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Easy Smart Group Holdings Limited

怡俊集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2442)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 30 June 2023 amounted to approximately HK\$336.5 million (2022: approximately HK\$240.5 million).
- Gross profit margin of the Group for the year ended 30 June 2023 was at approximately 23.6% (2022: approximately 25.7%).
- Profit before taxation of the Group for the year ended 30 June 2023 was approximately HK\$54.6 million (2022: approximately HK\$37.3 million).
- Profit of the Group for the year ended 30 June 2023 amounted to approximately HK\$43.8 million (2022: approximately HK\$28.8 million).
- Basic earnings per share amounted to approximately HK cents 13.67 (2022: approximately HK cents 9.40).
- The Board did not recommend the payment of a final dividend for the year ended 30 June 2023 (2022: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Easy Smart Group Holdings Limited (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2023, together with the comparative figures for the corresponding year ended in 30 June 2022. The information contained in this announcement should be read in conjunction with the prospectus of the Company dated 25 April 2023 (the “**Prospectus**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	2	336,503	240,465
Costs of services		(257,039)	(178,590)
Gross profit		79,464	61,875
Other income	3	1,588	511
Other gain		85	93
Impairment losses, net of reversal		(115)	(718)
Administrative expenses		(14,570)	(9,943)
Finance costs	4	(60)	(346)
Listing expenses		(11,786)	(14,191)
Profit before taxation	5	54,606	37,281
Income tax expense	6	(10,762)	(8,445)
Profit and total comprehensive income for the year		43,844	28,836
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		43,844	28,766
Non-controlling interest		–	70
Profit and total comprehensive income for the year		43,844	28,836
Earnings per share attributable to equity owners of the Company			
– Basic (HK cents)	8	13.67	9.40
– Diluted (HK cents)	8	13.66	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		837	1,289
Right-of-use assets		1,124	2,411
Rental deposits	<i>10</i>	174	215
A financial asset at FVTPL		3,179	3,179
Deferred tax assets		104	58
		<hr/> 5,418 <hr/>	<hr/> 7,152 <hr/>
Current assets			
Trade receivables	<i>9</i>	17,220	12,069
Other receivables, deposits and prepayments	<i>10</i>	8,842	6,037
Contract assets	<i>11</i>	121,556	64,803
Amount due from ultimate holding company		100	–
Pledged bank deposit		1,025	–
Bank balances and cash		128,549	35,082
		<hr/> 277,292 <hr/>	<hr/> 117,991 <hr/>
Current liabilities			
Trade and other payables	<i>12</i>	12,245	12,697
Contract liabilities	<i>11</i>	751	358
Income tax payable		11,688	11,210
Lease liabilities		1,143	1,273
Provision		–	85
		<hr/> 25,827 <hr/>	<hr/> 25,623 <hr/>
Net current assets		<hr/> 251,465 <hr/>	<hr/> 92,368 <hr/>
Total assets less current liabilities		<hr/> 256,883 <hr/>	<hr/> 99,520 <hr/>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liability		
Lease liabilities	—	1,143
	—	1,143
Net assets	256,883	98,377
Capital and reserves		
Share capital	4,080	—*
Reserves	252,803	98,377
Equity attributable to owners of the Company	256,883	98,377
Non-controlling interest	—	—
Total equity	256,883	98,377

* Less than HK\$1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. GENERAL INFORMATION

Easy Smart Group Holdings Limited (the “**Company**”) is incorporated in the Cayman Islands and its shares are listed on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and the principal place of business of the Company are 71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands and Unit A, 10/F, Ming Tak Centre, 135-137 Tung Chau Street, Kowloon, Hong Kong, respectively.

The directors of the Company consider Lofty Profit Investments Limited (“**Lofty Profit**”), a company incorporated in the British Virgin Islands (the “**BVI**”), as the immediate holding company and ultimate holding company of the Company and its subsidiaries (the “**Group**”) and Mr. Ng Wing Woon Dave as the ultimate controlling shareholder of the Company.

The Company is an investment holding company and the principal activities of the operating subsidiaries are provision of passive fire protection works and provision of passive fire protection information services in Hong Kong.

