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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)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

FINANCIAL HIGHLIGHTS	For the six months ended 30 September		
	2024 (unaudited)	2023 (unaudited and restated)	Change
<b>Continuing operations</b>			
Revenue (HK\$'000)	229,885	114,868	100.1%
Gross profit (HK\$'000)	5,888	34,065	(82.7%)
Gross profit margin	2.6%	29.7%	(27.1%)
Profit (loss) attributable to owners of the Company (HK\$'000)	24,334	(37,784)	N/A
<b>Discontinued operation</b>			
Revenue (HK\$'000)	—	15,256	(100.0%)
(Loss) attributable to owners of the Company (HK\$'000)	(733,816)	(32,760)	(2,140.0%)
<b>Continuing and discontinued operations</b>			
Basic loss per share (HK\$)	(9.59)	(0.95)	909.5%
Diluted loss per share (HK\$)	(9.59)	(0.95)	909.5%
		As at	
	30 September	31 March	
	2024	2024	Change
	(unaudited)	(audited)	
Total assets (HK\$'000)	3,605,363	8,739,039	(58.7%)
Total liabilities (HK\$'000)	1,871,082	4,136,948	(54.8%)
Net asset value (HK\$'000)	1,734,281	4,602,091	(62.3%)
Net asset value per share (HK\$)	23.4	62.2	(62.4%)

## RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Easyknit International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”), together with comparative figures for the six months ended 30 September 2023 (the “**2023 Period**”) as follows:

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	<i>Note</i>	Six months ended 30 September	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited) (Restated)
<b>Continuing operations</b>			
Revenue	3		
Sales of properties		219,199	101,460
Rental income		8,176	7,131
Interest income from loan financing		1,956	5,744
Building management		554	533
		<u>229,885</u>	<u>114,868</u>
Cost of properties sold and services rendered		<u>(223,997)</u>	<u>(80,803)</u>
Gross profit		5,888	34,065
Other income, gains and losses		9,611	3,164
Distribution and selling expenses		(26,995)	(16,465)
Administrative expenses		(26,679)	(28,986)
Other expenses		(3)	(5)
Write-down on properties held for development for sale, net		(79,511)	—
Write-down on properties held for sale		(39,471)	—
Loss on changes in fair value of investment properties		(530)	(6,000)
Net (loss) gain on changes in fair value of financial assets at fair value through profit or loss (“ <b>FVTPL</b> ”)		(32,159)	17,928
Gain on modification of terms of convertible note		33,154	—

**Six months ended 30 September**

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited) (Restated)
(Impairment loss) reversal of impairment loss on loans receivable		(7,954)	1,684
Gain on bargain purchase at date of deemed acquisition of an associate		<b>244,996</b>	—
Share of results of an associate		<b>(18,415)</b>	—
Share of results of joint ventures		<b>(5)</b>	(5)
Finance costs		<b>(39,140)</b>	(43,309)
Profit (loss) before tax	5	<b>22,787</b>	(37,929)
Income tax credit	6	<b>1,534</b>	72
Profit (loss) for the period from continuing operations		<b>24,321</b>	(37,857)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	4	<b>(733,816)</b>	(147,703)
<b>Loss for the period</b>		<b>(709,495)</b>	(185,560)

**Six months ended 30 September**

	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
<b>Other comprehensive income (expense)</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value gain on leasehold properties upon transfer to investment properties	<u>2,476</u>	<u>—</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Share of other comprehensive income of an associate:		
Share of translation reserve of an associate	776	—
Share of other reserve of an associate	5,286	—
Share of fair value through other comprehensive income (“FVTOCI”) reserve of an associate	<u>13</u>	<u>—</u>
	<b>6,075</b>	<b>—</b>
Exchange differences arising on translation of financial statements of foreign operations	—	(17,087)
Change in fair value of debt instruments at FVTOCI	76	(618)
Impairment loss on debt instruments at FVTOCI included in profit or loss, net	—	63
Reclassification of translation reserve to profit or loss upon deemed disposal of subsidiaries	13,534	—
Reclassification of FVTOCI reserve to profit or loss upon deemed disposal of subsidiaries	9,898	—
Reclassification of treasury shares to profit or loss upon deemed disposal of subsidiaries	<u>6,468</u>	<u>—</u>
Other comprehensive income (expense) for the period	<u>38,527</u>	<u>(17,642)</u>
Total comprehensive expense for the period	<u><b>(670,968)</b></u>	<u><b>(203,202)</b></u>
Profit (loss) for the period attributable to owners of the Company:		
— from continuing operations	24,334	(37,784)
— from discontinued operation	<u>(733,816)</u>	<u>(32,760)</u>
Loss for the period attributable to owners of the Company	<u><b>(709,482)</b></u>	<u><b>(70,544)</b></u>

