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## EASYKNIT INTERNATIONAL HOLDINGS LIMITED

### 永義國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

### FINANCIAL HIGHLIGHTS

	For the year ended 31 March		
	2024	2023	Change
<b>Continuing operations</b>			
Revenue (HK\$'000)	227,114	86,762	161.8%
Gross profit (HK\$'000)	58,076	58,985	(1.5)%
Gross profit margin	25.6%	68.0%	(42.4)%
(Loss) profit for the year attributable to owners of the Company (HK\$'000)	(254,739)	10,905	N/A
<b>Discontinued operation</b>			
Revenue (HK\$'000)	—	15,912	(100)%
Profit for the year attributable to owners of the Company (HK\$'000)	1,504	2,375	(36.7)%
<b>Continuing and discontinued operations</b>			
Basic (loss) earnings per share (HK\$)	(3.50)	0.18	N/A
Diluted (loss) earnings per share (HK\$)	(4.20)	0.18	N/A
	<b>As at 31 March</b>		
	2024	2023	Change
Total assets (HK\$'000)	8,739,039	9,188,964	(4.9)%
Total liabilities (HK\$'000)	4,136,948	4,196,579	(1.4)%
Net asset value (HK\$'000)	4,602,091	4,992,385	(7.8)%
Net asset value per share (HK\$)	62.2	67.5	(7.9)%

### RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Easyknit International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2024 (the “**Year**”), together with comparative figures for the year ended 31 March 2023 (the “**Previous Year**”) as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	NOTES	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations			
Revenue	3		
Sales of properties		169,971	28,647
Rental income		43,101	43,255
Interest income from loan financing		13,061	13,224
Building management		981	1,636
		227,114	86,762
Cost of properties sold and services rendered		(169,038)	(27,777)
Gross profit		58,076	58,985
Other income, gains and losses		3,021	32,986
Distribution and selling expenses		(24,264)	(11,415)
Administrative expenses		(111,224)	(108,968)
Other expenses		(1,175)	(384)
(Write-down) write-back on properties held for development for sale, net		(84,162)	11,832
Write-down on properties held for sale		(59,766)	—
(Loss) gain on changes in fair value of investment properties		(47,333)	191,361
Loss on revaluation of intangible assets		—	(5,847)
Impairment loss on intangible assets		—	(3,207)
Net loss on changes in fair value of financial assets at fair value through profit or loss		(1,959)	(62,879)
Release on disposal of debt instruments at fair value through other comprehensive income		(2,119)	—
Reversal (recognition) of impairment loss on financial assets, net:			
— Loans receivable		2,675	(11,783)
— Debt instruments at fair value through other comprehensive income		1,775	(5,378)
— Debt instruments at amortised cost		717	119
Share of results of joint ventures		137	109
Finance costs	5	(126,622)	(67,673)
(Loss) profit before taxation	6	(392,223)	17,858
Income tax (expense) credit	7	(21,991)	7,483
(Loss) profit for the year from continuing operations		(414,214)	25,341
Discontinued operation			
Profit for the year from discontinued operation	8	5,655	4,602
(Loss) profit for the year		(408,559)	29,943

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Other comprehensive income (expense)</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of foreign operations	1,078	(36,244)
Change in fair value of debt instruments at fair value through other comprehensive income	(1,439)	(3,389)
Release on disposal of debt instruments at fair value through other comprehensive income	2,119	—
(Reversal) recognition of impairment loss on debt instruments at fair value through other comprehensive income included in profit or loss, net	<u>(1,775)</u>	<u>5,378</u>
Other comprehensive expense for the year	<u>(17)</u>	<u>(34,255)</u>
Total comprehensive expense for the year	<u><b>(408,576)</b></u>	<u><b>(4,312)</b></u>
(Loss) profit for the year attributable to owners of the Company:		
— from continuing operations	(254,739)	10,905
— from discontinued operation	<u>1,504</u>	<u>2,375</u>
(Loss) profit for the year attributable to owners of the Company	<u>(253,235)</u>	<u>13,280</u>
(Loss) profit for the year attributable to non-controlling interests:		
— from continuing operations	(159,475)	14,436
— from discontinued operation	<u>4,151</u>	<u>2,227</u>
(Loss) profit for the year attributable to non-controlling interests	<u>(155,324)</u>	<u>16,663</u>
(Loss) profit for the year	<u><b>(408,559)</b></u>	<u><b>29,943</b></u>

	<i>NOTE</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Total comprehensive (expense) income attributable to owners of the Company:			
— from continuing operations		(255,125)	(26)
— from discontinued operation		<u>1,881</u>	<u>(17,402)</u>
Total comprehensive expense attributable to owners of the Company		<u>(253,244)</u>	<u>(17,428)</u>
Total comprehensive (expense) income attributable to non-controlling interests:			
— from continuing operations		(160,184)	29,433
— from discontinued operation		<u>4,852</u>	<u>(16,317)</u>
Total comprehensive (expense) income attributable to non-controlling interests		<u>(155,332)</u>	<u>13,116</u>
Total comprehensive expense for the year		<u><b>(408,576)</b></u>	<u><b>(4,312)</b></u>
		<b>HK\$</b>	<b>HK\$</b>
(Loss) earnings per share			
From continuing and discontinued operations			
— Basic	<i>10</i>	(3.50)	0.18
— Diluted	<i>10</i>	<u>(4.20)</u>	<u>0.18</u>
From continuing operations			
— Basic	<i>10</i>	(3.52)	0.15
— Diluted	<i>10</i>	<u>(4.24)</u>	<u>0.15</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2024

	<i>NOTE</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<b>191,445</b>	196,783
Right-of-use assets		<b>168</b>	689
Intangible assets		<b>500</b>	500
Investment properties		<b>2,069,773</b>	2,194,541
Interests in joint ventures		<b>351</b>	214
Financial assets at fair value through profit or loss		<b>6,264</b>	48,930
Debt instruments at fair value through other comprehensive income		<b>100</b>	471
Debt instruments at amortised cost		<b>22,576</b>	36,614
Loans receivable		<b>112,354</b>	30,621
Deferred tax assets		<b>1,030</b>	16,862
Deposits		<b>285</b>	285
		<b>2,404,846</b>	2,526,510
Current assets			
Properties held for development for sale		<b>3,021,999</b>	4,770,716
Properties held for sale		<b>2,646,550</b>	728,950
Trade and other receivables	<i>11</i>	<b>58,850</b>	66,230
Prepaid income tax		<b>—</b>	25,424
Financial assets at fair value through profit or loss		<b>205,590</b>	142,230
Loans receivable		<b>58,918</b>	159,272
Debt instruments at amortised cost		<b>1,955</b>	—
Debt instruments at fair value through other comprehensive income		<b>313</b>	624
Time deposits over three months		<b>32,583</b>	—
Cash and cash equivalents		<b>307,435</b>	398,894
		<b>6,334,193</b>	6,292,340
Assets classified as held for sale			
— investment properties		<b>—</b>	370,114
		<b>6,334,193</b>	6,662,454

