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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 2021

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September		Change
	2021 (unaudited)	2020 (unaudited)	
Revenue (HK\$'000)	173,125	23,711	630.1%
Gross profit (HK\$'000)	91,417	22,474	306.8%
Gross profit margin	52.8%	94.8%	(42.0)%
Net profit (loss) (HK\$'000)	1,020,272	(73,994)	N/A
Basic and diluted earnings (loss) per share (HK\$)	12.18	(0.81)	N/A
	As at		Change
	30 September 2021 (unaudited)	31 March 2021 (audited)	
Total assets (HK\$'000)	8,576,818	4,903,606	74.9%
Total liabilities (HK\$'000)	3,630,734	1,673,161	117.0%
Net asset value (HK\$'000)	4,946,084	3,230,445	53.1%
Net asset value per share (HK\$)	63.6	39.3	61.8%

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 (collectively the “**Group**”) for the six months ended 30 September 2021 (the “**Period**”), together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
	Note	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue			
Sales of properties		119,644	—
Rental income		33,622	16,027
Interest income from loan financing		10,921	6,927
Building management		8,938	757
		<hr/>	<hr/>
Total revenue	4	173,125	23,711
Cost of properties sold and services rendered		(81,708)	(1,237)
		<hr/>	<hr/>
Gross profit		91,417	22,474
Other income, gains and losses		10,432	4,219
Distribution and selling expenses		(15,924)	(2,200)
Administrative expenses		(45,531)	(21,094)
Other expenses		(311)	—
Write-down on properties held for development for sale		—	(31,231)
Write-down on properties held for sale		—	(100)
Gain (loss) on changes in fair value of investment properties		38,378	(58,840)
Net loss on changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)		(46,774)	(16,382)
Release on disposal of debt instruments at fair value through other comprehensive income (“FVTOCI”)		(1,683)	685
(Impairment loss) reversal of impairment loss on financial assets, net:			
— Loans receivable		(3,736)	(2,482)
— Debt instruments at FVTOCI		(4,135)	(236)
— Debt instruments at amortised cost		(54)	1,650

		Six months ended	
		30 September	
	<i>Notes</i>	2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Gain on bargain purchase on acquisition of a subsidiary	12	1,676,151	—
Loss on remeasurement of interest in an associate		(656,380)	—
Gain on bargain purchase at date of deemed acquisition of additional interest in an associate		—	58,471
Share of results of an associate		(1,250)	(19,392)
Share of results of a joint venture		(4)	(5)
Finance costs		(15,236)	(8,867)
		<hr/>	<hr/>
Profit (loss) before taxation	5	1,025,360	(73,330)
Taxation	6	(5,088)	(664)
		<hr/>	<hr/>
Profit (loss) for the period		1,020,272	(73,994)

Other comprehensive (expense) income

Items that may be reclassified subsequently to profit or loss:

Share of other comprehensive income (expense) of an associate:

Share of translation reserve of an associate		—	6,569
Share of FVTOCI reserve of an associate		33	849
Reclassification of translation reserve to profit or loss upon deemed disposal of interest in an associate		(570)	—
Reclassification of FVTOCI reserve to profit or loss upon deemed disposal of interest in an associate		(12,707)	—
		<hr/>	<hr/>
		(13,244)	7,418