**Six months ended 30 September**

	<b>2024</b>	<b>2023</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Loss for the period attributable to non-controlling interests:		
— from continuing operations	(13)	(73)
— from discontinued operation	—	(114,943)
	<u>          </u>	<u>          </u>
Loss for the period attributable to non-controlling interests	(13)	(115,016)
	<u>          </u>	<u>          </u>
Loss for the period	<b><u>(709,495)</u></b>	<b><u>(185,560)</u></b>
Total comprehensive income (expense) attributable to owners of the Company:		
— from continuing operations	62,861	(37,784)
— from discontinued operation	(733,816)	(37,175)
	<u>          </u>	<u>          </u>
Total comprehensive expense attributable to owners of the Company	<b><u>(670,955)</u></b>	<b><u>(74,959)</u></b>
Total comprehensive expense attributable to non-controlling interests:		
— from continuing operations	(13)	(73)
— from discontinued operation	—	(128,170)
	<u>          </u>	<u>          </u>
Total comprehensive expense attributable to non-controlling interests:	(13)	(128,243)
	<u>          </u>	<u>          </u>
Total comprehensive expense for the period	<b><u>(670,968)</u></b>	<b><u>(203,202)</u></b>
	<i>Note</i>	
		<i>HK\$</i>
		<i>HK\$</i>
		(Restated)
<b>(Loss) earnings per share</b>	<b>8</b>	
From continuing and discontinued operation		
— Basic and diluted		
		(9.59)
		<u>          </u>
From continuing operations		
— Basic and diluted		
		0.33
		<u>          </u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	<b>30 September</b>	31 March
	<b>2024</b>	2024
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>		
Property, plant and equipment	89,272	191,445
Right-of-use assets	98	168
Intangible asset	500	500
Investment properties	915,700	2,069,773
Interest in an associate	238,169	—
Interests in joint ventures	91	351
Financial assets at FVTPL	207,860	6,264
Debt instruments at FVTOCI	—	100
Debt instruments at amortised cost	—	22,576
Loans receivable	9 49,775	112,354
Deferred tax assets	2,234	1,030
Deposits	285	285
	<b>1,503,984</b>	2,404,846
<b>Current assets</b>		
Properties held for development for sale	539,000	3,021,999
Properties held for sale	1,379,703	2,646,550
Trade and other receivables	10 41,836	58,850
Financial assets at FVTPL	80,510	205,590
Loans receivable	9 32,729	58,918
Debt instruments at FVTOCI	389	313
Debt instrument at amortised cost	2,080	1,955
Time deposits over three months	—	32,583
Cash and cash equivalents	25,132	307,435
	<b>2,101,379</b>	6,334,193

		<b>30 September</b>	31 March
		<b>2024</b>	2024
	<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>79,407</b>	151,991
Contract liabilities		<b>38,189</b>	35,340
Amount due to a non-controlling shareholder		<b>190,017</b>	212,531
Tax payable		<b>45,529</b>	65,041
Lease liabilities		<b>105</b>	184
Secured bank borrowings		<b>1,100,923</b>	2,323,047
		<b>1,454,170</b>	2,788,134
<b>Net current assets</b>		<b>647,209</b>	3,546,059
<b>Total assets less current liabilities</b>		<b>2,151,193</b>	5,950,905
<b>Non-current liabilities</b>			
Secured bank borrowings		<b>346,912</b>	1,348,814
Amount due to an associate		<b>70,000</b>	—
		<b>416,912</b>	1,348,814
		<b>1,734,281</b>	4,602,091
<b>Capital and reserves</b>			
Share capital		<b>7,399</b>	7,399
Reserves		<b>1,728,699</b>	2,399,654
Equity attributable to owners of the Company		<b>1,736,098</b>	2,407,053
Non-controlling interests		<b>(1,817)</b>	2,195,038
		<b>1,734,281</b>	4,602,091

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements of Easyknit International Holdings Limited (the “**Company**”); the Company and its subsidiaries are referred to as the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (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 of Hong Kong Limited (the “**Stock Exchange**”).

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange.

As at 17 April 2024, the shareholding in Eminence Enterprise Limited (“**Eminence**”) held by the Group was diluted from 26.59% to 8.11% upon the completion of placing of shares. Although the Group may convert the convertible notes into shares in Eminence and obtain additional shareholding to exercise control over Eminence, the early redemption provision gives the right to Eminence to redeem the convertible notes at any time, in whole or in part and hence the Group is not able to maintain the practical ability to direct the relevant activities of Eminence and its subsidiaries (collectively “**Eminence Group**”) unilaterally. Meanwhile, the management of the Group considered the Group has significant influence over Eminence as a director of the Company has the power to participate in the financial and operating policy decisions of Eminence. Accordingly, Eminence will no longer a subsidiary but an associate of the Group and the financial information of Eminence Group will be accounted for using equity method of accounting by the Group.

Eminence Group was presented as discontinued operations in the condensed consolidated financial statements of the Company for the six months ended 30 September 2024. The comparative figures for the six months ended 30 September 2023 in these condensed consolidated financial statements have also been restated to present Eminence Group as discontinued operations.