	<i>NOTE</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	<i>12</i>	<b>151,991</b>	118,920
Deposit received for disposal of assets classified as held for sale		—	226,802
Contract liabilities		<b>35,340</b>	29,085
Amount due to a non-controlling shareholder		<b>212,531</b>	211,694
Tax payable		<b>65,041</b>	55,644
Lease liabilities		<b>184</b>	408
Secured bank borrowings		<b>2,323,047</b>	1,615,464
		<b>2,788,134</b>	2,258,017
Net current assets		<b>3,546,059</b>	4,404,437
Total assets less current liabilities		<b>5,950,905</b>	6,930,947
Non-current liabilities			
Deferred tax liabilities		—	24,537
Secured bank borrowings		<b>1,348,814</b>	1,913,713
Lease liabilities		—	312
		<b>1,348,814</b>	1,938,562
		<b>4,602,091</b>	4,992,385
Capital and reserves			
Share capital		<b>7,399</b>	7,399
Reserves		<b>2,399,654</b>	3,444,404
Equity attributable to owners of the Company		<b>2,407,053</b>	3,451,803
Non-controlling interests		<b>2,195,038</b>	1,540,582
		<b>4,602,091</b>	4,992,385

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 1. GENERAL INFORMATION

Easyknit International Holdings Limited (the “**Company**”; the Company and its subsidiaries are collectively referred to as the “**Group**”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and 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
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except for the application of Amendments to HKAS 1 and Practice Statement 2 which has affected the disclosure of the Group’s accounting policies, the application of the other new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **3. REVENUE**

Revenue from continuing operations represents the aggregate of the amounts received or receivable in respect of rental income and building management from property investment, interest income from loan financing and property sales from property development during the year.

### **4. SEGMENT INFORMATION**

Information reported to the Group's chief executive officer, being the chief operating decision maker (the "CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered or services provided. This is also the basis of organisation, whereby the management has chosen to organise the Group around differences in products and services.

The Group's operating and reportable segments under HKFRS 8 "Operating Segments" are (i) property investment, (ii) property development, (iii) investment in securities and others and (iv) loan financing.

Operation in the People's Republic of China (the "PRC"), including the property investment, investment in securities and others and loan financing was classified as discontinued operation in the prior year. The segment information reported does not include any amounts for the discontinued operation, which are described in more detail in note 8.



## Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

*For the year ended 31 March 2024*

	Property investment <i>HK\$'000</i> <i>(note)</i>	Property development <i>HK\$'000</i>	Investment in securities and others <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE					
External sales	<u>44,082</u>	<u>169,971</u>	<u>—</u>	<u>13,061</u>	<u>227,114</u>
RESULTS					
Segment results	<u>(60,725)</u>	<u>(189,578)</u>	<u>(1,992)</u>	<u>151</u>	(252,144)
Unallocated corporate income					7,847
Unallocated corporate expenses					(20,266)
Other expenses					(1,175)
Share of results of joint ventures					137
Finance costs					<u>(126,622)</u>
Loss before taxation from continuing operations					<u>(392,223)</u>

***For the year ended 31 March 2023***

	Property investment <i>HK\$'000</i> <i>(note)</i>	Property development <i>HK\$'000</i>	Investment in securities and others <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE					
External sales	<u>44,891</u>	<u>28,647</u>	<u>—</u>	<u>13,224</u>	<u>86,762</u>
RESULTS					
Segment results	<u>190,515</u>	<u>(10,552)</u>	<u>(71,940)</u>	<u>(12,302)</u>	95,721
Unallocated corporate income					4,034
Unallocated corporate expenses					(13,949)
Other expenses					(384)
Share of results of joint ventures					109
Finance costs					<u>(67,673)</u>
Profit before taxation from continuing operations					<u>17,858</u>

*Note:* Rental income generated from properties held for development for sale (included in property development segment) was included in property investment segment.

Segment results represent the profit earned or loss incurred from continuing operations by each segment without allocation of share of results of joint ventures, finance costs, other expenses and unallocated corporate income and expenses. There are asymmetrical allocations to operating segments because the Group allocates all fair value changes of financial assets at financial assets at fair value through profit or loss (“FVTPL”) to segment of investment in securities and others without allocating the certain financial instruments to those segment assets. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

**5. FINANCE COSTS**

	<b>2024</b> <b><i>HK\$'000</i></b>	2023 <i>HK\$'000</i>
<u>Continuing operations</u>		
Interest on bank borrowings	<b>194,621</b>	144,815
Interest on lease liabilities	<b>16</b>	22
	<b>194,637</b>	144,837
Less: Amount capitalised in the cost of qualifying assets	<b>(68,015)</b>	(77,164)
	<b><u>126,622</u></b>	<b><u>67,673</u></b>

## 6. (LOSS) PROFIT BEFORE TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<u>Continuing operations</u>		
(Loss) profit before taxation has been arrived at after charging:		
Directors' emoluments	15,351	12,667
Other staff costs, including retirement benefits scheme contributions	<u>57,760</u>	<u>56,652</u>
Total staff costs	<u>73,111</u>	<u>69,319</u>
Auditors' remuneration		
— audit services	3,300	3,613
— non-audit services	86	51
Cost of properties recognised as expense	163,978	23,390
Depreciation of property, plant and equipment	6,740	6,969
Depreciation of right-of-use assets	521	393
Net exchange loss	9,925	—
and after crediting:		
Dividend income from investments	3,184	11,641
Government grants ( <i>note</i> )	—	1,256
Interest income from		
Debt instruments at amortised cost	2,341	2,973
Debt instruments at FVTOCI	130	233
Banks and others	3,940	1,442
Written-off of other payable	—	1,732
Net exchange gain	—	2,052
Gain on disposal of property, plant and equipment	<u>10</u>	<u>—</u>

*Note:* During the year ended 31 March 2023, the Group recognised government grants of HK\$1,256,000 in respect of Covid-19-related subsidies, which were related to Employment Support Scheme provided by the Hong Kong Government.

## 7. INCOME TAX (EXPENSE) CREDIT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<u>Continuing operations</u>		
The tax charge (credit) comprises:		
Current tax:		
Hong Kong	1	76
PRC withholding tax on dividend	8,241	—
Other jurisdiction	<u>6</u>	<u>304</u>
	<u>8,248</u>	<u>380</u>
Over-provision in prior years:		
Hong Kong	(2,003)	(4,313)
Other jurisdiction	<u>(86)</u>	<u>(27)</u>
	<u>(2,089)</u>	<u>(4,340)</u>
Deferred tax	<u>15,832</u>	<u>(3,523)</u>
	<u><b>21,991</b></u>	<u><b>(7,483)</b></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

## 8. DISCONTINUED OPERATION

Pursuant to a land resumption agreement signed on 5 October 2022 by the Group and the municipal government, the lands and buildings in Huzhou would be resumed by the municipal government. The investment properties were reclassified as assets classified as held for sale as at 31 March 2023. Other than the property investment business, the management also abandoned the investment in securities and others and loan financing businesses in the PRC during the year ended 31 March 2023. Accordingly, the operation in the PRC was considered to be a discontinued operation.