		Six months ended	
		30 September	
	<i>Note</i>	2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Exchange differences arising on translation of financial statements of foreign operations		5,919	—
Change in fair value of debt instruments at FVTOCI		(12,496)	446
Release on disposal of debt instruments at FVTOCI		1,683	(685)
Impairment loss on debt instruments at FVTOCI included in profit or loss, net		4,135	236
		<u>(14,003)</u>	<u>7,415</u>
Other comprehensive (expense) income for the period			
Total comprehensive income (expense) for the period		<u>1,006,269</u>	<u>(66,579)</u>
Profit (loss) for the period attributable to:			
Owners of the Company		998,734	(73,881)
Non-controlling interests		21,538	(113)
		<u>1,020,272</u>	<u>(73,994)</u>
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		984,138	(66,466)
Non-controlling interests		22,131	(113)
		<u>1,006,269</u>	<u>(66,579)</u>
Basic and diluted earnings (loss) per share	8	<u>HK\$12.18</u>	<u>HK\$(0.81)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		30 September 2021	31 March 2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		207,527	107,138
Right-of-use assets		225	493
Investment properties		2,393,173	1,179,400
Interest in an associate		—	808,718
Interest in a joint venture		53	57
Financial assets at FVTPL		29,847	211,446
Debt instruments at FVTOCI		6,363	4,030
Debt instruments at amortised cost		47,713	15,209
Loans receivable	9	44,801	17,280
Intangible asset		500	500
Deferred tax assets		18,871	8,724
Deposits		205	10,205
Other receivables	10	103,160	—
		2,852,438	2,363,200
Current assets			
Properties held for development for sale		3,925,401	950,375
Properties held for sale		881,217	960,930
Financial assets at FVTPL		324,598	148,876
Debt instruments at FVTOCI		24,608	7,740
Trade and other receivables	10	73,769	38,218
Tax recoverable		309	309
Loans receivable	9	189,853	125,736
Bank balances and cash		304,625	308,222
		5,724,380	2,540,406

		30 September 2021	31 March 2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables	<i>11</i>	126,659	41,047
Contract liabilities		15,742	6,276
Amount due to a non-controlling shareholder		115,297	101,288
Tax payable		65,993	51,573
Lease liabilities		233	510
Secured bank borrowings		932,311	468,010
		<u>1,256,235</u>	<u>668,704</u>
Net current assets		<u>4,468,145</u>	<u>1,871,702</u>
Total assets less current liabilities		<u>7,320,583</u>	<u>4,234,902</u>
Non-current liabilities			
Deferred tax liabilities		21,431	—
Secured bank borrowings		2,353,068	1,004,457
		<u>2,374,499</u>	<u>1,004,457</u>
		<u>4,946,084</u>	<u>3,230,445</u>
Capital and reserves			
Share capital		7,782	8,220
Reserves		4,190,799	3,223,053
Equity attributable to owners of the Company		4,198,581	3,231,273
Non-controlling interests		747,503	(828)
		<u>4,946,084</u>	<u>3,230,445</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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.

2. SIGNIFICANT TRANSACTION IN THE CURRENT INTERIM PERIOD

During the six months ended 30 September 2021, the Group acquired additional equity interest in Eminence Enterprise Limited (“**Eminence**”) through cash offer and Eminence become a subsidiary of the Company. At 30 September 2021, the Group held 74.76% (31 March 2021: 29.60%) of the issued share capital of Eminence. The details are set out in note 12.

3. PRINCIPAL 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**”) and application of accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021.

Accounting policies newly applied by the Group

Transfer from investment property to owner-occupied property

If there is a transfer from investment property carried at fair value to owner-occupied property evidenced by the commencement of owner occupation, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the date of grant.

The fair value of the equity-settled share-based payments determined at the date of grant without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

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 periods beginning on or after 1 April 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16

Covid-19 Related Rent Concessions

Amendments to HKFRS 16

Covid-19 Related Rent Concessions beyond
30 June 2021

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform — Phase 2

Except as described below, 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:

Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform — Phase 2”

The Group has applied the amendments for the first time in the current interim period. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 “Financial Instruments: Disclosures”.

As at 1 April 2021, the Group has several financial liabilities with interests indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts.

	Hong Kong Dollars Hong Kong Interbank Offered Rate (“HIBOR”) HK\$’000
Bank borrowings	<u>1,472,467</u>

The amendments have had no impact on the condensed consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the current interim period. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost.

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 (iv) loan financing.