## 2. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair value, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2024.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The application of the amendments to HKFRSs in the current interim 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 condensed consolidated financial statements.

## 3. 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.

Eminence Group was classified as discontinued operation in the current period and prior year. The segment information reported does not include any amounts for the discontinued operation, which are described in more detail in note 4. Prior year segment disclosures have been restated to re-present Eminence Group as a discontinued operation.

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

### Segment revenue and results

#### *For the six months ended 30 September 2024*

	Property investment <i>HK\$'000</i> (Unaudited) <i>(note)</i>	Property development <i>HK\$'000</i> (Unaudited)	Investment in securities and others <i>HK\$'000</i> (Unaudited)	Loan financing <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue					
External sales	<u>8,730</u>	<u>219,199</u>	<u>—</u>	<u>1,956</u>	<u>229,885</u>
Segment results	<u>(3,642)</u>	<u>(157,116)</u>	<u>(30,755)</u>	<u>(9,164)</u>	(200,677)
Unallocated corporate income					4,659
Unallocated corporate expenses					(1,782)
Other expenses					(3)
Gain on modification of terms of convertible note					33,154
Gain on bargain purchase at date of deemed acquisition of an associate					244,996
Share of results of an associate					(18,415)
Share of results of joint ventures					(5)
Finance costs					<u>(39,140)</u>
Profit before taxation from continuing operations					<u>22,787</u>

For the six months ended 30 September 2023

	Property investment <i>HK\$'000</i> (Unaudited) (Restated) <i>(note)</i>	Property development <i>HK\$'000</i> (Unaudited) (Restated)	Investment in securities and others <i>HK\$'000</i> (Unaudited) (Restated)	Loan financing <i>HK\$'000</i> (Unaudited) (Restated)	Total <i>HK\$'000</i> (Unaudited) (Restated)
Segment revenue					
External sales	<u>7,664</u>	<u>101,460</u>	<u>—</u>	<u>5,744</u>	<u>114,868</u>
Segment results	<u>(8,415)</u>	<u>(3,870)</u>	<u>18,643</u>	<u>767</u>	7,125
Unallocated corporate income					86
Unallocated corporate expenses					(1,821)
Other expenses					(5)
Share of results of a joint venture					(5)
Finance costs					<u>(43,309)</u>
Loss before taxation from continuing operations					<u>(37,929)</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 gain on modification of terms of convertible note, gain on bargain purchase at date of deemed acquisition of an associate, share of results of an associate and 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 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.

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	<b>30 September 2024 <i>HK\$'000</i> (Unaudited)</b>	31 March 2024 <i>HK\$'000</i> (Audited)
<b>Segment assets</b>		
Property investment	917,775	2,085,246
Property development	2,014,375	5,850,922
Investment in securities and others	91,293	223,115
Loan financing	82,717	172,146
	<hr/>	<hr/>
Total segment assets	3,106,160	8,331,429
Interest in an associate	238,169	—
Interests in joint ventures	91	351
Unallocated financial assets at FVTPL	207,860	20,961
Time deposits over three months	—	32,583
Cash and cash equivalents	25,132	307,435
Unallocated corporate assets	27,951	46,280
	<hr/>	<hr/>
Consolidated assets	<b><u>3,605,363</u></b>	<b><u>8,739,039</u></b>
	<b>30 September 2024 <i>HK\$'000</i> (Unaudited)</b>	31 March 2024 <i>HK\$'000</i> (Audited)
<b>Segment liabilities</b>		
Property investment	4,321	27,497
Property development	300,494	334,942
Investment in securities and others	380	1,123
Loan financing	72,258	2,767
	<hr/>	<hr/>
Total segment liabilities	377,453	366,329
Secured bank borrowings	1,447,835	3,671,861
Tax payable	45,529	65,041
Unallocated corporate liabilities	265	33,717
	<hr/>	<hr/>
Consolidated liabilities	<b><u>1,871,082</u></b>	<b><u>4,136,948</u></b>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than assets relating to interest in an associate, interests in joint ventures, unallocated financial assets at FVTPL, time deposits over three months, cash and cash equivalents and other assets.
  
- all liabilities are allocated to operating and reportable segments other than secured bank borrowings, tax payable and other liabilities.

#### **4. DISCONTINUED OPERATIONS/LOSS ON DEEMED DISPOSAL OF SUBSIDIARIES**

As set out in note 1, the Group lost control over Eminence Group upon completion of placing of shares by Eminence on 17 April 2024. Accordingly, Eminence Group ceased to be subsidiaries of the Group as from 17 April 2024 and Eminence became an associate of the Group with effect from the same date and Eminence Group has since been accounted for in the consolidated financial statements using the equity method of accounting.

The management of the Group considers Eminence Group as a separate component of the Group. Accordingly, the operation of Eminence Group are presented as discontinued operation.