The Company’s shares were listed on the Main Board of the Stock Exchange on 9 May 2023.

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

2. REVENUE AND SEGMENT INFORMATION

The Group has two principal activities: provision of passive fire protection works and provision of passive fire protection information services. Revenue represents the fair value of amounts received and receivable from provision of (i) passive fire protection works and (ii) passive fire protection information services.

(i) Disaggregation of revenue from contracts with customers

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Type of service		
Passive fire protection works	336,164	240,145
Passive fire protection information services	339	320
	<u>336,503</u>	<u>240,465</u>
Type of customer		
Private sector projects	194,059	128,879
Public sector projects	142,444	111,586
	<u>336,503</u>	<u>240,465</u>

2. REVENUE AND SEGMENT INFORMATION – continued

(ii) Performance obligations for contracts with customers

Revenue from provision of passive fire protection works are recognised over time as the Group creates or enhances an asset that the customer controls as the Group performs. Revenue is recognised based on the stage of completion of the contract using input method. The stage of completion is determined as the proportion of the costs incurred for the works (i.e. direct labour costs, subcontracting costs and costs of materials incurred) performed to date relative to the estimated total costs to complete the services.

Revenue from passive fire protection information services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group bills a fixed amount for each month of service provided. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice.

(iii) Segment information

Information is reported to the chairman and chief executive director of the Company, who is also the chief operating decision maker (“**CODM**”) of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews the overall results and financial performance of the Group as a whole. No analysis of the Group's assets or liabilities and no other discrete financial information is regularly provided to the CODM. Accordingly, only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with HKFRS 8 “Operating Segments”.

(iv) Geographical information

The Group principally operates in Hong Kong, which is also its place of domicile. The Group's revenue is generated in and non-current assets are all located in Hong Kong.

(v) Information about major customers

The revenue from customers individually contributing over 10% of the total revenue of the Group during the year is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer I	110,532	53,239
Customer II	95,434	32,424
Customer III	44,663	N/A*
Customer IV	N/A*	25,194
	<u> </u>	<u> </u>

* Revenue did not contribute over 10% of the total revenue of the Group for the respective reporting year.

3. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Government subsidies (<i>Note</i>)	701	388
Sundry income	1	1
Interest income	886	122
	<u>1,588</u>	<u>511</u>

Note: Government grants mainly include subsidies from the Hong Kong Government's Employment Support Scheme, all are compensations for incurred expenses and not asset related.

4. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interests on:		
– Bank borrowings	–	325
– Lease liabilities	60	21
	<u>60</u>	<u>346</u>

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditors' remuneration (<i>Note i</i>)	1,450	–
Depreciation of property, plant and equipment	472	589
Depreciation of right-of-use assets	1,287	1,142
	<u>1,759</u>	<u>1,731</u>
Directors' remuneration	1,252	1,026
Other staff costs		
– Salaries and other benefits	18,101	15,637
– Contributions to MPF	733	616
Total staff costs (<i>Note ii</i>)	<u>20,086</u>	<u>17,279</u>
Cost of materials recognised as costs of services	94,523	66,377
Subcontracting fees recognised as costs of services	133,259	95,509
Listing expenses	11,786	14,191
and after crediting:		
Reversal of over-provision of tax penalty	<u>85</u>	<u>93</u>

5. PROFIT BEFORE TAXATION – continued

Notes:

- (i) No remuneration had been incurred since there was no appointment of the Company's statutory auditor in 2022.
- (ii) Other staff costs of HK\$15,107,000 (2022: HK\$12,836,000) were included in the cost of services for the year, the remaining staff costs were recognised in administrative expenses.

6. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Income tax expense comprises:		
Hong Kong Profits Tax		
– Current tax	10,870	8,232
– Over-provision in prior year	(62)	–
	<u>10,808</u>	<u>8,232</u>
Deferred tax	(46)	213
	<u>10,762</u>	<u>8,445</u>

Under the two-tiered profits tax rates regime of Hong Kong Profit Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. 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%. Accordingly, for the years ended 30 June 2023 and 2022, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

7. DIVIDENDS

No dividend was paid or declared by the Company for both years.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>43,844</u>	<u>28,766</u>

8. EARNINGS PER SHARE – continued

Number of shares

	2023	2022
Weighted average number of ordinary shares in issue	320,810,959	306,000,000
Effect of dilutive potential ordinary shares:		
Over-allotment option in relation to public offering	<u>128,402</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>320,939,361</u>	<u>306,000,000</u>

The calculation of the basic earnings per share for the year is based on the profit attributable to owners of the Company and the weighted average number of 320,810,959 (2022: 306,000,000) ordinary shares in issue during the year on the assumption that the Reorganisation has been effective on 1 July 2022 and has been retrospectively adjusted to reflect the capitalisation issue of 305,990,000 ordinary shares of HK\$0.10 each of the Company in May 2023.

9. TRADE RECEIVABLES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	17,903	12,768
Less: Allowance for credit losses	<u>(683)</u>	<u>(699)</u>
	<u>17,220</u>	<u>12,069</u>

The Group grants credit terms to customers for a period ranging from 14 - 60 days from the invoice date for trade receivables. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	15,893	10,622
31 days to 60 days	–	444
Over 90 days	<u>1,327</u>	<u>1,003</u>
	<u>17,220</u>	<u>12,069</u>

As at 1 July 2021, trade receivables from contracts with customers amounted to HK\$17,428,000.

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on an individual basis. Limits attributed to customers are reviewed when necessary. The Group's trade receivables balances that are past due over 90 days are not considered as in default based on good repayment records for those customers and long-term/continuous business with the Group. As at 30 June 2023 and 2022, the Group does not charge interest nor hold any collateral over the balances.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other receivables and deposits	215	215
Prepayments	8,801	1,558
Deferred issue cost	–	4,211
Prepaid listing expenses and issue cost	–	268
	<u>9,016</u>	<u>6,252</u>
Less: Rental deposits under non-current assets	<u>(174)</u>	<u>(215)</u>
Amount show under current assets	<u><u>8,842</u></u>	<u><u>6,037</u></u>

11. CONTRACT ASSETS/LIABILITIES

The following is the analysis of the contract assets and contract liabilities:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract assets	122,024	65,140
Less: Impairment loss allowance	<u>(468)</u>	<u>(337)</u>
	<u>121,556</u>	<u>64,803</u>
Contract liabilities		
– current construction and information service contracts	<u>751</u>	<u>358</u>

As at 1 July 2021, contract assets and contract liabilities amounted to HK\$48,208,000 and HK\$815,000, respectively.

Contract assets and contract liabilities arising from the same contract are presented on a net basis.

Contract assets

Amounts represent the Group's rights to considerations from customers for the provision of passive fire protection works, which arise when: (i) the Group completed the relevant services under such contracts which is not billed because the rights are conditional on the Group's future performance; or (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after issuance of the practical completion certificate of the project. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional.

11. CONTRACT ASSETS/LIABILITIES – continued

The Group's contract assets are analysed as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Construction contracts – current		
– Unbilled revenue	95,755	44,111
– Retention receivables	<u>25,801</u>	<u>20,692</u>
	<u>121,556</u>	<u>64,803</u>

Unbilled revenue represented the revenue not yet been billed to customers which the Group has completed the relevant services under such contracts but yet certified by representatives appointed by customers.

Changes of contract assets during the year were mainly due to increase in: (i) the amount of retention receivables in accordance with the number of ongoing and completed contracts under the defect liability period during the year; and (ii) the size and number of contract works that the relevant services were completed but not yet certified by representatives appointed by the customers at the end of the reporting period.

The Group's retention receivables included in the Group's contract assets will be settled at the expiry of the defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts. The balances are classified as current as they are expected to be realised in the Group's normal operating cycle.

Contract liabilities

The contract liabilities represents the Group's obligation to transfer services to customers for which the Group has received consideration from the customers.

The increase in contract liabilities during the year ended 30 June 2023 is mainly due to the increase in receipt in advance as a result of the increase in prepaid subscription fee for passive fire protection information services and increase in upfront fee received for the passive fire protection works.