The following is an analysis of the Group’s revenue and results by operating and reportable segment for the period under review:

Segment revenue and results

Six months ended 30 September 2021

	Property investment <i>HK\$’000</i> (Unaudited) <i>(note)</i>	Property development <i>HK\$’000</i> (Unaudited)	Investment in securities <i>HK\$’000</i> (Unaudited)	Loan financing <i>HK\$’000</i> (Unaudited)	Total <i>HK\$’000</i> (Unaudited)
Segment revenue					
External	<u>42,560</u>	<u>119,644</u>	<u>—</u>	<u>10,921</u>	<u>173,125</u>
Segment results	<u>73,647</u>	<u>13,077</u>	<u>(63,116)</u>	<u>1,127</u>	24,735
Unallocated corporate income					419
Unallocated corporate expenses					(2,764)
Other expenses					(311)
Gain on bargain purchase arose in the acquisition of a subsidiary					1,676,151
Loss on remeasurement of interest in an associate					(656,380)
Share of results of an associate					(1,250)
Share of results of a joint venture					(4)
Finance costs					<u>(15,236)</u>
Profit before taxation					<u>1,025,360</u>

Six months ended 30 September 2020

	Property investment <i>HK\$'000</i> (Unaudited) <i>(note)</i>	Property development <i>HK\$'000</i> (Unaudited)	Investment in securities <i>HK\$'000</i> (Unaudited)	Loan financing <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue					
External	<u>16,784</u>	<u>—</u>	<u>—</u>	<u>6,927</u>	<u>23,711</u>
Segment results	<u>(51,583)</u>	<u>(35,914)</u>	<u>(16,177)</u>	<u>1,204</u>	(102,470)
Unallocated corporate income					271
Unallocated corporate expenses					(1,338)
Gain on bargain purchase at date of deemed acquisition of additional interest in an associate					58,471
Share of results of an associate					(19,392)
Share of results of a joint venture					(5)
Finance costs					<u>(8,867)</u>
Loss before taxation					<u>(73,330)</u>

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

Segment profit (loss) represents the result of each segment without allocation of share of results of an associate and a joint venture, gain on bargain purchase on acquisition of a subsidiary, loss on remeasurement of interest in an associate, gain on bargain purchase of additional interest in an associate, other expenses, finance costs, and unallocated corporate income and expenses. 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:

	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Segment assets		
Property investment	2,538,611	1,229,311
Property development	4,928,376	1,921,541
Investment in securities	341,863	338,192
Loan financing	253,742	169,224
	<hr/>	<hr/>
Total segment assets	8,062,592	3,658,268
Interest in an associate	—	808,718
Interest in a joint venture	53	57
Tax recoverable	309	309
Bank balances and cash	304,625	308,222
Unallocated corporate assets	209,239	128,032
	<hr/>	<hr/>
Consolidated assets	<u>8,576,818</u>	<u>4,903,606</u>
Segment liabilities		
Property investment	54,262	9,048
Property development	167,254	134,925
Investment in securities	757	882
Loan financing	12,623	2,590
	<hr/>	<hr/>
Total segment liabilities	234,896	147,445
Secured bank borrowings	3,285,379	1,472,467
Tax payable	65,993	51,573
Unallocated corporate liabilities	44,466	1,676
	<hr/>	<hr/>
Consolidated liabilities	<u>3,630,734</u>	<u>1,673,161</u>

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

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, interest in an associate, interest in a joint venture, tax recoverable, bank balances and cash and other assets.
- all liabilities are allocated to operating and reportable segments other than secured bank borrowings, tax payable and other liabilities.

5. PROFIT (LOSS) BEFORE TAXATION

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) before taxation has been arrived at after charging:		
Interest on lease liabilities	20	29
Interest on bank borrowings	26,723	19,187
Less: Amount capitalised in the cost of qualifying assets	(11,507)	(10,349)
	15,236	8,867
Depreciation of property, plant and equipment	2,970	2,227
Depreciation of right-of-use assets	316	461
Share-based payment (<i>note</i>)	581	—
and after crediting:		
Dividend income from listed investments	6,637	2,413
Government grants	—	968
Bank and other interest income	2,190	896

Note: On 30 August 2021, the Company granted share options to eligible persons to subscribe for a total of 365,000 ordinary shares of HK\$0.1 each in the share capital of the Company, subject to acceptance of the eligible persons and upon the terms and conditions of the share option scheme adopted by the Company on 5 July 2012. Among the share options granted, 146,000 share options were granted to directors of the Company who are also substantial shareholders of the Company and 219,000 share options were granted to employees of the Company who are also associates of the substantial shareholders of the Company. During the six months ended 30 September 2021, the fair value of the share options amounting to HK\$581,000 (six months ended 30 September 2020: nil) that vest immediately at the date of grant was recognised in profit or loss. No share options are exercised during the current interim period.