As at 31 March 2023, an amount of RMB199,586,000 (equivalent to HK\$226,802,000) has been received by the Group as deposit received and remaining balance of consideration RMB187,396,000 (equivalent to HK\$203,692,000) has been fully received as at year ended 31 March 2024. The legal title of the land was transferred to municipal government on 7 February 2024.

The profit for the year from the discontinued operation is set out below.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue ( <i>note</i> )		
Rental income	—	4,602
Building management	—	10,807
Interest income from loan financing	—	503
	—	15,912
Other income	2,518	1,472
Other expense, gains and losses	41,616	(256)
Administrative expenses	(1,358)	(12,170)
Gain on changes in fair value of investment properties	—	8,864
Net gain (loss) on changes in fair value of financial assets	204	(5,392)
Reversal of impairment loss on loan receivable	—	221
	42,980	8,651
Profit before taxation	42,980	8,651
Taxation charge	(37,325)	(4,049)
	5,655	4,602
Profit for the year	<u>5,655</u>	<u>4,602</u>

*Note:* Rental income and interest income from loan financing fall outside the scope of HKFRS 15 and the revenue from contracts with customers for the year ended 31 March 2023 amounted to HK\$10,807,000.

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Profit for the year from discontinued operation has been arrived at after charging (crediting):		
Staff costs, including retirement benefits costs	<b>288</b>	1,942
Auditors' remuneration	<b>54</b>	255
Depreciation of property, plant and equipment	<b>—</b>	52
Gain on disposal of investment properties	<b>(66,611)</b>	—
Loss on write-off of property, plant and equipment	<b>39</b>	—
Net exchange gain	<b>—</b>	(256)
Bank and other interest income	<b><u>(2,518)</u></b>	<b><u>(1,421)</u></b>

During the year, the operation in the PRC contributed a net cash outflow from operating activities of approximately HK\$43,100,000 (2023: HK\$38,200,000) and a net cash inflow from investing activities of approximately HK\$174,100,000 (2023: HK\$253,000,000) to the Group.

## **9. DIVIDEND**

No dividend were paid or proposed for the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

## 10. (LOSS) EARNINGS PER SHARE

### From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
(Loss) profit for the year attributable to owners of the Company (from continuing and discontinued operations)	<b>(253,235)</b>	13,280
Less: Profit for the year attributable to owners of the Company from discontinued operation	<u><b>(1,504)</b></u>	<u>(2,375)</u>
(Loss) earnings for the purpose of basic (loss) earnings per share from continuing operations	<u><b>(254,739)</b></u>	<u>10,905</u>
Effect of dilutive potential ordinary shares:		
Conversion of convertible notes issued by Eminence	<u><b>(52,170)</b></u>	<u>—</u>
(Loss) earnings for the purpose of diluted (loss) earnings per share from continuing operations	<u><b>(306,909)</b></u>	<u>10,905</u>
	<b><i>Number of shares</i></b>	
	<b>2024</b>	2023
Weighted average number of ordinary shares less treasury shares for the purpose of basic and diluted earnings per share	<u><b>72,414,449</b></u>	<u>73,988,403</u>

## From continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
(Loss) earnings for the purpose of basic (loss) earnings per share	<b>(253,235)</b>	13,280
Effect of dilutive potential ordinary shares:		
Conversion of convertible notes issued by Eminence	<u><b>(50,714)</b></u>	<u>—</u>
(Loss) earnings for the purpose of diluted (loss) earnings per share	<u><b>(303,949)</b></u>	<u>13,280</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Basic earnings per share for the discontinued operation is HK\$0.02 per share (2023: HK\$0.03 per share), based on the profit for the year attributable to owners of the Company from the discontinued operation of HK\$1,504,000 (2023: HK\$2,375,000). Diluted earnings per share for the discontinued operation is HK\$0.04 per share, based on the profit for the year attributable to owners of the Company from the discontinued operation of HK\$2,960,000. Denominators detailed above for both basic and diluted earnings per share for the discontinued operation.

For the year ended 31 March 2023, the computation of diluted earnings per share did not assume the exercise of the share options issued by the Company because the exercise price of those options was higher than the average market price for shares for the year. It also did not assume the conversion of the convertible notes issued by Eminence since their conversion would result in increase in earnings per share.

For the year ended 31 March 2024, the computation of diluted loss per share does not assume the exercise of share options issued by the Company since their exercise would result in decrease in loss per share.



## 11. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Lease receivables	905	1,015
Prepayments	2,048	26,996
Interest receivable	877	774
Escrow deposits for properties held for sale	7,109	4,456
Staff loans ( <i>note i</i> )	9,000	9,000
Accounts receivable from margin financing ( <i>note ii</i> )	17,151	8,725
Amounts due from joint ventures ( <i>note iii</i> )	1,850	1,921
Other receivables and deposits	19,910	13,343
	<u>58,850</u>	<u>66,230</u>

### Notes:

- (i) During the year ended 31 March 2023, the Group entered into several loan agreements with certain staff. Pursuant to the loan agreements, the staff loans are unsecured with fixed interest rate at 2% per annum and repayable on demand.
- (ii) The Group provides margin financing to certain individuals for securities transactions secured by the individuals securities held as collateral. Securities are assigned with specific margin ratios for calculation margin values. Additional funds or collateral are required if the outstanding amounts of accounts receivable from margin financing exceed the eligible margin value of the securities deposited. No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of margin financing.
- (iii) The amounts due from joint ventures are unsecured, interest-free and repayable on demand.

The Group did not grant any credit period to its tenants in property investment segment. The aged analysis of lease receivables, based on invoice date, at the end of the reporting period is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–60 days	905	761
61–90 days	—	109
91–120 days	—	145
	<u>905</u>	<u>1,015</u>

No credit loss allowance has been recognised on the trade and other receivables as the directors of the Company consider that the amount is immaterial.

## 12. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

### Trade and other payables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	46,062	29,622
Retention payable ( <i>note</i> )	53,851	39,149
Rental deposits received and rental received in advance	13,251	11,648
Interest payable	12,327	7,195
Other taxes payable	2,767	9,832
Accruals and other payables	23,733	21,474
	<u>151,991</u>	<u>118,920</u>

*Note:* Retention payable is withheld from subcontractors and will be released by the Group within twelve months upon completion of their works.

The aged analysis of trade payables determined based on invoice date at the end of the reporting period is as follows. The average credit period on purchases of goods is 30 days.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–60 days	<u>46,062</u>	<u>29,622</u>

### Contract liabilities

The Group receives deposits from customers when they sign the sale and purchase agreement of sales of properties. The deposits from customers are recognised as contract liabilities until the customers obtain control of the properties. At 31 March 2024, the contract liabilities amounted to HK\$35,340,000 (2023: HK\$29,085,000 and 1 April 2022: HK\$16,534,000). The contract liabilities brought forward from prior year were fully recognised as revenue during the year. Contract liabilities are expected to be settled within the Group's normal operating cycle when control of the completed properties are transferred to the customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group was principally engaged in property development, property investment, investment in securities and others and loan financing businesses, in which property development and property investment are the core businesses of the Group.