The following table shows how much of the revenue recognised during the year that relates to contract liabilities carried-forward from preceding years.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>358</u>	<u>815</u>

12. TRADE AND OTHER PAYABLES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	8,366	6,480
Payroll and MPF payables	1,818	1,418
Accrual of contract costs	–	210
Accrued expenses	1,964	93
Accrued issue costs and listing expenses	–	4,329
Others	97	167
	<u>12,245</u>	<u>12,697</u>

The credit period on purchases from suppliers is generally ranging from 30-60 days or payable upon delivery.

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	7,267	6,247
31 days to 60 days	1,099	223
61 days to 90 days	–	10
	<u>8,366</u>	<u>6,480</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

We are a subcontractor specialising in passive fire protection works in Hong Kong. With over 20 years of experience in the passive fire protection works industry, our Group focuses on the provision of passive fire protection and ancillary works. Our passive fire protection works generally involve the design, selection, procurement and installation of appropriate materials and components in a building to reduce or prevent the spread and effects of fire, heat or smoke without requiring detection or activation upon detection. Examples of passive fire protection materials and components include fire rated boards, fire resistant paints and fire resistant plasters. Given the application of passive fire protection works may involve ancillary works, such as, metal works for supporting frame and fixings of the relevant passive fire protection materials and components, we will generally perform such works as part of our services. Our Group provides passive fire protection works and ancillary work through our principal operating subsidiaries, namely, Easy Smart Engineering Limited and Easy Smart Maintenance Engineering Limited.

Our Group also provides passive fire protection information services which are primary intended to address to the problem of the purchase and use of inappropriate passive fire protection materials during the initial stages of projects.

As at 30 June 2023, the Group had 61 (30 June 2022: 39) contracts on hand (including contracts in progress and contracts which are yet to commence) with a total original contract value of approximately HK\$375.2 million (30 June 2022: HK\$411.8 million).

The shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange (the “**Listing**”) on 9 May 2023 (the “**Listing date**”) with 102,000,000 Shares had been offered for subscription, at an offer price of HK\$1.28 per Share. The proceeds received from the share offer have strengthened the Group’s cash flow and the Group will implement its future plans as set out in the section headed “Future Plans and Use of Proceeds” to the Prospectus.

According to the Industry Report prepared for the purpose of the Listing, the overall passive fire protection works industry in Hong Kong has been growing steadily primarily due to the sustainable development of the construction industry, stringent requirements for fire safety construction and the rollout of Mandatory Urban Renewal Program by the Hong Kong Government, prompting demand for installation and refurbishment of passive fire protection systems. This market is set to gradually regain its momentum in the long run due to (i) the regular renovation of passive fire protection system in residential, commercial and industrial buildings being stable in nature; and (ii) a stable pipeline of construction projects in the residential, commercial and industrial sectors, especially the planned production of public residential units and surrounding auxiliary facilities. The market size of the passive fire protection works industry is expected to reach approximately HK\$1,247.4 million in 2026, representing a compound annual growth rate of approximately 6.1% from 2022 to 2026. Based on the above, the total number of construction and development projects launched or available for tendering in the passive fire protection works market in Hong Kong is expected to be increasing. With our long experience in the industry, familiarity with specifications and usage of wide range of

passive fire protection materials, long history with suppliers of materials, strong relationship with our customers and experienced senior management team, our Directors are optimistic about the passive fire protection industry in Hong Kong and believe that our Group is more competitive to secure new future opportunities and undertake projects of sizeable scales.

Financial Review

Revenue

Our revenue increased from approximately HK\$240.5 million for the year ended 30 June 2022 to approximately HK\$336.5 million for the year ended 30 June 2023, representing an increase of approximately 39.9%.

The increase was mainly driven by the revenue contributed by certain sizeable private sector projects, a commercial project involving a logistics centre at an airport in Hong Kong and a project involving a power station at Lamma Island, which led to an increase in our revenue derived from private sector projects for the year ended during the year ended 30 June 2023.