6. TAXATION

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The tax charge (credit) comprises:		
Current tax:		
Hong Kong	4,094	665
People's Republic of China ("PRC")		
Enterprise Income Tax	811	—
Other jurisdiction	332	—
	<u>5,237</u>	<u>665</u>
Under(over) provision in prior years:		
Hong Kong	(6)	(1)
PRC	107	—
Other jurisdiction	58	—
	<u>159</u>	<u>(1)</u>
	<u>5,396</u>	<u>664</u>
Deferred taxation	<u>(308)</u>	—
	<u>5,088</u>	<u>664</u>

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the PRC is 25%.

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. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

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

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings (loss) for the purpose of calculating basic and diluted earnings (loss) per share (profit (loss) for the period attributable to owners of the Company)	<u>998,734</u>	<u>(73,881)</u>
	Number of shares	
Weighted average number of shares for the purpose of calculating basic and diluted earnings (loss) per share	<u>82,018,157</u>	<u>91,320,403</u>

During the six months ended 30 September 2021, the computation of diluted earnings per share did not assume the exercise of the Company's share options because the exercise prices of the share options outstanding were higher than average market price of the shares.

The computation of diluted earnings per share for the six months ended 30 September 2021 (six months ended 30 September 2020: diluted loss per share) does not assume the conversion of Eminence's outstanding convertible notes since their exercise would result in increase in earnings per share for the period (six months ended 30 September 2020: decrease in loss per share).

9. LOANS RECEIVABLE

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Fixed-rate loans receivable	315,632	217,258
Variable-rate loans receivable	3,535	6,535
	319,167	223,793
Less: Impairment allowance	(84,513)	(80,777)
	234,654	143,016
Analysed as:		
Current portion	189,853	125,736
Non-current portion	44,801	17,280
	234,654	143,016
Secured	99,980	56,770
Unsecured	134,674	86,246
	234,654	143,016

During the six months ended 30 September 2021, net allowance for loans receivable of HK\$3,736,000 was recognised in profit or loss (six months ended 30 September 2020: HK\$2,482,000).

10. TRADE AND OTHER RECEIVABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade receivables (<i>note (a)</i>):		
0 – 60 days	4,762	2,690
61 – 90 days	227	138
Over 90 days	352	—
	<u>5,341</u>	<u>2,828</u>
Prepayments	3,401	5,000
Interest receivable	3,072	1,058
Escrow deposits for properties held for development for sale	662	4,622
Accounts receivable from margin financing	34,758	22,450
Other receivables and deposits	18,391	2,260
Refundable stamp duty (<i>note (b)</i>)	103,160	—
Refundable deposit for film investment (<i>note (c)</i>)	8,144	—
	<u>176,929</u>	<u>38,218</u>
Analysed as:		
Current portion	73,769	38,218
Non-current portion	103,160	—
	<u>176,929</u>	<u>38,218</u>

Notes:

- (a) 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.
- (b) In accordance with the provisions of the Hong Kong Stamp Duty Ordinance, the Group will apply for refund of the stamp duty paid when the property redevelopment project commences. At 30 September 2021, the amount is included in the Group's non-current assets in the condensed consolidated statement of financial position as it is expected that the refund of stamp duty will be received after twelve months from the end of the reporting period.
- (c) The Group entered into an agreement with a film production house for a total investment of Renminbi (“RMB”) 13,600,000 (equivalent to HK\$16,287,000). At 30 September 2021, a refundable deposit of RMB6,800,000 (equivalent to HK\$8,144,000) was recognised as the filming of movie has not yet been started.