The loss for the period from the discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present Eminence Group as a discontinued operation.

	<b>Six months ended 30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Revenue ( <i>Note</i> )		
Rental income	—	14,049
Interest income from loan financing	—	1,207
	<u>—</u>	<u>15,256</u>
Cost of services rendered	—	(1,530)
	<u>—</u>	<u>13,726</u>
Gross profit	—	13,726
Other income, gains and losses	—	(5,273)
Distribution and selling expenses	—	(20)
Administrative expenses	—	(34,285)
Other expenses	—	(368)
Write-down on properties held for development for sale, net	—	(92,007)
Loss on changes in fair value of investment properties	—	(18,438)
Net gain on changes in fair value of financial assets at FVTPL	—	2,724
Reversal of impairment loss (impairment loss) on financial assets, net:		
— Loans receivable	—	48
— Debt instruments at FVTOCI	—	(63)
Loss on deemed disposal of subsidiaries	<b>(733,816)</b>	—
Share of results of joint ventures	—	169
Finance costs	—	(15,383)
	<u>—</u>	<u>(149,170)</u>
Loss before taxation	<b>(733,816)</b>	(149,170)
Taxation credit	—	1,467
	<u>—</u>	<u>1,467</u>
Loss for the period from discontinued operations	<b><u>(733,816)</u></b>	<b><u>(147,703)</u></b>

*Note:*

Rental income and interest income from loan financing fall outside the scope of HKFRS 15 and no revenue from contracts with customers for the six months ended 30 September 2024 (2023: HK\$15,256,000 (Restated)).

**Six months ended 30 September**

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Loss for the period from discontinued operation has been arrived at after charging (crediting):		
Interest on bank borrowings	—	59,993
Less: Amount capitalised in the cost of qualifying assets	—	(44,610)
	<u>—</u>	<u>15,383</u>
Staff costs, including retirement benefits costs	—	21,435
Depreciation of property, plant and equipment	—	353
Loss on write-off of property, plant and equipment	—	38
Net exchange loss	—	9,360
Dividend income from listed investments	—	(25)
Bank and other interest income	—	(4,002)
	<u>—</u>	<u>(4,002)</u>

During the six months ended 30 September 2024, Eminence Group contributed a net cash outflow from operating activities of HK\$Nil (2023: approximately HK\$217,100,000 (Restated)), a net cash inflow from investing activities of HK\$Nil (2023: approximately HK\$169,800,000 (Restated)) and a net cash inflow from financing activities of HK\$Nil (2023: approximately HK\$107,400,000 (Restated)) to the Group.

The major classes of assets and liabilities of Eminence Group as at the date of deemed disposal were as follows:

	<i>HK\$'000</i> (Unaudited)
Property, plant and equipment	4,669
Investment properties	1,250,443
Interests in joint ventures	255
Financial assets at FVTPL	106,157
Debt instruments at FVTOCI	100
Debt instruments at amortised cost	22,576
Loans receivable	30,878
Amount due from a fellow subsidiary	30,000
Deferred tax assets	352
Properties held for development for sale	2,473,366
Properties held for sale	1,004,126
Trade and other receivables	22,993
Time deposits over three months	31,183
Cash and cash equivalents	299,717
Trade and other payables	(82,426)
Tax payable	(19,511)
Secured bank borrowings	(2,066,734)
Convertible notes	(167,954)
	<u>2,940,190</u>
Net assets disposed of	
Net loss on deemed disposal:	
Net assets disposed of	(2,940,190)
Non-controlling interests	2,196,842
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of Eminence Group	(13,534)
Reclassification of FVTOCI reserve to profit or loss upon loss of control of Eminence Group	(9,898)
Reclassification of treasury share to profit or loss upon loss of control of Eminence Group	(6,468)
Reclassification of equity component of convertible note to profit or loss upon loss of control of Eminence Group	47,493
Fair value of the equity interest retained in Eminence Group, based on share price of Eminence at the date of deemed disposal	5,513
Gain on changes in fair value of convertible note at the date of deemed disposal	(13,574)
	<u>(733,816)</u>
Loss on deemed disposal of subsidiaries	
Net cash outflow arising on deemed disposal:	
Bank balances and cash disposed of	<u>(299,717)</u>

## 5. PROFIT (LOSS) BEFORE TAX

### Six months ended 30 September

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
<b>Continuing operations</b>		
Loss before taxation has been arrived at after charging:		
Interest on lease liabilities	3	7
Interest on bank borrowings	44,992	48,708
Interest on amount due to an associate	1,840	—
Less: Amount capitalised in the cost of qualifying assets	<u>(7,695)</u>	<u>(5,406)</u>
	<u>39,140</u>	<u>43,309</u>
Depreciation of property, plant and equipment	3,080	3,020
Depreciation of right-of-use assets	70	197
Total staff costs (including directors' emoluments)	13,309	16,130
and after crediting:		
Dividend income from listed investments	1,128	1,118
Bank and other interest income	<u>5,359</u>	<u>544</u>

## 6. INCOME TAX CREDIT

### Six months ended 30 September

2024	2023
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)
	(Restated)

#### Continuing operations

The tax credit (charge) comprises:

Current tax:

Hong Kong	—	(7)
Deferred taxation	<u>1,534</u>	<u>79</u>
	<u><u>1,534</u></u>	<u><u>72</u></u>

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

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

## 7. DIVIDEND

No dividends were paid, declared and proposed in respect of both interim periods.

