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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

#### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the six months ended 31 December 2023 amounted to approximately HK\$176.9 million (2022: approximately HK\$172.8 million).
- Gross profit margin of the Group for the six months ended 31 December 2023 was at approximately 21.9% (2022: approximately 24.2%).
- Profit before taxation of the Group for the six months ended 31 December 2023 was approximately HK\$30.0 million (2022: approximately HK\$30.3 million).
- Profit of the Group for the six months ended 31 December 2023 amounted to approximately HK\$24.7 million (2022: approximately HK\$24.0 million).
- Basic earnings per share amounted to approximately HK cents 6.05 (2022: approximately HK cents 7.83).
- The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2023 (2022: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Easy Smart Group Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 December 2023, together with the comparative figures for the corresponding period for six months ended 31 December 2022.

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

*For the six months ended 31 December 2023*

	<i>Notes</i>	<b>Six months ended 31 December 2023 HK\$'000 (unaudited)</b>	Six months ended 31 December 2022 HK\$'000 (unaudited)
Revenue	4	<b>176,917</b>	172,844
Costs of services		<b>(138,198)</b>	(130,991)
Gross profit		<b>38,719</b>	41,853
Other income	5	<b>1,090</b>	708
Impairment losses, net of reversal		<b>(770)</b>	(195)
Administrative expenses		<b>(9,059)</b>	(5,732)
Finance costs		<b>(18)</b>	(35)
Listing expenses		<b>–</b>	(6,269)
Profit before taxation	6	<b>29,962</b>	30,330
Income tax expense	7	<b>(5,287)</b>	(6,374)
Profit and total comprehensive income for the period		<b>24,675</b>	23,956
Earnings per share			
– Basic and diluted (HK cents)	8	<b>6.05</b>	7.83

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2023*

		31 December 2023	30 June 2023
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	2,224	837
Right-of-use assets		892	1,124
Rental deposits		36	174
A financial asset at FVTPL		3,179	3,179
Deferred tax assets		186	104
		6,517	5,418
<b>Current assets</b>			
Trade receivables	<i>11</i>	50,825	17,220
Other receivables, deposits and prepayments		9,894	8,842
Contract assets		118,828	121,556
Amount due from ultimate holding company		122	100
Pledged bank deposit		1,028	1,025
Bank balances and cash		113,390	128,549
		294,087	277,292
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	7,725	12,245
Contract liabilities		2,287	751
Income tax payable		8,128	11,688
Lease liabilities		765	1,143
		18,905	25,827
<b>Net current assets</b>		275,182	251,465
<b>Total assets less current liabilities</b>		281,699	256,883

	<b>31 December 2023 <i>HK\$'000</i> (unaudited)</b>	30 June 2023 <i>HK\$'000</i> (audited)
<b>Non-current liability</b>		
Lease liabilities	<u>141</u>	<u>–</u>
<b>Net assets</b>	<u><b>281,558</b></u>	<u>256,883</u>
<b>Capital and reserves</b>		
Share capital	4,080	4,080
Reserves	<u>277,478</u>	<u>252,803</u>
<b>Total equity</b>	<u><b>281,558</b></u>	<u>256,883</u>

## NOTES

*For the six months ended 31 December 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 (“**Mr. Dave Ng**”) 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 unaudited condensed consolidated financial information (the “**Interim Financial Information**”) are presented in Hong Kong dollars (“**HK\$**”), which is also the same as the functional currency of the Company and its subsidiaries.

### 2. BASIS OF PREPARATION

The Interim Financial Information for the six months ended 31 December 2023 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Interim Financial Information does not include all of the information required in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 June 2023.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Information for the six months ended 31 December 2023 have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the Interim Financial Information for the six months ended 31 December 2023 are the same as those presented in the annual consolidated financial statements of the Group for the year ended 30 June 2023.

#### (a) New amended standards adopted by the Group

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs and amendments which are relevant to and effective for the Group’s interim financial statements for interim period beginning on 1 July 2023, issued by the HKICPA.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
HKFRS 17 and the related amendments	Insurance Contracts

#### (b) New standards and amendments to standards issued but are not yet effective

The following new and revised HKFRSs, potentially relevant to the Group’s financial statements, that have been issued, but are not yet effective in the financial period of which the condensed consolidated interim financial statements were prepared, have not been early adopted by the Group.

Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ <b>2022 Amendments</b> ”) <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current (the “ <b>2020 Amendments</b> ”) <sup>1,3</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
HK-Interpretation 5 (Revised)	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

<sup>4</sup> No mandatory effective date yet determined by available for adoption

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these Interim Financial Information.

#### 4. 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

	<b>Six months ended 31 December 2023 HK\$'000 (unaudited)</b>	Six months ended 31 December 2022 HK\$'000 (unaudited)
<b>Type of service</b>		
Passive fire protection works	<b>176,812</b>	172,674
Passive fire protection information services	<b>105</b>	170
	<b>176,917</b>	172,844

##### (ii) 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”.

##### (iii) 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.

#### 5. OTHER INCOME

	<b>Six months ended 31 December 2023 HK\$'000 (unaudited)</b>	Six months ended 31 December 2022 HK\$'000 (unaudited)
Government subsidies ( <i>Note</i> )	–	701
Interest income	<b>1,090</b>	7
	<b>1,090</b>	708

*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.

## 6. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	<b>Six months ended 31 December 2023 <i>HK\$'000</i> (unaudited)</b>	Six months ended 31 December 2022 <i>HK\$'000</i> (unaudited)
Depreciation of property, plant and equipment	255	297
Depreciation of right-of-use assets	<u>648</u>	<u>643</u>
	<u>903</u>	<u>940</u>
Directors' remuneration	1,050	190
Cost of materials recognised as costs of services	51,284	46,694
Subcontracting fees recognised as costs of services	<u>74,445</u>	<u>72,482</u>

## 7. INCOME TAX EXPENSE

	<b>Six months ended 31 December 2023 <i>HK\$'000</i> (unaudited)</b>	Six months ended 31 December 2022 <i>HK\$'000</i> (unaudited)
Income tax expense comprises:		
Hong Kong Profits Tax		
– Current tax	<u>5,369</u>	<u>6,414</u>
Deferred tax	<u>(82)</u>	<u>(40)</u>
	<u>5,287</u>	<u>6,374</u>



## 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:

	<b>Six months ended 31 December 2023 HK\$'000 (unaudited)</b>	Six months ended 31 December 2022 HK\$'000 (unaudited)
Profit attributable to owners of the Company	<u><u>24,675</u></u>	<u><u>23,956</u></u>
<b>Number of shares</b>		
	<b>31 December 2023 (unaudited)</b>	31 December 2022 (unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u><u>408,000,000</u></u>	<u><u>306,000,000</u></u>

The calculation of the basic earnings per share for the period is based on the profit attributable to owners of the Company and the weighted average number of 408,000,000 (2022: 306,000,000) ordinary shares in issue during the period. The weighted average number of shares in issue for the six months ended 31 December 2022 had taken into account the capitalisation issue of 305,990,000 ordinary shares of HK\$0.10 each of the Company in May 2023.

## 9. DIVIDENDS

No dividend was paid or declared by the Company during both reporting periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2023, the Group acquired certain items of property, plant and equipment in an aggregate of approximately HK\$1,642,000 (six months ended 31 December 2022: approximately HK\$20,000) and incurred approximately HK\$255,000 of depreciation expenses (six months ended 31 December 2022: HK\$297,000).

## 11. TRADE RECEIVABLES

	At 31 December 2023 <i>HK\$'000</i> (unaudited)	At 30 June 2023 <i>HK\$'000</i> (audited)
Trade receivables	52,176	17,903
Less: Allowance for credit losses	<u>(1,351)</u>	<u>(683)</u>
	<u><b>50,825</b></u>	<u><b>17,220</b></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:

	At 31 December 2023 <i>HK\$'000</i> (unaudited)	At 30 June 2023 <i>HK\$'000</i> (audited)
Within 30 days	12,830	15,893
31 days to 60 days	13,260	–
Over 90 days	<u>24,735</u>	<u>1,327</u>
	<u><b>50,825</b></u>	<u><b>17,220</b></u>