11. TRADE AND OTHER PAYABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade payables (<i>note (a)</i>):		
0 – 30 days	6,401	2,350
Over 90 days	—	1,940
	<u>6,401</u>	<u>4,290</u>
Retention payable (<i>note (b)</i>)	19,049	7,476
Rental deposits received and rental received in advance	35,756	8,936
Guarantee money received (<i>note (c)</i>)	10,000	—
Accruals and other payables	49,071	20,345
Other taxes payable	6,382	—
	<u>126,659</u>	<u>41,047</u>

Notes:

- (a) 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.
- (b) Retention payable is withheld from subcontractors for construction works and will be released within twelve months upon completion of their works.
- (c) The amount represents money received from a borrower of the loan financing business as security for loan granted.

12. ACQUISITION OF A SUBSIDIARY

During the six months ended 30 September 2021, the Group acquired additional equity interest in Eminence through cash offer and Eminence became a subsidiary of the Company. At 30 September 2021, the Group held 74.76% (31 March 2021: 29.60%) of the issued share capital of Eminence. Aggregate consideration of HK\$210,588,000 has been paid in cash. The acquisition has been accounted for as acquisition of business using the acquisition method.

Assets acquired and liabilities recognised on the date of acquisition

	<i>HK\$'000</i>
Investment properties	1,285,074
Property, plant and equipment	5,517
Right-of-use assets	5,682
Financial assets at FVTPL	153,365
Debt instruments at FVTOCI	36,182
Loans receivable	121,347
Deferred tax assets	8,250
Properties held for development for sale	2,760,807
Trade and other receivables	119,233
Bank balances and cash	98,736
Trade and other payables	(100,780)
Tax payable	(8,882)
Secured bank borrowings	(1,508,353)
Convertible notes	(58,164)
Lease liabilities	(5,724)
Deferred tax liabilities	(35,110)
	<u>2,877,180</u>

Non-controlling interests

The non-controlling interests (25.24%) in Eminence recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Eminence and amounted to approximately HK\$726,200,000.

Gain on bargain purchase on acquisition of a subsidiary

HK\$'000

Consideration transferred	210,588
Plus: interest in an associate upon remeasurement to fair value	137,844
Plus: non-controlling interests	726,200
Less: recognised amount of net assets acquired (<i>note</i>)	<u>2,750,783</u>
	<u><u>(1,676,151)</u></u>

Note: The net assets of Eminence shown above do not include the difference in fair value and liability component of the convertible notes issued by Eminence to the Group of HK\$141,780,000, deferred tax liabilities related to these convertible notes of HK\$15,343,000, and right-of-use assets and lease liabilities of HK\$5,634,000 and HK\$5,674,000, respectively, recognised by Eminence in relation to lease arrangements between Eminence and the Group.

Gain on bargain purchase on acquisition of a subsidiary amounting to approximately HK\$1,676,151,000 is recognised in profit or loss as a separate line in the condensed consolidated statement of profit or loss and other comprehensive income. The transaction resulted in a bargain purchase gain as the fair value of shares of Eminence is much less than the net assets acquired at the date of acquisition.

Net cash outflow on acquisition of a subsidiary

HK\$'000

Consideration paid	(210,588)
Less: cash and cash equivalents balances acquired	<u>98,736</u>
	<u><u>(111,852)</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

During the Period, the Group had further acquired the shares of Eminence Enterprise Limited (“**Eminence**”) (Stock Code: 616) immediately following the completion of the Share Offer (as defined hereinafter) in respect of the acquisition of the shares of Eminence, details of which are set out in the section headed “Listed Subsidiary” in this announcement. As at 30 September 2021, the Group held an aggregate of 696,370,840 shares of Eminence, representing approximately 74.76% of the total issued share capital of Eminence. Eminence has been accounted for and consolidated in the condensed consolidated financial statements of the Company for the Period as a subsidiary of the Company.

The acquisition and the Share Offer were a good investment opportunity for the Group to continue its strategies to diversify investments and to strengthen its properties portfolio which beneficial for the continuous and stable growth of the Group’s core businesses.

FINANCIAL RESULTS

For the Period, the Group’s revenue amounted to approximately HK\$173,125,000, representing an increase of approximately HK\$149,414,000 or approximately 630.1% as compared to an amount of approximately HK\$23,711,000 for the six months ended 2020 (the “**2020 Period**”).