## 8. (LOSS) EARNINGS PER SHARE

### From continuing operations

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

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
Loss for the period attributable to owners of the Company (from continuing and discontinued operations)	(709,482)	(70,544)
Less: Loss for the period attributable to owners of the Company from discontinued operation	<u>733,816</u>	<u>32,760</u>
Earnings (loss) for the purpose of basic and diluted loss per share from continuing operations	<u><u>24,334</u></u>	<u><u>(37,784)</u></u>
	<b>Number of shares</b>	
Weighted average number of shares for the purpose of basic and diluted earnings (loss) per share	<u><u>73,988,403</u></u>	<u><u>73,988,403</u></u>

### From continuing and discontinued operations

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

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
Loss for the purpose of basic and diluted loss per share	<u><u>(709,482)</u></u>	<u><u>(70,544)</u></u>

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

Basic and diluted loss per share for the discontinued operation is HK\$9.92 per share (2023: HK\$0.44 per share (Restated)), based on the loss for the Period from the discontinued operation of approximately HK\$733,816,000 (2023: HK\$32,760,000 (Restated)) and the denominators detailed above for both basic and diluted loss per share.

For the six months ended 30 September 2024, 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 period.

For the six months ended 30 September 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.

## 9. LOANS RECEIVABLE

	<b>30 September 2024 <i>HK\$'000</i> (Unaudited)</b>	31 March 2024 <i>HK\$'000</i> (Audited)
Fixed-rate loans receivable	114,112	194,486
Variable-rate loans receivable	<u>751</u>	<u>1,171</u>
	<b>114,863</b>	195,657
Less: Impairment allowance	<u>(32,359)</u>	<u>(24,385)</u>
	<b><u>82,504</u></b>	<b><u>171,272</u></b>
Analysed as:		
Current portion	32,729	58,918
Non-current portion	<u>49,775</u>	<u>112,354</u>
	<b><u>82,504</u></b>	<b><u>171,272</u></b>
Secured	53,730	115,263
Unsecured	<u>28,774</u>	<u>56,009</u>
	<b><u>82,504</u></b>	<b><u>171,272</u></b>

No aged analysis is disclosed, as in the opinion of the directors of the Company, the aged analysis does not give additional value in view of the nature of business of loan financing.

During the six months ended 30 September 2024, allowance for loans receivable of HK\$7,954,000 (six months ended 30 September 2023: reversal of allowance of HK\$1,732,000) was recognised in profit or loss.

## 10. TRADE AND OTHER RECEIVABLES

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
Lease receivables ( <i>note i</i> )		
0–60 days	3	905
61–90 days	5	—
Over 90 days	<u>18</u>	<u>—</u>
	26	905
Prepayments	457	2,048
Interest receivable	213	877
Escrow deposits for properties held for development for sale	4,501	7,109
Staff loans ( <i>note ii</i> )	—	9,000
Accounts receivable from margin financing ( <i>note iii</i> )	24,420	17,151
Other receivables and deposits	12,219	19,910
Amounts due from joint ventures ( <i>note iv</i> )	<u>—</u>	<u>1,850</u>
	<b><u>41,836</u></b>	<b><u>58,850</u></b>

### Notes:

- (i) The Group did not grant any credit period to its tenants in property investment segment. The aged analysis of trade receivables is determined based on invoice date which approximates revenue recognition date.
- (ii) The Group entered into several loan agreements with certain staff. Pursuant to the loan agreements, the staff loans were unsecured with fixed interest rate at 2% per annum and repayable on demand.
- (iii) 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.
- (iv) The amounts due from joint ventures are unsecured, interest-free and repayable on demand.

## 11. TRADE AND OTHER PAYABLES

	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Trade payables ( <i>note i</i> ):		
0–60 days	<b>20,891</b>	46,062
Retention payable ( <i>note ii</i> )	<b>25,992</b>	53,851
Rental deposits received and rental received in advance	<b>3,540</b>	13,251
Interest payable	<b>3,415</b>	12,327
Accruals and other payables	<b>25,569</b>	23,733
Other taxes payable	<b>—</b>	2,767
	<hr/>	<hr/>
	<b>79,407</b>	<b>151,991</b>
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (i) The aged analysis of trade payable is determined based on the invoice date at the end of the reporting period. The average credit period on the purchases of goods is 30 days.
- (ii) Retention payable is withheld from subcontractors and will be released by the Group within twelve months upon completion of their works.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

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

### FINANCIAL RESULTS

For the Period, the Group's revenue from continuing operations amounted to approximately HK\$229,885,000 as compared with the 2023 Period of approximately HK\$114,868,000 (Restated), which represented an increase of approximately HK\$115,017,000 mainly caused by the increase in sales of properties. The Period's gross profit margin was approximately 2.6% (2023 Period: approximately 29.7%). The Group's revenue from discontinued operation amounted to HK\$nil for the Period (2023 Period: HK\$15,256,000 (Restated)).