## 12. TRADE AND OTHER PAYABLES

	At 31 December 2023 <i>HK\$'000</i> (unaudited)	At 30 June 2023 <i>HK\$'000</i> (audited)
Trade payables	5,338	8,366
Payroll and MPF payables	1,306	1,818
Accrued expenses	951	1,964
Others	<u>130</u>	<u>97</u>
	<u><b>7,725</b></u>	<u><b>12,245</b></u>

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

**12. TRADE AND OTHER PAYABLES – continued**

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

	At <b>31 December</b> <b>2023</b> <i>HK\$'000</i>	At 30 June 2023 <i>HK\$'000</i>
Within 30 days	<b>5,338</b>	7,267
31 days to 60 days	—	1,099
	<b>5,338</b>	8,366

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTRODUCTION OF PASSIVE FIRE PROTECTION WORKS**

Passive fire safety provisions refer to permanent building features and architectural aspects of a building that prevent fire development and spread. Examples include fire rated doors, fire rated boards and partitions, fire and smoke dampers, smoke curtains, fire resistant coatings and plasters, linings with low combustibility, etc.

Passive fire protection works are specialist works which covers the design, supply, installation, maintenance, alteration and addition of various fire protection materials and components that prevent fire development and spread.

Passive fire protection is typically implemented through multi-pronged approach. Major objectives are segmented in the following aspects:

- Fireproofing, refers to the application of chemical material to withstand potential fire damage. For instance, spraying fire resistant paint, namely intumescent paint onto metal window frames is conducive to alleviating the rate of penetration of fire and extending the amount of time to evacuate.
- Compartmentation, refers to erecting specially designed barriers and partitions to contain smoke and fire. For instance, service providers place fire rated doors strategically to inhibit the passage of flame and smoke, as well as providing clear escape path. Fire wall and fire rated board, is another compartmentation strategy that is set up to constrain the spread of fire and to protect the building's integrity.
- Firestopping, refers to the practice of filling cavities between building partitions and structures, such as cavities between walls, floors, ceilings and ventilation ducts.

Given the specialised nature of works of passive fire protection, it is not an industry practice for general contractors to undertake passive fire protection works.

## **BUSINESS REVIEW AND OUTLOOK**

The Group is a subcontractor specialising in passive fire protection works in Hong Kong. With over 20 years of experience in the passive fire protection works industry, the 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, the Group also performs such ancillary works as part of the Group's services. The Group provides passive fire protection works and ancillary work through the Group's principal operating subsidiaries, namely, Easy Smart Engineering Limited and Easy Smart Maintenance Engineering Limited.

The Group also provides passive fire protection information services under an online platform established by the Group which provides subscribers with passive fire protection information. Subscribers may use the interactive features in the online platform to conveniently search the database for the various materials and filter the results by parameters such as their weight, size and fire resistance period. Thus, through the information services, subscribers may identify potential passive fire protection materials which match their required specifications.

The shares of the Company (the “**Shares**”) were listed (the “**Listing**”) on the Main Board of the Stock Exchange on 9 May 2023 (the “**Listing Date**”) with 102,000,000 new Shares issued, 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” in the prospectus of the Company dated 12 April 2023 (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 the Group's long experience in the industry, familiarity with specifications and usage of wide range of 14 passive fire protection materials, long history with suppliers of materials, strong relationship with the Group's customers and experienced senior management team, the Directors are optimistic about the passive fire protection industry in Hong Kong and believe that the Group is more competitive to secure new future opportunities and undertake projects of sizeable scales.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue of the Group increased from approximately HK\$172.8 million for the six months ended 31 December 2022 to approximately HK\$176.9 million for the six months ended 31 December 2023, representing an increase of approximately 2.4%.

The increase was mainly driven by the revenue contributed by certain sizeable public sector projects, a public infrastructure and facilities project involving a passenger terminal at an airport in Hong Kong and a public infrastructure and facilities project involving a sports park at Kai Tak, which led to an increase in the revenue derived from public sector projects for the six months ended 31 December 2023.