The profit for the Period attributable to the Company’s owners was approximately HK\$998,734,000 (2020 Period: loss of approximately HK\$73,881,000). The gross profit margin for the Period was approximately 52.8%, compared to the 2020 Period of approximately 94.8%, there was a decrease of approximately 42.0%.

The basic and diluted earnings per share amounted to HK\$12.18 for the Period, as compared with loss per share of HK\$0.81 for the same period last year.

BUSINESS REVIEW

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

Property Development

Revenue recognised in this business segment during the Period amounted to approximately HK\$119,644,000 (2020 Period: nil). The review of existing major projects of the Group is set out below:

Project Waterloo Road

The Group, through its wholly-owned subsidiary, owns the site located at Nos. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong which has a site area of approximately 9,800 square feet (the “**Waterloo Site**”).

The Waterloo Site is being redeveloped into a luxurious residential accommodation with club house facilities and car parks, and the estimated gross floor area is approximately 48,954 square feet. The construction of the superstructure works is undergoing and this project is expected to be completed and to be launched in late 2022.

Project Chatham Road North

The Company, through its wholly-owned subsidiary, acquired properties located at Nos. 470, 472, 474, 476 and 478 Chatham Road North, Kowloon, Hong Kong (“**Chatham Road North Building**”) in May 2018 which constituted over 80% of the undivided shares in the Chatham Road North Building. The total site area of this project is approximately 4,653 square feet. On 29 November 2018, the Company filed an application to the Lands Tribunal pursuant to the Land (Compulsory Sale for Redevelopment) Ordinance (the “**LCSRO**”) (Cap. 545 of the Laws of Hong Kong) for an order for sale all the undivided shares of Chatham Road North Building (including those owned by the Group, as required by the LCSRO) for the purposes of redevelopment, with the intention to bid in the public auction and acquiring the remaining units held by the registered owner (units not owned by the Group), representing approximately 11.31% of the undivided shares of the Chatham Road North Building.

The Company has successfully won the bid in respect of the Chatham Road North Building at the public auction held on 1 June 2021. Details were set out in the announcement issued by the Company dated 1 June 2021. Upon completion of the acquisition, the Chatham Road North Building was then 100% owned by the Group and will be redeveloped into a composite building with residential and commercial use. The estimated gross floor area after redevelopment is expected to be approximately 41,139 square feet. The demolition work is undergoing at the site. This project is expected to be completed in 2025.

More details of the project of Chatham Road North Building were set out in the announcements of the Company dated 16 May 2018, 8 June 2018, 30 November 2018 and 11 September 2020 and the circulars of the Company dated 25 June 2018 and 23 October 2020.

Inverness Road Property — “Ayton”

“Ayton” is a 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. The total saleable area of approximately 40,742 square feet. The Group has launched its first phase of the sale of “Ayton” in May 2020. As at the date of this announcement, 31 units and 2 carparks released were sold and the aggregate contracted sales amounted to approximately HK\$473,350,000. During the Period, 5 units and 2 carparks among the transactions have been completed and a revenue of approximately HK\$119,644,000 (2020 Period: nil) has been recorded for sale of properties.

Property Investment

As at 30 September 2021, the Group’s portfolio of investment properties comprised of residential, commercial and industrial units and primarily located in Hong Kong.

The recognised revenue from property investment business for the Period amounted to HK\$42,560,000 (2020 Period: HK\$16,784,000) which was mainly attributable to recurrent rental income from the Group’s investment properties. During the Period, the gross rental income of the Group was approximately HK\$33,622,000 (2020 Period: approximately HK\$16,027,000), representing an approximately 109.8% increase over the 2020 Period. The increase in rental income was primarily attributable to the acquisition of a subsidiary which resulted in the increase in property investment business.

As at 30 September 2021, the occupancy rate of residential units, commercial units and industrial units of the Group’s investment properties were 100%, 99.2% and 99.4% (2020 Period: nil, 77.2% and 96.2%) respectively. A gain on changes in fair value of investment properties of approximately HK\$38,378,000 was recognised during the Period (2020 Period: loss of approximately HK\$58,840,000). The segment reported a gain approximately HK\$73,647,000 for the Period (2020 Period: loss of approximately HK\$51,583,000), representing an increase of approximately HK\$22,064,000 compared to the 2020 Period.