The following table sets out a breakdown of our projects and revenue for passive fire protection works (excluding passive fire protection information services) by project sectors and types of properties involved during the years indicated:

	Year ended 30 June					
	2023			2022		
	No. of projects (Note 1)	Revenue HK\$'000	% of total revenue %	No. of projects (Note 1)	Revenue HK\$'000	% of total revenue %
Public						
– Public infrastructure and facility	35	129,290	38.5%	38	67,496	28.1%
– Residential	12	13,154	3.9%	16	44,090	18.4%
Sub-total	47	142,444	42.4%	54	111,586	46.5%
Private						
– Commercial and industrial	17	164,179	48.8%	18	80,874	33.7%
– Residential	5	15,213	4.5%	26	30,885	12.8%
– Public infrastructure and facility (Note 2)	25	14,328	4.3%	5	16,800	7.0%
Sub-total	47	193,720	57.6%	49	128,559	53.5%
Total	94	336,164	100.0%	103	240,145	100.0%

Notes:

- (1) We normally group different contracts as a single project if the location of the construction sites are the same, or they form a single building or complex, even if the contracts are awarded by different customers. However, in exceptional cases when the scale and size of the structure is exceptionally large, the works are for different parts of the structure and the construction period spans across a long period, we will treat contracts in a single building or complex as being separate projects.
- (2) Revenue derived from these private sector public infrastructure and facilities projects mainly related to two projects involving a power station where the project owner is a subsidiary of a fixed single investment trust listed on the Stock Exchange with a focus on the power industry.

Costs of services

Our costs of services increased from approximately HK\$178.6 million for the year ended 30 June 2022 to approximately HK\$257.0 million for the year ended 30 June 2023, representing an increase of approximately 43.9%. Such increase in costs of services was generally in line with the increase in the revenue.

Gross Profit and Gross Profit Margin

Our gross profit amounted to approximately HK\$61.9 million and approximately HK\$79.5 million for the year ended 30 June 2022 and the year ended 30 June 2023 respectively, representing an increase of approximately 28.4% for the year ended 30 June 2023. The increase in our gross profit was primarily due to the increase in our revenue due to reasons discussed above.

The gross profit margin decreased from approximately 25.7% for the year ended 30 June 2022 to approximately 23.6% for the year ended 30 June 2023. The decrease in the gross profit margin was mainly because costs of additional works from the variation orders have been incurred by the Company for certain sizeable projects but the variation orders of such additional works have yet been assessed by the customers and thus not recognised for the year ended 30 June 2023.

Other Income

Our other income increased from approximately HK\$0.5 million for the year ended 30 June 2022 to approximately HK\$1.59 million for the year ended 30 June 2023, representing an increase of approximately 218%. Such increase was mainly due to the subsidies from the Hong Kong Government's Employment Support Scheme and the increase in the interest income for the year ended 30 June 2023.

Administrative Expenses

Our administrative expenses increased from approximately HK\$9.9 million for the year ended 30 June 2022 to approximately HK\$14.6 million for the year ended 30 June 2023, representing an increase of approximately 46.5%. Such increase was mainly due to the increase in our staff costs and professional expenses for the year ended 30 June 2023.

Profit before taxation

Our profit before taxation increased approximately 46.4% from approximately HK\$37.3 million for the year ended 30 June 2022 to approximately HK\$54.6 million for the year ended 30 June 2023, which was mainly attributable to the net effect of (i) the increase in revenue and gross profit as discussed above; and (ii) the recognition of Listing expenses of approximately HK\$11.8 million during the year ended 30 June 2023 while Listing expenses of approximately HK\$14.2 million were recognised during the year ended 30 June 2022.

Income Tax Expense

Because of the increase in profit before taxation as discussed above and the recognition of Listing expenses which are tax non-deductible, our income tax expense increased from approximately HK\$8.4 million for the year ended 30 June 2022 to approximately HK\$10.8 million for the year ended 30 June 2023.

Profit and Total Comprehensive Income for the year

Our profit and total comprehensive income for the year increased from approximately HK\$28.8 million for the year ended 30 June 2022 to approximately HK\$43.8 million for the year ended 30 June 2023, representing an increase of approximately 52.0% which was mainly due to the increase in profit before taxation as discussed above.