### **Costs of services**

The Group's costs of services increased from approximately HK\$131.0 million for the six months ended 31 December 2022 to approximately HK\$138.2 million for the six months ended 31 December 2023, representing an increase of approximately 5.5%. Such increase in costs of services was generally in line with the increase in the revenue and increase in costs of raw materials and subcontracting fees.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit amounted to approximately HK\$41.9 million and approximately HK\$38.7 million for the six months ended 31 December 2022 and 2023 respectively, representing a decrease of approximately 7.6% for the six months ended 31 December 2023. The decrease in gross profit was primarily due to the increase in cost of services for the six months ended 31 December 2023 as explained above.

The gross profit margin decreased from approximately 24.2% for the six months ended 31 December 2022 to approximately 21.9% for the six months ended 31 December 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 six months ended 31 December 2023.

## **Other Income**

Other income of the Group increased from approximately HK\$0.7 million for the six months ended 31 December 2022 to approximately HK\$1.1 million for the six months ended 31 December 2023, representing an increase of approximately 57.1%. Such increase was mainly due to the increase in the interest income for the six months ended 31 December 2023.

## **Administrative Expenses**

Administrative expenses increased from approximately HK\$5.7 million for the six months ended 31 December 2022 to approximately HK\$9.1 million for the six months ended 31 December 2023, representing an increase of approximately 59.6%. Such increase was mainly due to the increase in staff costs and professional expenses for the six months ended 31 December 2023 which is in line with the expansion plan of our use of proceeds as per the Prospectus.

## **Profit before taxation**

The Group's profit before taxation decreased by approximately 1.0% from approximately HK\$30.3 million for the six months ended 31 December 2022 to approximately HK\$30.0 million for the six months ended 31 December 2023, which was mainly attributable to the net effect of (i) the increase in revenue and lower gross profit margin as discussed above; (ii) the recognition of Listing expenses of approximately HK\$6.3 million for the six months ended 31 December 2022; and (iii) the increase in the administrative expenses during the six months ended 31 December 2023.

## **Income Tax Expense**

Because of the recognition of Listing expenses which are non-tax-deductible for the six months ended 31 December 2022, the Group's income tax expense decreased from approximately HK\$6.4 million for the six months ended 31 December 2022 to approximately HK\$5.3 million for the six months ended 31 December 2023.

## **Profit and Total Comprehensive Income for the Period**

The profit and total comprehensive income of the Group for the six months increased from approximately HK\$24.0 million for the six months ended 31 December 2022 to approximately HK\$24.7 million for the six months ended 31 December 2023, representing an increase of approximately 2.9% which was mainly due to the recognition of non-tax-deductible Listing expenses for the six months ended 31 December 2022 while no such expenses were recognised during the six months ended 31 December 2023, leading to lower income tax expense for the six months ended 31 December 2023.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 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 31 December 2023, the Group had total bank balances and cash as well as pledged bank deposits of approximately HK\$113.4 million and approximately HK\$1.0 million respectively (30 June 2023: approximately HK\$128.5 million and HK\$1.0 million respectively).

The Group has funded the liquidity and capital requirements primarily through the Listing and cash inflow generated from operating activities for the six months ended 31 December 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 six months ended 31 December 2023 as well as for the corresponding six months ended 31 December 2022.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 December 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 six months ended 31 December 2023, the Group did not have any significant investment, material acquisitions or disposals of subsidiaries and associated companies.

## **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 31 December 2023.

## **COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS**

The Company's shares have been listed on the Stock Exchange since the Listing Date, the net proceeds from the Listing amounted to approximately HK\$89.1 million, which have been 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 and Company's supplemental announcement dated 18 January 2024.



The details of the use of the net proceeds up to 31 December 2023 are listed as below:

	<b>Amount utilised during the six months ended</b>	<b>Net proceeds utilised from the Listing Date to</b>	<b>Unutilised Amount as at</b>	<b>Expected timeline for full utilisation of the unutilised amount <sup>(Note 1)</sup></b>
<b>Intended use of proceeds</b>	<b>31 December 2023</b>	<b>31 December 2023</b>	<b>31 December 2023</b>	
<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	
Project upfront costs	64.9	53.4	64.9	– N/A
Expanding our workforce	8.7	1.0	1.1	7.6 March 2025
Upgrading the information technology system	6.6	1.6	2.7	3.9 June 2024 <sup>(Note 2)</sup>
General working capital	8.9	–	8.9	– N/A
	<u>89.1</u>	<u>56.0</u>	<u>77.6</u>	<u>11.5</u>

*Notes:*

1. The expected timeline for utilising the unutilised amount is based on the best estimation of the future market condition made by the Group. It is subject to change based on the current and future development of the market condition.
2. The use of proceeds for upgrading the information technology system is expected to be behind the original schedule of July 2023, which is mainly because of a delay in the progress of completion and the time required for ordering and delivering the computer hardware components.