Securities Investment

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 30 September 2021, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$354,445,000 (31 March 2021: approximately HK\$360,322,000). The Group recorded a loss in the securities investment segment of approximately HK\$63,116,000 during the Period (2020 Period: loss of approximately HK\$16,177,000). Details of the Group's finance assets are set out as follows:

Nature of investments	As at 30 September 2021				Approximate percentage to Group's total assets	Six months ended 30 September 2021		
	Number of shares held	Investment Amount held HK\$'000	Investment Cost HK\$'000	Fair value HK\$'000		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)	83,040,000	N/A	75,450	68,093	0.8%	—	12,436	618
Others	N/A	N/A	284,300	213,726	2.4%	6,637	(46,260)	(2,659)
Equity-Linked Notes	N/A	6,000	6,000	5,797	0.1%	342	(5,013)	—
Bonds	N/A	—	—	—	—	—	—	99
Others	N/A	N/A	65,561	66,829	0.8%	—	(5,995)	—
Total:			<u>431,311</u>	<u>354,445</u>	<u>4.1%</u>	<u>6,979</u>	<u>(44,832)</u>	<u>(1,942)</u>

Note: None of the investments account for more than 5% of the Group's total assets at 30 September 2021.

Loan Financing

The Group is also engaged in the provision of money lending business governed by 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 amounting to approximately HK\$10,921,000 (2020 Period: approximately HK\$6,927,000), representing approximately 6.3% of the total revenue of the Group. The increase in interest income was primarily due to the acquisition of a subsidiary which resulted in the increase in loan financing business. Gain derived from loan financing business was approximately HK\$1,127,000 for the Period (2020 Period: profit of approximately HK\$1,204,000). The carrying amount of loans receivable as at 30 September 2021 was approximately HK\$234,654,000 (31 March 2021: approximately HK\$143,016,000). At 30 September 2021, the net impairment allowance recognised in profit or loss amounted to approximately HK\$3,736,000 (2020 Period: approximately HK\$2,482,000) in its loan financing business.

LISTED SUBSIDIARY

Eminence, the major listed subsidiary of the Company, and its subsidiaries (collectively the “**Eminence Group**”) was engaged in property development, property investment, comprising the ownership and rental of investment properties, investment in securities and loan financing businesses.

Investment in Eminence Shares

As at 1 April 2021, the Group, through Ace Winner Investment Limited (“**Ace Winner**”), Landmark Profits Limited and Goodco Development Limited (all of which were wholly-owned subsidiaries of the Company), held an aggregate of 275,687,665 shares of Eminence, representing approximately 29.60% of the then total issued share capital of Eminence.

(a) Share Offer

On 3 February 2021 (after trading hours), Ace Winner as the offeror informed the board of directors of Eminence that it intended to make, subject to the satisfaction of the pre-condition, a voluntary conditional cash general offer to acquire all of the issued Eminence shares (other than those already owned or agreed to be acquired by the offeror and parties acting in concert with it) at HK\$0.50 per Eminence share (the “**Share Offer**”) on the terms and conditions set out in the composite document (which was despatched to Eminence’s independent shareholders on 26 March 2021) and in compliance with the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). The Share Offer constituted a very substantial acquisition for the Company under Chapter 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). An ordinary resolution of the Share Offer was duly approved by the shareholders of the Company (the “**Shareholders**”) at the Company’s special general meeting held on 19 March 2021. On 7 April 2021, the Share Offer was declared unconditional in all respects.

The Share Offer closed on 21 April 2021 (the “**Closing Date**”) and Ace Winner received valid acceptances of the Share Offer in respect of a total 393,683,175 Eminence shares, representing approximately 42.26% of the issued share capital of Eminence and together with the Eminence shares already held by Ace Winner and parties acting in concert with it amount to an aggregate of 669,370,840 Eminence shares, representing approximately 71.86% of the total issued share capital of Eminence as of the Closing Date.