For the Period, the Group's consolidated loss attributable to owners of the Company (the "Shareholders") was approximately HK\$709,482,000 as compared with the 2023 Period of approximately HK\$70,544,000. The increase in net loss was primarily attributable to, among other things, (i) the loss on deemed disposal of subsidiaries; (ii) write-down on properties held for development for sale, net; (iii) write-down on properties held for sale; (iv) net loss on changes in fair value of financial assets at fair value through profit or loss; and (v) share of results of an associate, which were partially offset by (i) gain on modification of terms of convertible note; and (ii) gain on bargain purchase at date of deemed acquisition of an associate. The consolidated profit from continuing operations for the Period attributable to the Shareholders was approximately HK\$24,334,000 as compared with the 2023 Period a loss of approximately HK\$37,784,000 (Restated). The consolidated loss from discontinued operation for the Period attributable to the Shareholders was approximately HK\$733,816,000, as compared with a loss of approximately HK\$32,760,000 (Restated) for the 2023 Period.

The basic and diluted loss per share from continuing and discontinued operations amounted to HK\$9.59 for the Period, as compared with HK\$0.95 for the 2023 Period.

### INTERIM DIVIDEND

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

## **BUSINESS REVIEW**

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

### **Property Development**

The property development segment consists of Hong Kong residential and commercial properties.

Revenue from continuing operations recognised in this business segment during the Period amounted to approximately HK\$219,199,000 (2023 Period: HK\$101,460,000). Review on existing major projects of the Group is set out below:

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

The Group 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, 23 units released were sold and the aggregate contracted sales amounted to approximately HK\$246,689,000. During the Period, 7 units among the transactions have been completed (2023 Period: nil) and a revenue of approximately HK\$84,828,000 (2023 Period: 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.

## ***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, 54 units and 6 carparks released were sold and the aggregate contracted sales amounted to approximately HK\$956,442,000. During the Period, 5 units among the transactions have been completed (2023 Period: 4 units and 1 carpark) and a revenue of approximately HK\$134,371,000 (2023 Period: HK\$101,460,000) has been recorded for sale of properties.

### **Property Investment**

As at 30 September 2024, the Group’s portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong.

For the Period, the rental and building management income of the Group from continuing operations was approximately HK\$8,730,000 (2023 Period: approximately HK\$7,664,000 (Restated)), representing an increase of approximately 13.9%. For the Period, the rental income of the Group from discontinued operation was HK\$nil (2023 Period: HK\$14,049,000 (Restated)). The increase in rental and building management income from continuing operations was attributable to the rental fee charged to Eminence Group for the Period. Since Eminence Group ceased to be the subsidiaries of the Group from 17 April 2024, the rental fee is no longer eliminated in the Group’s consolidated financial statements.

As at 30 September 2024, the occupancy rate of residential unit, commercial units and industrial units of the Group’s investment properties were 0.0%, 98.7% and 77.2% (2023 Period: 100.0%, 99.2% and 95.0%) respectively. A loss on changes in fair value of investment properties from continuing operations of approximately HK\$530,000 (2023 Period: approximately HK\$6,000,000 (Restated)) was recognised during the Period. The segment reported a loss from continuing operations of approximately HK\$3,642,000 for the Period (2023 Period: approximately HK\$8,415,000 (Restated)), representing a decrease of approximately HK\$4,773,000 or approximately 56.7% as compared to the 2023 Period.

The Group acts as principal and is primarily responsible for providing the building management services to the property owners in Hong Kong. To meet the property management licensing regime’s statutory requirements, 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.

## Investment in securities and others

The Group invested in a diversified portfolio of investments including listed equity securities and convertible note 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 30 September 2024, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$288,370,000 (31 March 2024: approximately HK\$211,854,000). Except for convertible note, 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 investment in securities and others segment from continuing operations of approximately HK\$30,755,000 during the Period (2023 Period: a profit of approximately HK\$18,643,000 (Restated)).

