ^(Note)	52.80%
RB Power	Beneficial owner	150,000,000 ^(Note)	52.80%
Ho Tsz Yi	Beneficial owner	44,117,000	15.53%

Note: RB Power (Mr. Tso and Ms. Tsui being its directors) is wholly owned by RB Management, the holding vehicle incorporated in the BVI used by TMF (Cayman) Ltd., the trustee of a discretionary trust established by Mr. Tso (as the settlor) with Mr. Tso and Mr. Tso's family members as beneficiaries. By virtue of the SFO, each of TMF (Cayman) Ltd. and RB Management is deemed to be interested in the Shares held by RB Power.

Save as disclosed above, as at 30 September 2024, the Directors were not aware of any corporation which/person (other than a Director or the chief executive of the Company) who had interest or short position in the Shares or underlying shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in note 20 to the Interim Financial Statements, 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 AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to ensure a high standard of corporate governance in the interests of its shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has adopted and complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the 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\$0.30 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 report, 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 auditors; 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