The financial results and positions of Eminence Enterprise Limited (“**Eminence**”, together with its subsidiaries, collectively the “**Eminence Group**”) (stock code: 616) had been consolidated in the consolidated financial statements of the Group for the Year.

Upon completion of the Eminence Placing II (as defined and with details of which disclosed in the section headed “**Very Substantial Disposal — Deemed disposal of interest in Eminence**” of this announcement), Eminence’s financial results and financial positions has no longer be consolidated in the consolidated financial statements of the Group since 17 April 2024.

### FINANCIAL RESULTS

For the Year, the Group’s revenue from continuing operations amounted to approximately HK\$227,114,000 as compared with the Previous Year of approximately HK\$86,762,000, which represented an increase of approximately HK\$140,352,000 or approximately 161.8%. This year’s gross profit margin was approximately 25.6% (2023: approximately 68.0%). For the Year, the Group’s revenue from discontinued operation amounted to HK\$nil as compared with the Previous Year of approximately HK\$15,912,000, which represented a decrease of approximately HK\$15,912,000 or 100%.

For the Year, the Group’s consolidated loss attributable to shareholders of the Company (the “**Shareholders**”) was approximately HK\$253,235,000 as compared with the Previous Year of a profit of HK\$13,280,000. The consolidated loss from continuing operations for the Year was approximately HK\$414,214,000 as compared with profit of approximately HK\$25,341,000 in Previous Year. The loss was mainly attributable to, among other things, (i) the write-down on properties held for sale, (ii) the write-down on properties held for development for sale, (iii) loss on change in fair value of investment properties and (iv) increase in finance costs. The consolidated profit from discontinued operation was approximately HK\$5,655,000, as compared with a profit of approximately HK\$4,602,000 for the Previous Year.

The basic loss per share and diluted loss per share from continuing and discontinued operations amounted to HK\$3.50 and HK\$4.20 respectively for the Year, as compared with an earnings per share of HK\$0.18 and HK\$0.18 respectively for the Previous Year.

The basic loss per share and diluted loss per share from continuing operations amounted to HK\$3.52 and HK\$4.24 respectively for the Year, as compared with earnings per share of HK\$0.15 and HK\$0.15 respectively for the Previous Year.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the Year (2023: nil).

## **BUSINESS REVIEW**

The review of each business segment of the Group is set out below.

### **Property Development**

Revenue from continuing operations recognised in this business segment during the Year amounted to approximately HK\$169,971,000 (2023: HK\$28,647,000). Review on existing major projects of the Group is set out below:

#### ***Inverness Road Property — “Ayton”***

“Ayton” is a completed residential project located at Nos. 14–20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong developed and wholly-owned by the Group. It consists of two 8-storey residential blocks comprising 60 residential units, 29 car parking spaces and 3 motor parking spaces.

As at the date of this announcement, 49 units and 3 car parks released were sold and the aggregate contracted sales amounted to approximately HK\$862,981,000. During the Year, 5 units and 1 carpark among the transactions have been completed (2023: 2 units) and a revenue of approximately HK\$118,460,000 (2023: HK\$28,647,000) has been recorded for sale of properties.

#### ***Waterloo Road Property — “Garden Crescent”***

The Group has launched sales of its new residential project located at No. 93 Waterloo Road, Ho Man Tin, Kowloon, Hong Kong namely “Garden Crescent”, in November 2023. Garden Crescent is located in Ho Man Tin, a prestigious residential area, which is bound by a vast network of transportation and enjoys an extensive top education network. Boasting 56 luxurious apartments ranging from 260 square feet to 2,597 square feet (saleable area), this 20-storey development with 2 levels of basement for carparking spaces is designed to be a modern and stylish building for those seeking a bespoke residence. The property offers recreational facilities, including a fully-equipped gym (The Solace), a children playroom (The Forest) and a multi-function room with flat roof (Great Room) for residents to host gatherings with family and friends and a lounge in purpose.

As at the date of this announcement, 17 units released were sold and the aggregate contracted sales amounted to approximately HK\$208,303,000. During the Year, 5 units among the transactions have been completed (2023: nil) and a revenue of approximately HK\$51,511,000 (2023: nil) has been recorded for sale of properties.

### ***Project Chatham Road North***

The Group, through its wholly-owned subsidiary, owns the site located at Nos. 470, 472, 474, 476 and 478 Chatham Road North, Kowloon, Hong Kong with a total site area of approximately 4,653 square feet.

Project Chatham Road North will be redeveloped into a composite building with residential and commercial use. The estimated gross floor area after redevelopment is expected to be approximately 41,747 square feet. The superstructure works are currently undergoing at the site. This project is expected to be completed in late 2024.

### **Property Investment**

As at 31 March 2024, the Group's portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong and Singapore.

For the Year, the rental income of the Group from continuing operations was approximately HK\$43,101,000 (2023: approximately HK\$43,255,000), representing a decrease of approximately 0.4%. For the Year, the rental income of the Group from discontinued operation was HK\$nil (2023: approximately HK\$4,602,000). For the Year, the building management income of the Group from continuing operations was approximately HK\$981,000 (2023: approximately HK\$1,636,000). The decrease in building management income from continuing operations was primarily since sub-contracted certain building management services.

As at 31 March 2024, the occupancy rate of residential units, commercial units and industrial units of the Group's investment properties were 100.0%, 99.2% and 95.0% (2023: 100.0%, 99.2% and 90.6%) respectively. A loss on changes in fair value of investment properties of approximately HK\$47,333,000 (2023: gain of approximately HK\$191,361,000) was recognised during the Year. The segment reported a loss of approximately HK\$60,725,000 for the Year (2023: gain of approximately HK\$190,515,000), representing a decrease of approximately HK\$251,240,000 compared to the Previous Year.

The Group acts as a principal and is primarily responsible for providing building management services to property owners in Hong Kong. To meet the statutory requirements under the property management licensing regime, which became mandatory on 1 August 2023, the Group's related residential and commercial property management companies have obtained the required licences, reinforcing the Group's commitment to delivering high-quality property management services.

### ***Disposal of property in Singapore by subsidiary of Eminence***

On 14 April 2023, the purchaser (an independent third party) accepted and exercised the option granted by Grow Well Profits Limited ("**Grow Well**") (a wholly-owned subsidiary of Eminence, as seller) to purchase a residential apartment in Singapore at a sale price of S\$13,009,000 (equivalent to approximately HK\$75,323,000). The disposal constitutes a major transaction for the Company and a very substantial disposal for Eminence under the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. The disposal was approved by the Shareholders pursuant to Rule 14.44 of the Listing Rules and the Eminence shareholders at a special general meeting held on 31 May 2023. Details of this transaction were set out in the joint announcement dated 14 April 2023 and the joint circular dated 8 May 2023 published by the Company and Eminence and the announcement dated 31 May 2023 published by Eminence.