As at 30 September 2024, details of the Group's financial assets are set out as follows:

Nature of investments	As at 30 September 2024				For the Period Approximate		
	Number of shares held	Investment Cost HK\$'000	Fair value HK\$'000	Approximate percentage to Group's total assets	Dividend/ Interest income HK\$'000	Fair value gain/(loss) HK\$'000	Realised gain/(loss) HK\$'000
Equity Investments							
Best Food Holding Company Limited (stock code: 1488)	59,036,000	41,996	47,731	1.3%	—	(11,305)	(2,694)
Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318)	431,460	34,581	21,638	0.6%	1,083	7,378	1,347
Others	N/A	16,240	11,141	0.3%	45	262	20
Convertible note (note)	N/A	209,000	207,860	5.8%	5,239	(27,167)	—
Total:		<u>301,817</u>	<u>288,370</u>	<u>8.0%</u>	<u>6,367</u>	<u>(30,832)</u>	<u>(1,327)</u>

Note:

As at 30 September 2024, the total outstanding principal amount of Eminence convertible notes held by a wholly-owned subsidiary of the Company (the "Holder") is as follow:

Issue date	Outstanding principal amount HK\$	Number of conversion shares	Conversion price HK\$	Annual interest	Maturity date
2023.02.20 ("2023 CN")	<u>209,000,000</u>	<u>1,161,111,111</u>	<u>0.18</u>	<u>5%</u>	<u>2028.02.19</u>

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 (as defined in the following section).

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.

## **Loan Financing**

The loan financing business of the Group is operated by Planetic International Limited (“**Planetic**”, a wholly-owned subsidiary of the Company), which is a licensed money lender carrying on business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). For the Period, the Group recorded an interest income from the loan financing business of the continuing operations amounted to approximately HK\$1,956,000 (2023 Period: approximately HK\$5,744,000 (Restated)), representing a decrease of approximately 65.9% as compared with the 2023 Period. The decrease in interest income was primarily due to the repayments of loans receivable. Loss derived from loan financing segment was approximately HK\$9,164,000 for the Period (2023 Period: a profit of approximately HK\$767,000 (Restated)), which was mainly due to the impairment loss on loans receivable.

The target customer groups of the business are individuals and corporate entities that have short-term funding needs and could provide sufficient collaterals for their borrowings. The Group’s clientele is primarily acquired through business referrals and introductions from the Company’s directors, senior management, business partners or clients. As at 30 September 2024, the Group had a total of 8 borrowers under its loan portfolio. The source of funds for the loan financing business is funded by the internal resources of the Group.

As at 30 September 2024, the gross carrying amount of loans receivable amounting to HK\$114,863,000 (31 March 2024: HK\$195,657,000) of which 48% (31 March 2024: 53%) were secured by marketable securities with fair values of HK\$24,900,000 (31 March 2024: HK\$30,000,000) or properties with fair values of HK\$16,990,000 (31 March 2024: HK\$96,345,000). The Group is not permitted to sell or repledge the collaterals, if any, in the absence of default by the borrowers. In addition, the net carrying amount of unsecured loan receivable amounting to HK\$28,774,000 (31 March 2024: HK\$56,009,000) are with personal guarantee. The largest borrower by itself and together with the other four largest borrowers of the Group accounted for approximately 42% (31 March 2024: 21%) and 96% (31 March 2024: 67%) respectively of the Group’s loans receivable at 30 September 2024.

During the Period, 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 16% (2023 Period: 0% to 16%) per annum and the range of interest rate on the Group's variable-rate loans receivable was prime rate less 1% (2023 Period: 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 typically require guarantees, including collaterals with expected realised value exceeding the loan or investment amount, post-dated cheques, and/or personal guarantees and corporate guarantees.

The Group generally provides short-term loans. For the new and renewal loans during the Period, 40% was with a term within 1 year, and 60% was more than 1 year but not more than 3 years. The repayment terms and conditions are determined from the factors including 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 including such as recent settlement record and any litigations and bankruptcy orders against 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. 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.

At 30 September 2024, the impairment loss recognised in profit or loss amounted to approximately HK\$7,954,000 (2023 Period: reversal of impairment loss approximately HK\$1,684,000 (Restated)) in its loan financing business from continuing operations.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group financed its operations through internally generated cash flow and bank borrowings. As at 30 September 2024, the Group had aggregate bank borrowings amounted to approximately HK\$1,447,835,000 (31 March 2024: approximately HK\$3,671,861,000). The gearing ratio of the Group, calculated as a ratio of total bank borrowings to total equity, for the Period was approximately 0.8 (31 March 2024: approximately 0.8).

As at 30 September 2024, the Group has net current assets of approximately HK\$647,209,000 (31 March 2024: approximately HK\$3,546,059,000). Current ratio was approximately 1.4 (31 March 2024: approximately 2.3). The cash and cash equivalents as at 30 September 2024 was approximately HK\$25,132,000 (31 March 2024: approximately HK\$307,435,000), representing a decrease of approximately 91.8% or approximately HK\$282,303,000 as compared to 31 March 2024, which was mainly due to the repayment of bank borrowings and the fact that the financial information of Eminence Group is not consolidated in the consolidated financial statements of the Group.