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 objectives 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 31 December 2023, the Group employed a total of 62 full-time employees (including two executive Directors but excluding three independent non-executive Directors), as compared to a total of 50 full-time employees as at 31 December 2022. The remuneration packages that the Group offers to employees include salary, discretionary bonuses, staff benefits, contributions and retirement schemes. 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 six months ended 31 December 2023 was approximately HK\$9.1 million as compared to approximately HK\$7.6 million in the corresponding six months ended 31 December 2022.

## **INTERIM DIVIDEND**

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2023 (2022: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

There was no significant event after 31 December 2023 and up to the date of this announcement.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 31 December 2023, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (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 (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules, notified to the Company and the Stock Exchange were as follow:

### (i) Long position in the Shares

Name of Director	Capacity/Nature of Interest	Number of Shares held/ interested	Percentage of shareholding
Mr. Ng Wing Woon Dave (Note)	Interest in controlled corporation	306,000,000	75%

*Note:* The 306,000,000 Shares are held by Lofty Profit Investments Limited. Mr. Ng Wing Woon Dave beneficially owns the entire issued share capital of Lofty Profit Investments Limited, which in turn beneficially owns 75% shareholding in the Company. Therefore, Mr. Dave Ng is deemed to be interested in the same number of Shares in which Lofty Profit Investments Limited is interested in for the purpose of the SFO. Mr. Ng Wing Woon Dave is the chairman, the chief executive officer, an executive Director and the chairman of the Nomination Committee of the Company. Mr. Ng Wing Woon Dave is also the director of Lofty Profit Investments Limited.

### (ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature	Number of Shares held/ interested	Percentage of shareholding
Mr. Ng Wing Woon Dave	Lofty Profit Investments Limited	Beneficial owner	100	100%

## Substantial shareholders' interests and short positions in Shares and underlying Shares

As at 31 December 2023, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to the Section 336 of the SFO, or which would be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held/ interested	Percentage of shareholding
Ms. Wong Kwai Ying ( <i>Note</i> )	Interest of a spouse	306,000,000	75%
Lofty Profit Investments Limited	Beneficial owner	306,000,000	75%

*Note:* Ms. Wong Kwai Ying is the spouse of Mr. Ng Wing Woon Dave. Accordingly, Ms. Wong Kwai Ying is deemed, or taken to be interested in all 306,000,000 Shares in which Mr. Ng Wing Woon Dave has, or is deemed to have, an interest for the purpose of the SFO.

Save as disclosed above, as at 31 December 2023, the Directors were not aware of any person or corporation (other than the Directors and the chief executives) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

## CORPORATE GOVERNANCE CODE AND 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**”). To the best of the knowledge of the Board, the Company has complied with the CG code for the six months ended 31 December 2023 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 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 for the six months ended 31 December 2023 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.

The total number of Shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which option granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial shareholders or independent non-executive Directors or any of their respective close associates (including a discretionary trust whose discretionary objects include substantial shareholders, independent non-executive Directors, or any of their respective close associates) in any 12-month period representing in aggregate in excess of 0.1% of the Company's shares in issue must be approved in advance by the Shareholders.

Options granted must be taken up within seven business days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant; and (ii) the average of the closing prices of the Shares for the five business days immediately preceding the date of grant.

The Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption (i.e. 12 April 2023) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the Shareholders in general meeting.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the six months ended 31 December 2023, 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 six months ended 31 December 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**

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries for the six months ended 31 December 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 as at 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 interim financial results of the Group for the six months ended 31 December 2023 are unaudited but have been reviewed and approved by the audit committee, which 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.

## **Publication of Interim Results and Interim Report**

This results announcement is published on the Company's website at [www.easysmart.com.hk](http://www.easysmart.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The interim report of the Company for the six months ended 31 December 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 February 2024

*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.*