Key Financial Ratio

	<i>Notes</i>	As at 30 June 2023	As at 30 June 2022
Current ratio	<i>1</i>	10.7 times	4.6 times
Return on total assets	<i>2</i>	15.5 %	23.0%
Return on equity	<i>3</i>	17.1 %	29.2%
Net profit margin	<i>4</i>	13.0 %	12.0%

Notes:

1. Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.
2. Return on total assets is calculated as profit for the year divided by the total assets as of the respective reporting dates.
3. Return on equity is calculated as profit and total comprehensive income for the year divided by the total equity attributable to owners of the Company as of the respective reporting dates.
4. Net profit margin is calculated as profit and total comprehensive income divided by the revenue for the respective reporting years.

Current Ratio

Our current ratio was increased from approximately 4.6 times as at 30 June 2022 to approximately 10.7 times as at 30 June 2023. The increase was mainly due to the increment in cash at bank balance after the Listing.

Return on Total Assets

Our return on total assets decreased from approximately 23.0% for the year ended 30 June 2022 to approximately 15.5% for the year ended 30 June 2023. The decrease was mainly due to increment in cash at bank balances after the Listing.

Return on Equity

Our return on equity decreased from approximately 29.2% for the year ended 30 June 2022 to approximately 17.1% for the year ended 30 June 2023. The decrease was mainly due to the increment of reserve after the Listing.

Net Profit Margin

Our Group's net profit margin increased from approximately 12.0% for the year ended 30 June 2022 to approximately 13.0% for the year ended 30 June 2023. The increase was primarily because the Group had lower listing expense for the year ended 30 June 2023 than for the year ended 30 June 2022 despite the increase in revenue. If the other income and the listing expenses are excluded, the Group would have an adjusted net profit margin of approximately 17.7% for the year ended 30 June 2022 and approximately 16.1% for the year ended 30 June 2023.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2023, the Company's issued capital was HK\$4,080,000 and the number of its issued ordinary shares was 408,000,000 shares of HK\$0.01 each.

As at 30 June 2023, the Group had total bank balances and cash as well as pledged bank deposits of approximately HK\$128.5 million and approximately HK\$1.03 million respectively (30 June 2022: approximately HK\$35.1 million and nil respectively).

The Group has funded the liquidity and capital requirements primarily through the Listing and cash inflow generated from operating activities for the year ended 30 June 2023.

Foreign Exchange Exposures

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange exposure for the year ended 30 June 2023 as well as for the corresponding year ended 30 June 2022.

Capital Commitments and Contingent Liabilities

As at 30 June 2022 and 2023, the Group had no material capital commitments and contingent liabilities.

Significant Investment, Materials Acquisition or Disposals of Subsidiaries and Associated Companies

During the year ended 30 June 2023, the Group did not have any significant investment held any material acquisitions or disposals of subsidiaries and associated companies apart from the corporate reorganisation in relation to the Listing as disclosed in the Prospectus.

Future Plans for Material Investment or Acquisition of Capital Assets

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus, there was no plans for material investments or acquisition of capital assets as at 30 June 2023.

Comparison of Business Objectives with Actual Business Progress and Use of Proceeds

As the Listing of the Company’s shares has commenced on the Stock Exchange on 9 May 2023, the net proceeds from the Listing amounted to approximately HK\$89.1 million, which will be applied by the Group in accordance with the disclosure as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

The details of the use of the net proceeds up to 30 June 2023 are listed as below:

	Intended use of proceeds <i>HK\$’million</i>	Net proceeds utilised from the Listing Date up to 30 June 2023 <i>HK\$’million</i>	Unutilised amounts as at 30 June 2023 <i>HK\$’million</i>
Project upfront costs	64.9	11.5	53.4
Expanding our workforce	8.7	0.1	8.6
Upgrading the information technology system	6.6	1.1	5.5
General working capital	8.9	8.9	–
	<u>89.1</u>	<u>21.6</u>	<u>67.5</u>

As at the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong. The Directors regularly evaluate the Group’s business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. Up to the date of this announcement, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

Employees and Remuneration Policy

As at 30 June 2023, we employed a total of 58 full-time employees (including two executive Directors but excluding three independent non-executive Directors), as compared to a total of 51 full-time employees as at 30 June 2022. The remuneration packages that the Group offers to employees includes salary, discretionary bonuses, staff benefits, contributions and retirement schemes as well as other cash subsidies. In general, the Group determines employee's salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff cost incurred by the Group for the year ended 30 June 2023 was approximately HK\$20.1 million compared to approximately HK\$17.3 million in the corresponding year ended 30 June 2022.