The completion of the disposal took place on 7 July 2023. A gain on the disposal of approximately S\$1,366,000 (equivalent to approximately HK\$7,900,000) was recognised.

### ***Land resumption in the PRC by subsidiary of Eminence***

On 5 October 2022, a land resumption agreement was entered into between the People's Government of Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC (the "**Huzhou Government**", each of itself and its ultimate beneficial owners are independent third parties), and a wholly-owned subsidiary of Eminence, pursuant to which, among other things, the Huzhou Government shall resume, and the Eminence subsidiary shall surrender, an industrial complex in Huzhou City, Zhejiang Province, the PRC (the "**Huzhou Properties**") with the compensation amount of RMB386,982,000 (equivalent to approximately HK\$439,752,000) (the "**Compensation Amount**"). An exemption has been granted by the Stock Exchange that the entering into the land resumption agreement does not constitute a transaction for the Company and Eminence.

The financial results of the property investment in the PRC were classified as discontinued operation during the Year (2023: same). In February 2024, the Compensation Amount has been received by the Group in full, and the Huzhou Properties have been resumed by the Huzhou Government, and accordingly, the Huzhou Properties were no longer accounted for in the financial statements of the Group as at 31 March 2024.

For further details, please refer to the announcement jointly published by the Company and Eminence dated 5 October 2022.

## **Investment in Securities and Others**

The Group invested in a diversified portfolio of investments including listed and unlisted equity securities, equity-linked notes, bonds and other investment products based on (i) potential return on investment in terms of capital appreciation and dividend payment for the targeted holding period; (ii) risks exposure in comparison with the Group's risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

As at 31 March 2024, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$211,854,000 (2023: approximately HK\$191,160,000). There were no investments held by the Group of which value was more than 5% of the total assets of the Group. The Group recorded a loss in the securities investment segment from continuing operations of approximately HK\$1,992,000 during the Year (2023: loss of approximately HK\$71,940,000).

As at 31 March 2024, details of the Group's financial assets are set out as follows:

Nature of investments	As at 31 March 2024			Approximate percentage to Group's total assets	For the Year		
	Number of shares held	Investment Cost <i>HK\$'000</i>	Fair value <i>HK\$'000</i>		Dividend/ Interest income <i>HK\$'000</i>	Fair value gain/(loss) <i>HK\$'000</i>	Realised loss <i>HK\$'000</i>
Equity Investments							
Best Food Holding Company Limited (stock code: 1488)	109,762,000	101,886	109,762	1.3%	—	18,772	—
Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318)	733,460	55,510	24,241	0.3%	1,784	(13,202)	—
Others	N/A	29,432	14,158	0.1%	27	(6,333)	—
Investment in limited partnership	N/A	34,555	42,732	0.5%	1,317	(705)	—
Others	N/A	20,961	20,961	0.2%	56	(491)	—
Total:		<u>242,344</u>	<u>211,854</u>	<u>2.4%</u>	<u>3,184</u>	<u>(1,959)</u>	<u>—</u>

## Loan Financing

The loan financing business of the Group is operated by Planetic International Limited (“**Planetic**”, a wholly-owned subsidiary of the Company) and City China International Limited (“**City China**”, a wholly-owned subsidiary of Eminence), which are both licensed money lenders carrying on business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

For the Year, the Group recorded an interest income from the loan financing business from continuing operations amounted to approximately HK\$13,061,000 (2023: approximately HK\$13,224,000), while the interest income from the loan financing from discontinued operation amounted to HK\$nil (2023: approximately HK\$503,000). The decrease in interest income was primarily due to decrease in loan receivable balance of borrowings for the Year. Profit derived from loan financing business from continuing operations was approximately HK\$151,000 for the Year (2023: loss of approximately HK\$12,302,000).

The target customer groups of the business are generally individuals and corporate entities that have short-term funding needs and can provide collaterals for their borrowings at their best endeavour. The Group's clientele is primarily acquired through business referrals and introductions from the Company's directors, senior management, business partners or clients. The source of funds for the loan financing business is funded by the internal resources of the Group.



As at 31 March 2024, the gross carrying amount of loans receivable amounting to HK\$195,657,000 (2023: HK\$300,807,000) of which 53% (2023: 39%) were secured by marketable securities with fair values of HK\$30,000,000 (2023: HK\$35,670,000) or properties with fair values of HK\$96,345,000 (2023: HK\$98,245,000)). The Group is not permitted to sell or repledge the collaterals, if any, in the absence of default by the borrower. In addition, the gross carrying amount of unsecured loans receivable amounting to HK\$nil (2023: HK\$57,309,000) are with personal guarantees. The largest borrower of the Group by itself and together with the other four largest borrowers of the Group accounted for approximately 21% and 67% respectively (2023: 26% and 52% respectively) of the Group's loans receivable as at 31 March 2024.

During the Year, the range of interest rate on the Group's fixed-rate loans receivable was 0% (a one-off upfront fee being paid in lump sum at drawdown date, representing 9% of the loan principal amount for a term of 3-year) to 14% (2023: 0% to 16%) per annum and the range of interest rate on the Group's variable-rate loans receivable was prime rate less 1% to prime rate (2023: prime rate less 1% to prime rate) per annum.

The Group has credit policies, guidelines and procedures in place which cover key internal controls of a loan transaction including due diligence, credit appraisal, proper execution of documentations, continuous monitoring and collection and recovery. The due diligence procedures included conducting research on the borrowers' background, evaluating its current business operations and financial conditions, market reputation and creditability, and conducting financial analysis and recoverability analysis. To minimise credit or investment risks, the Group will seek securities and/or guarantees, including collaterals with expected realised value exceeding the loan or investment amount, and/or personal guarantees and corporate guarantees.

The Group generally provides short-term loans of maturity of not more than three (3) years. The repayment terms and conditions are determined by the factors including, among others, the liquidity needs of the borrowers, the Group's funding and cash flows management strategies, and the terms and rates of the prevailing market.

After drawdown of loan, the loan agreement will be filed with the loan documents properly. The Group maintains regular contact with the borrowers and carries out periodical review to assess the recovery of the loan based on the business development, financial status, repayment ability of the borrowers such as recent settlement record of the borrowers and whether there are any litigations and bankruptcy orders against the borrowers. The Group will take all necessary legal actions against the relevant clients to follow up the settlement of the outstanding loans.

The Group performs impairment assessment under expected credit loss (“ECL”) model on loans receivable which are subject to impairment assessment under Hong Kong Financial Reporting Standard 9 “Financial Instruments”. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. In particular, the following information is being considered when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the loans receivable’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the borrower’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the borrower;
- an actual or expected significant adverse change in the regulatory, economic, or technological environments of the borrower that results in a significant decrease in the borrower’s ability to meet its debt obligations.

During the year ended 31 March 2024, the reversal of impairment loss recognised in profit or loss amounted to HK\$2,675,000 (2023: impairment loss of HK\$11,562,000) in its loan financing business.