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

	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
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>1,100,923</b>	2,323,047
— within a period of more than one year but not exceeding two years	<b>192,673</b>	1,115,397
— within a period of more than two years but not exceeding five years	<b>51,446</b>	100,408
— within a period of more than five years	<b>102,793</b>	133,009
	<b>1,447,835</b>	3,671,861
Less: Amount due within one year shown under current liabilities	<b>(1,100,923)</b>	(2,323,047)
Amount due after one year shown under non-current liabilities	<b><u>346,912</u></b>	<b><u>1,348,814</u></b>

At 30 September 2024, the Group's secured bank borrowings carry interest ranging from Hong Kong Inter-Bank Offered Rate (“**HIBOR**”) plus 1% to 1.825% and London Inter-Bank Offered Rate (“**LIBOR**”) plus 1% (31 March 2024: HIBOR plus 1% to 1.825%, Secured Overnight Financing Rate (“**SOFR**”) plus 0.8% to 1.05% and LIBOR plus 0.8% to 1%) per annum, with effective interest ranging from 4.375% to 6.29% (31 March 2024: 4.375 % to 6.785%) per annum.

## **CHARGES OF ASSETS**

As at 30 September 2024, bank loans of the Group in the aggregate amount of approximately HK\$1,447,835,000 (31 March 2024: approximately HK\$3,671,861,000) which were secured by leasehold properties, investment properties, properties held for development for sale, properties held for sale and listed equity securities in Hong Kong and overseas of the Group having a net book value of approximately HK\$2,742,096,000 (31 March 2024: approximately HK\$7,158,325,000). 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 with fair value of HK\$758,000 (31 March 2024: 7,500,000 Eminence shares with fair value of HK\$1,643,000) 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 Period 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 Period 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**

As at 30 September 2024, the Group did not have any significant contingent liabilities (31 March 2024: nil).

## **CAPITAL EXPENDITURE**

For the Period, the Group invested HK\$nil (2023 Period: approximately HK\$27,000) in the acquisition of property, plant and equipment, and not invested on additions of investment properties for both periods.

## **CAPITAL COMMITMENTS**

As at 30 September 2024, the Group had capital commitments in respect of capital expenditure contracted for but not provided of HK\$nil (31 March 2024: HK\$4,418,000).

## **CHANGES SINCE 31 MARCH 2024**

### **Very substantial disposal — deemed disposal of interest in Eminence**

Upon completion of the 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**”) on 17 April 2024, 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. Further information can be found in the Company’s announcements dated 23 January 2024 and 17 April 2024, and the Company’s circular dated 29 February 2024.

### **Discloseable transaction — subscription of listed securities**

On 16 August 2024, the Group through a placing agent agreed to subscribe for 18,580,000 shares in Pacific Legend Group Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8547), at a consideration of approximately HK\$3,066,000 (exclusive of transaction cost), representing HK\$0.165 per share. The subscription was completed on 28 August 2024. Further information can be found in the Company’s announcement dated 16 August 2024.

### **Discloseable transaction — disposal of listed securities**

On 10 September 2024, the Group disposed in a series of transactions for a total of 17,600,000 shares in Best Food Holding Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1488), (representing approximately 1.11% of the total issued shares of Best Food Holding Company Limited) on the open market with an aggregate gross sales proceeds of HK\$14,960,000 (exclusive of expenses) (equivalent to an average price of HK\$0.85 per share). Further information can be found in the Company’s announcement dated 10 September 2024.

### **Discloseable transaction — disposal of listed securities**

On 23 September 2024, the Group disposed a total of 302,000 shares in Ping An Insurance (Group) Company of China, Ltd., a joint stock limited company incorporated in the PRC with limited liability and its H shares are listed on the Main Board of the Stock Exchange (stock code: 2318), (representing approximately 0.0041% of the total issued shares of Ping An Insurance (Group) Company of China, Ltd.) on the open market with an aggregate gross sales proceeds of approximately HK\$11,355,000 (exclusive of expenses) (equivalent to an average price of approximately HK\$37.60 per share). Further information can be found in the Company’s announcement dated 23 September 2024.

## **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 was expected 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 30 September 2024, the Group had 19 employees (31 March 2024: 22). Staff costs (including Directors' emoluments), related to continuing operation, amounted to approximately HK\$13,309,000 for the Period (2023 Period: approximately HK\$16,130,000 (Restated)). 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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the Period, 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 president as well as 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 half of them being independent non-executive Directors. 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. The Board 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 the Group's risk management and internal control systems are inadequate. The Board was of the view that there is no immediate need to set up an internal audit function within the Group, however, shall review the need for one on 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 the Directors. 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 Period.

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**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

## **REVIEW OF INTERIM RESULTS**

The audit committee of the Board has reviewed the Group's unaudited condensed consolidated financial information for the Period, including the accounting principles and practices adopted by the Group and financial reporting matters.

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

This announcement has been published on the Company's website at [www.easyknit.com](http://www.easyknit.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) respectively. The interim report of the Company for the Period 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.

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

Hong Kong, 29 November 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.*