Final Dividends

The Board did not recommend the payment of a final dividend for the year ended 30 June 2023 (2022: Nil).

CORPORATE GOVERNANCE CODE/OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the “**CG code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). As the Shares were not listed on the Main Board of the Stock Exchange until the Listing Date, the CG code provisions were not applicable to the Company before the Listing Date. To the best of the knowledge of the Board, the Company has complied with the CG code since the Listing Date and up to the date of this announcement. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the code provisions from time to time.

Compliance with the 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 of the Listing Rules as a code of conduct of the Company regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code since the Listing Date and up to the date of this announcement.

Share Option Scheme

Pursuant to the written resolutions of the sole shareholder of the Company on 12 April 2023, the Company adopted a share option scheme (the “**Share Option Scheme**”) with effect from 12 April 2023. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarized in the Prospectus. The main purpose of the Share Option Scheme is to motivate employees to optimize their performance efficiency for the benefit of the Company, to attract and retain best available personnel, to provide additional incentive to eligible participants including employees (full time or part time), directors, consultants, advisers, distributors, contractors, suppliers, agents, or service providers of the Group and to promote success of the business of the Group.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the period between the adoption date of the Share Option Scheme and the date of this announcement, no share option has been granted, exercised, cancelled or lapsed. As at the date of this announcement, the total number of shares available for issue under the Share Option Scheme was 40,800,000, representing 10% of the entire issued share capital of the Company.

Competing Interests

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the Group’s business for the year ended 30 June 2023 and up to the date of this announcement, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Purchase, Sale or Redemption of the Company’s Listed Securities

Save that the Shares have been listed on the Main Board of the Stock Exchange on the Listing Date, no purchase, sale or redemption of the Company’s listed securities was made by the Company or any of its subsidiaries since the Listing Date and up to the date of this announcement.

Events after the year ended 30 June 2023

There is no material event undertaken by the Group after 30 June 2023 and up to the date of this announcement.

Sufficiency of Public Float

Based on the information that was publicly available and with the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed minimum public float for its shares as required under the Listing Rules since the Listing Date and up to the date of this announcement.

Audit Committee

The Company established the audit committee on 12 April 2023 in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the CG code as set out in Appendix 14 of the Listing Rules. The audit committee consists of three independent non-executive Directors, namely, Prof. Pong Kam Keung, Ms. Cheng Shing Yan and Mr. Lo Chi Wang. Mr. Lo Chi Wang currently serves as the Chairman of the audit committee.

The Audit Committee had reviewed, together with the management and the Company's auditors, Messrs. Deloitte Touche Tohmatsu, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 30 June 2023.

The Group's audited consolidated financial statements for the year ended 30 June 2023 have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2023 as set out in this announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 September 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

Annual General Meeting

The annual general meeting of the Company will be held in Hong Kong on Tuesday, 7 November 2023. The notice of the annual general meeting will be published in the Company's website and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 2 November 2023 to Tuesday, 7 November 2023, both days inclusive, during which period no transfer of shares will be registered. In order to establish entitlements of attending and voting at the forthcoming annual general meeting of the Company to be held on Tuesday, 7 November 2023, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 1 November 2023.

Publication of Final Results and Annual Report

This results announcement is published on the Company's website at www.easysmart.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2023 annual report of the Company for the year ended 30 June 2023 will be despatched to shareholders of the Company and available on the same websites in due course.

Appreciation

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

By Order of the Board
Easy Smart Group Holdings Limited
Ng Wing Woon Dave
Chairman of the Board and Executive Director

Hong Kong, 27 September 2023

As at the date of this announcement, the Board comprises Mr. Ng Wing Woon Dave and Mr. Ng Wing Shing as executive Directors; and Prof. Pong Kam Keung, Ms. Cheng Shing Yan and Mr. Lo Chi Wang as independent non-executive Directors.