Below were the disclosable transactions of the Group on loan financing business during the Year:

***(I) Extensions of financial assistance to an individual borrower***

On 7 December 2023, Planetic as lender entered into a supplemental agreement with an individual borrower to extend the repayment date of a loan in the principal amount of HK\$35,400,000 for a further 2 years to 7 December 2025 at an interest rate of 5% per annum. The loan is secured by a share charge in favour of Planetic in respect of 30,000,000 ordinary issued shares of a company whose shares are listed on the main board of the Stock Exchange.

The extension of the Loan constitutes a discloseable transaction under the Listing Rules for the Company, details of which were set out in the announcement of the Company dated 7 December 2023.

## ***(II) Extensions of financial assistance to a corporate borrower***

On 29 December 2023, Planetic (as lender) and a corporate borrower, (as borrower) entered into a supplemental agreement pursuant to which the principal amount of a loan be adjusted to HK\$45,800,000 (after repayment of principal amount of HK\$4,200,000) at an interest rate of 14% per annum and the repayment date be further extended for 1 month to 29 January 2024. The loan is secured by a share charge over the then entire issued share capital of such corporate borrower, a first legal charge over all the title, rights and interest in commercial properties located in Mongkok, Kowloon, Hong Kong owned by such corporate borrower and a personal guarantee by the sole director and the sole shareholder of the wholly-owned beneficial owner of such corporate borrower. After 29 January 2024, the borrower repaid HK\$10,000,000 to the lender before 31 March 2024 and further repaid HK\$12,000,000 as at the date of this announcement.

The extension of the loan constitutes a discloseable transaction under the Listing Rules for the Company, details of which were set out in the announcements of the Company dated 12 November 2021, 11 May 2022, 30 December 2022 and 29 December 2023 respectively.

## **EMINENCE ENTERPRISE LIMITED**

Eminence Group is engaged in property development, property investment comprising the ownership and rental of investment properties, investment in securities and others and loan financing businesses. For the Year, the financial results and positions of Eminence Group had been consolidated in the consolidated financial statements of the Group.

### ***Investment in Eminence Shares***

As at 1 April 2023, the Group held an aggregate of 1,097,157,506 shares of Eminence, representing approximately 51.60% of the then total issued share capital of Eminence.

### ***(I) Eminence capital reorganisation and change in board lot size***

The capital reorganisation of Eminence has become effective on 19 July 2023 (the “**Eminence Capital Reorganisation**”) which involved (i) a consolidation of every forty (40) issued and unissued existing shares of Eminence of par value of HK\$0.01 each into one (1) consolidated share of Eminence (the “**Eminence Consolidated Share(s)**”) of par value of HK\$0.40 each (the “**Eminence Share Consolidation**”); (ii) following the capital reduction of Eminence having become effective (the “**Eminence Capital Reduction**”), the par value of each issued Eminence Consolidated Share would be reduced from HK\$0.40 to HK\$0.01 by (a) eliminating any fraction of a Eminence Consolidated Share in the issued share capital of Eminence arising from the Eminence Share Consolidation in order to round down the total number of the Eminence Consolidated Shares to a whole number; and (b) cancelling HK\$0.39 of the paid-up capital of Eminence on

each issued Eminence Consolidated Share so that each issued new share of Eminence (the “**New Eminence Share(s)**”) will be treated as one (1) fully paid-up share of par value of HK\$0.01 each in the share capital of Eminence immediately following the Eminence Capital Reduction and the credit arising from the Eminence Capital Reduction to be transferred to the contributed surplus account of Eminence within the meaning of the Companies Act 1981 of Bermuda; and (iii) following the Eminence Share Consolidation and the Eminence Capital Reduction having become effective, each authorised but unissued Eminence Consolidated Share (including those authorised unissued Eminence Consolidated Shares arising from the Eminence Capital Reduction) has been subdivided into forty (40) authorised but unissued New Eminence Shares of par value of HK\$0.01 each.

Upon the completion of the Eminence Capital Reorganisation on 19 July 2023, the board lot size of Eminence shares for trading on the Stock Exchange has been changed from 20,000 shares to 5,000 shares.

For more details, please refer to Eminence’s announcements dated 29 May 2023, 16 June 2023, 17 July 2023 and 19 July 2023, and circular dated 23 June 2023 respectively.

## ***(II) Major Transaction — Deemed disposal of interest in Eminence***

On 29 May 2023, Eminence entered into a placing agreement (the “**Eminence Placing Agreement I**”) with a placing agent for a placing of a maximum of up to 50,000,000 new Eminence shares at a placing price of HK\$0.50 per placing share to not less than six allottees who and whose beneficial owners are independent third parties (the “**Eminence Placing I**”) subject to the Eminence Capital Reorganisation becoming effective and a specific mandate being granted by the Eminence shareholders. The Eminence Placing I constituted a major transaction and a deemed disposal transaction (the “**MT-Deemed Disposal**”) of the Company under the Listing Rules.

The MT-Deemed Disposal and the Eminence Placing Agreement I and the transactions contemplated thereunder were approved at the separate special general meetings by the Shareholders and the Eminence shareholders both held on 24 July 2023. The completion of the Eminence Placing I took place on 3 August 2023 in which the shareholding interest of the Group in Eminence had been diluted from approximately 51.60% to approximately 26.59%. Eminence’s financial results and financial positions remained to be consolidated in the consolidated financial statements of the Group.

For more details of the MT-Deemed Disposal, please refer to Company’s announcements dated 30 May 2023, 14 June 2023, 17 July 2023 and 24 July 2023, and circular dated 27 June 2023 respectively.

### ***(III) Very Substantial Disposal — Deemed disposal of interest in Eminence***

On 23 January 2024, Eminence entered into a placing agreement (the “**Eminence Placing Agreement II**”) with a placing agent for a placing of a maximum of up to 235,000,000 new Eminence shares at a placing price of HK\$0.18 per placing share to not less than six allottees who and whose beneficial owners are independent third parties (the “**Eminence Placing II**”). The Eminence Placing II constituted a very substantial disposal and a deemed disposal transaction (the “**VSD-Deemed Disposal**”) of the Company under the Listing Rules.

The VSD-Deemed Disposal and the Eminence Placing Agreement II and the transactions contemplated thereunder were approved at the separate special general meetings by the Shareholders and the independent Eminence shareholders both held on 21 March 2024. The completion of the Eminence Placing II took place on 17 April 2024 in which the shareholding interest of the Group in Eminence had been diluted from approximately 26.59% to approximately 8.11%. Upon completion of the Eminence Placing II, Eminence’s financial results and financial positions has no longer be consolidated in the consolidated financial statements of the Group.

For more details of the VSD-Deemed Disposal, please refer to the Company and Eminence’s joint announcements dated 23 January 2024 and 17 April 2024 and joint circular dated 29 February 2024, and the Company’s announcement dated 21 March 2024.

### ***(IV) Deed of Amendment to Eminence Convertible Notes***

As at 1 April 2023, the total outstanding principal amount of Eminence convertible notes held by a wholly-owned subsidiary of the Company (the “**Holder**”) is as follow:

<b>Issue date</b>	<b>Outstanding principal amount</b> <i>HK\$</i>	<b>Number of conversion shares</b>	<b>Conversion price</b> <i>HK\$</i>	<b>Annual interest</b>	<b>Maturity date</b>
2023.02.20 (“ <b>2023 CN</b> ”)	209,000,000	1,971,698,113	0.106	5%	2028.07.25

On 23 January 2024, the Holder entered into a deed of amendment (the “**Deed of Amendment**”) with Eminence to amend the terms of the 2023 CN mainly to (i) change the conversion price and (ii) alter the early redemption provision, to give Eminence and the Holder the right to redeem the 2023 CN at any time, in whole or in part. The Deed of Amendment and the transactions contemplated thereunder were approved at a special general meeting by the independent Eminence shareholders held on 27 March 2024. The total number of conversion shares and conversion price had been adjusted to 1,161,111,111 conversion shares at HK\$0.18 per conversion share respectively on 17 April 2024 pursuant to the Deed of Amendment subsequent to the completion of Eminence Placing II.

Details of the Deed of Amendment were set out in the Company and Eminence's joint announcements dated 23 January 2024 and 17 April 2024; the circular of Eminence dated 6 March 2024 and the announcement of Eminence dated 27 March 2024.

### ***Performance of Eminence Group during the Year***

The financial results of Eminence Group during the Year are highlighted as below:

	<b>For the year ended 31 March</b>		Change
	<b>2024</b>	2023	
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	
<b>Continuing operations</b>			
Revenue			
Rental income	<b>28,751</b>	24,408	17.8%
Building management fee income	<b>12</b>	—	N/A
Interest income from loan financing	<b>1,930</b>	2,786	(30.7)%
Total revenue	<b>30,693</b>	27,194	12.9%
Gross profit	<b>27,173</b>	24,225	12.2%
(Loss) profit for the Year from continuing operations	<b>(218,804)</b>	58,970	N/A
<b>Discontinued operation</b>			
Profit for the Year	<b>5,655</b>	4,602	22.9%
(Loss) profit attributable to owners of Eminence	<b>(213,149)</b>	63,572	N/A
<b>(Loss) earnings per share (<i>HK dollars</i>)</b>			
<b>From continuing and discontinued operations</b>			
— Basic	<b>(2.47)</b>	1.50	N/A
— Diluted	<b>(2.47)</b>	1.37	N/A
<b>From continuing operations</b>			
— Basic	<b>(2.54)</b>	1.39	N/A
— Diluted	<b>(2.54)</b>	1.27	N/A

As at 31 March 2024 and up to the date of this announcement, the development land portfolio held by Eminence Group as below:

<b>Location</b>	<b>Usage</b>	<b>Approximate site area (square feet)</b>	<b>Year of completion</b>
No. 121 King Lam Street, Kowloon, Hong Kong	Industrial	5,483	May 2024
Nos. 11 Matheson Street, Causeway Bay, Hong Kong	Commercial	2,857	February 2024

<b>Location</b>	<b>Intended usage</b>	<b>Approximate site area (square feet)</b>	<b>Anticipated year of completion</b>
Nos. 646, 648, 648A Castle Peak Road, Kowloon, Hong Kong	Industrial	9,206	2026
Nos. 1B-1E Davis Street and Nos. 93 and 95 Catchick Street, Kennedy Town, Hong Kong	Residential	7,122	2026

As at 31 March 2024, Eminence Group's portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong and Singapore. During the Year, Eminence Group recorded rental income from continuing operations of approximately HK\$28,751,000 (2023: approximately HK\$24,408,000) and fair value loss from continuing operations of approximately HK\$9,563,000 (2023: gain of approximately HK\$78,967,000) arising from change in fair value of investment properties.

For more detailed portfolio of property development and property investment projects, as well as business and financial performance of Eminence Group, please refer to its annual results announcement for the year ended 31 March 2024 dated 27 June 2024.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations through internally generated cash flow and bank borrowings. As at 31 March 2024, the Group had aggregate bank borrowings amounted to approximately HK\$3,671,861,000 (2023: approximately HK\$3,529,177,000). The gearing ratio of the Group, calculated as a ratio of total bank borrowings to total equity, for the Year was approximately 0.8 (2023: approximately 0.7).

As at 31 March 2024, the Group has net current assets of approximately HK\$3,546,059,000 (2023: approximately HK\$4,404,437,000). Current ratio was approximately 2.3 (2023: approximately 3.0). The cash and cash equivalents as at 31 March 2024 was approximately HK\$307,435,000 (2023: approximately HK\$398,894,000), representing a decrease of approximately 22.9% or approximately HK\$91,459,000 compared to 31 March 2023.

The maturity profile of the Group's secured bank borrowings is set out below:

	<b>As at 31 March</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Carrying amount repayable as follows (based on the scheduled repayment dates set out in the loan agreements):		
— within a period not exceeding one year	<b>2,323,047</b>	1,615,464
— within a period of more than one year but not exceeding two years	<b>1,115,397</b>	884,750
— within a period of more than two years but not exceeding five years	<b>100,408</b>	876,325
— within a period of more than five years	<b>133,009</b>	152,638
	<b>3,671,861</b>	3,529,177
<i>Less:</i> Amount due within one year shown under current liabilities	<b>(2,323,047)</b>	(1,615,464)
Amount due after one year shown under non-current liabilities	<b><u>1,348,814</u></b>	<b><u>1,913,713</u></b>

At 31 March 2024, the Group's secured bank borrowings carry interest ranging from the Hong Kong Inter-Bank Offered Rate (“**HIBOR**”) plus 1.0% to 1.825%, the Secured Overnight Financing Rate (“**SOFR**”) plus 0.8% to 1.0% (2023: HIBOR plus 1.0% to 1.825%, London Inter-Bank Offered Rate (“**LIBOR**”) plus 0.8% to 1.0%) per annum, with effective interest ranging from 4.4% to 6.1% (2023: 4.2% to 5.9%) per annum.



## **CHARGES OF ASSETS**

As at 31 March 2024, bank loans of the Group in the aggregate amount of approximately HK\$3,671,861,000 (2023: approximately HK\$3,529,177,000) which were secured by leasehold properties, investment properties, properties held for development for sale, properties held for sale, life insurance policies and listed equity securities in Hong Kong and overseas of the Group having a net book value of approximately HK\$7,341,709,000 (2023: approximately HK\$7,851,249,000). In addition, a credit facility granted by a bank for a property development project in Hong Kong was secured by pledge of 7,500,000 Eminence shares (after Eminence Capital Reorganisation) with fair value of approximately HK\$1,643,000 (2023: 300,000,000 Eminence shares (before Eminence Capital Reorganisation) with fair value of HK\$11,400,000) held by a subsidiary of the Group.

## **TREASURY POLICY**

The Group diversifies its source of funds including internal generated cash flow and interest-bearing bank borrowings during the Year to generate source of funds for its business operations. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

## **EXPOSURE ON FOREIGN EXCHANGE FLUCTUATIONS**

All bank borrowings are denominated in Hong Kong dollars. The revenue and payments of the Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group therefore has not engaged in any hedging activities during the Year under review. Management of the Group is of the opinion that the Group has no material foreign exchange exposure in the usual course of the Group's daily operation.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31 March 2024 (31 March 2023: nil).

## **CAPITAL EXPENDITURE**

For the Year, the Group invested approximately HK\$1,443,000 (2023: approximately HK\$578,000) on the acquisition of property, plant and equipment, and no additions of investment properties for the Year and Previous Year.

## **CAPITAL COMMITMENTS**

As at 31 March 2024, the Group had capital commitments in respect of capital expenditure contracted for but not provided of approximately HK\$4,418,000 (2023: approximately HK\$19,635,000).

## **EVENTS AFTER REPORTING PERIOD**

Upon completion of the Eminence Placing II on 17 April 2024, the Group held an aggregate of 27,428,937 shares of Eminence, representing approximately 8.11% of the total issued share capital of Eminence. As a result, Eminence's financial results and financial positions shall no longer be consolidated in the consolidated financial statements of the Group, details of which disclosed in the section headed "Very Substantial Disposal — Deemed disposal of interest in Eminence" of this announcement.

## **PROSPECTS**

The geopolitical tensions, sustained high interest rates, underperforming stock market returns, and below-expectation GDP growth caused a drag on the economy and property market in Hong Kong. With a view to stabilising the property market in Hong Kong, the Financial Secretary of Hong Kong announced in his Budget Speech at the end of February 2024 that all the restrictions on the sale of properties which have been implemented for over a decade are lifted immediately, and at the same time, the Hong Kong Monetary Authority also announced the suspension of the mortgage stress test and the relaxation of the loan-to-value ratios of certain types of properties. Both initiatives were conducive to the purchase of new and replacement homes for local residents and encouraged Mainland talents and professionals to work and buy their own homes in Hong Kong. A number of new property developments which were launched for sale after the withdrawal of the restrictions achieved satisfactory sales performance. The Group anticipates that when the interest rates begin to ease, the market confidence towards the property sector in Hong Kong will gradually restore.

Along with the revival of inbound tourism, Hong Kong's retail market continued to recover. However, the changes in the spending patterns of tourists and intense competition from neighbouring regions create new challenges to the office and retail leasing business in Hong Kong. Tenants have remained cautious and delayed their relocation or expansion plans for leases. The Group has been coping with the changing market trends and the evolving operating environment by continuing to optimise the tenants mix.

Looking ahead, the Group will continue to focus its efforts in the development of its existing principal businesses and will exercise prudent capital management and approach in its operations. We will continue to monitor the market changes closely and strengthen the principal segments of its businesses while exploring other potential opportunities with a view to providing steady and favourable returns for the Shareholders and bringing increased values to the Group's stakeholders.

## EMPLOYEES

As at 31 March 2024, the Group had 62 employees (2023: 65). Staff costs (including Directors' emoluments) amounted to approximately HK\$73,399,000 for the Year (2023: approximately HK\$71,261,000). The Group remunerates its employees based on individual performance, experience and prevailing industry practice. The Group provides a defined contribution to Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees of the Group in Hong Kong.

## CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules. During the Year, the Company has fully complied with the code provisions of the CG Code, except for the deviations disclosed herein.

### Code Provision C.2.1

***The roles of president and chief executive officer should be separate and should not be performed by the same individual***

Ms. Koon Ho Yan Candy serves as the president as well as the chief executive officer of the Company. The Board considers this arrangement to be appropriate for the Company as it preserves the consistent leadership which is conducive to making effective planning and better execution of long-term strategies consistently. The Board is of the view that a balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high caliber individuals, with over half of them being independent non-executive Directors of the Company. The Directors also meet regularly to consider and execute major matters affecting the Group's operations with the support of the senior management of the Group. The Company will continue to review the existing structure when and as it becomes appropriate.

## **Code Provision D.2.5**

### ***The issuer should have an internal audit function***

The Group does not have an internal audit function. During the Year, the Board has reviewed the effectiveness of the internal control system of the Group and considered that the current risk management and internal control processes are adequate to meet the needs of the Group in its current business environment and nothing has come to its attention to cause the Board to believe that the Group's risk management and internal control systems are inadequate. The Board is of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business, however, it shall review the need for it on an annual basis.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing Directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code throughout the Year.

The Company also adopted a code on no less exacting terms than the Model Code to regulate dealings in the securities of the Company by certain employees of the Group who are considered to be likely in possession of inside information in relation to the Company or its securities.

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

During the Year, Eminence through its wholly-owned subsidiary acquired a total of 1,726,000 shares of the Company at an aggregate consideration of approximately HK\$6,443,220 at the price between HK\$3.45 and HK\$4.70 per share (the “**Acquisitions**”), representing approximately 2.33% of the total issued share capital of the Company as at 31 March 2024 and up to the date of this announcement. Details of the Acquisitions were set out in the announcement dated 12 April 2023 published by Eminence. As the Acquisitions were conducted on the open market, the identities of the counterparties of the shares of the Company could not be ascertained. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the counterparties and the ultimate beneficial owner(s) of the counterparties of the Acquisitions are independent third parties as defined under the Listing Rules.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

## **AUDIT COMMITTEE REVIEW**

The Group's consolidated financial statements for the Year have been reviewed by the Audit Committee of the Company and audited by the independent auditor of the Company, Messrs. Deloitte Touche Tohmatsu.

## **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 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year as approved by the Board of Directors on 27 June 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assumed conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement has been published on the Company's website at *www.easyknit.com* and the Stock Exchange's website at *www.hkexnews.hk* respectively. The annual report of the Company for the Year containing all information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (the "2024 AGM") will be held on Thursday, 22 August 2024. Details of the arrangements will be provided in the Company's circular in relation to the 2024 AGM to be published and despatched to the Shareholders in accordance with the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the eligibility of the Shareholders to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, 19 August 2024 to Thursday, 22 August 2024, both dates inclusive. During such period, no transfer of shares will be registered for the purpose of ascertaining Shareholders' entitlement for attending and voting at the 2024 AGM. In order to be eligible to attend and vote at the 2024 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 16 August 2024, for registration.

## **APPRECIATION**

The Board would like to offer its sincere gratitude to the management team and all other employees for their hard work and dedications. Their excellence and commitment are of vital importance in enhancing the Company's growth.

Finally, the Board would like to take this opportunity to thank the Shareholders and all other stakeholders of the Company for their continuous support and confidence in the Company.

By Order of the Board  
**EASYKNIT INTERNATIONAL HOLDINGS LIMITED**  
**Koon Ho Yan Candy**  
*President and Chief Executive Officer*

Hong Kong, 27 June 2024

*As at the date hereof, the Board comprises Ms. Koon Ho Yan Candy and Ms. Lui Yuk Chu as executive Directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Lau Chak Hang Charles as independent non-executive Directors.*