(b) Acquisition of Eminence shares in April 2021

On 22 April 2021, following the completion of the Share Offer, the Company further acquired on-market a total of 27,000,000 Eminence shares at each of price of HK\$0.50 (the Company is complied with Rule 31.3 of the Takeovers Code) for an aggregate purchase price of approximately HK\$13,500,000 (exclusive of transaction costs). As a result, the Group's interest in Eminence increased to 696,370,840 Eminence shares, representing approximately 74.76% of the total issued share capital of Eminence as at the date of the acquisition and up to the date of this announcement.

Performance of Eminence during the Period

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

	For the six months ended		
	30 September		
	2021	2020	Change
	(unaudited)	(unaudited)	
Revenue			
Property investment (<i>HK\$'000</i>)	31,268	30,008	4.2%
Loan financing (<i>HK\$'000</i>)	5,168	11,349	(54.5)%
Total revenue (<i>HK\$'000</i>)	36,436	41,357	(11.9)%
Gross profit (<i>HK\$'000</i>)	34,913	39,557	(11.7)%
Profit (loss) attributable to owners of Eminence (<i>HK\$'000</i>)	81,785	(64,552)	N/A
Earnings (loss) per share (<i>HK cents</i>)			
— Basic	8.78	(6.93)	N/A
— Diluted	6.66	(6.93)	N/A

As at 23 November 2021 (i.e. the date of this announcement), the development land portfolio held by Eminence Group as below:

Location	Intended usage	Approximate site area (square feet)	Stage of completion
Fung Wah Factorial Building, Nos. 646, 648, 648A Castle Peak Road, Kowloon, Hong Kong	Industrial	9,206	For redevelopment
Wing Cheong Factory Building, No. 121 King Lam Street, Kowloon, Hong Kong	Industrial	5,483	Under redevelopment
Nos. 11, 13 and 15 Matheson Street, Causeway Bay, Hong Kong	Commercial	2,857	Under development
Nos. 1B-1E Davis Street, Kennedy Town, Hong Kong	Residential	4,940	For redevelopment
Nos. 93 and 95 Catchick Street, Kennedy Town, Hong Kong	Residential	2,182	For redevelopment

As at 30 September 2021, Eminence Group's portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong, the People's Republic of China and Singapore. During the Period, Eminence Group recorded rental and management fee income of approximately HK\$31,268,000 (2020 Period: approximately HK\$30,008,000) and fair value gain of approximately HK\$30,828,000 arising from change in fair value of investment properties.

The Directors believe that the consolidation of Eminence business was an effective channel for the Company to expand into the non-residential property development sector and could create synergy values by achieving greater business coherence and enhancing resources allocation. For more detailed business and financial performance of Eminence Group, please refer to its interim results announcement for the six months ended 30 September 2021.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group financed its operations through internally generated cash flow and bank borrowings. As at 30 September 2021, the Group's bank borrowings amounted to approximately HK\$3,285,379,000 (31 March 2021: approximately HK\$1,472,467,000). The gearing ratio of the Group, calculated as a ratio of total bank borrowings to total equity, for the Period was approximately 0.65 (31 March 2021: approximately 0.46).

As at 30 September 2021, the Group has net current assets of approximately HK\$4,468,145,000 (31 March 2021: approximately HK\$1,871,702,000). Current ratio was approximately 4.5 (31 March 2021: approximately 3.8). The bank balances and cash as at 30 September 2021 was approximately HK\$304,625,000 (31 March 2021: HK\$308,222,000), representing a decrease of approximately 1.2% or approximately HK\$3,597,000 compared to 31 March 2021.

As at 30 September 2021, the Group had capital commitments of HK\$27,552,000 in respect of capital expenditure contracted for but not provided (31 March 2021: nil) and did not have any significant contingent liabilities (31 March 2021: nil).

As at 30 September 2021, the maturity profile of the Group's secured bank borrowings is set out below:

	30 September 2021 <i>HK\$'000</i>	31 March 2021 <i>HK\$'000</i>
Carrying amount repayable as follows (based on the scheduled repayment dates set out in the loan agreements):		
— within one year	932,311	468,010
— within a period of more than one year but not exceeding two years	669,747	45,896
— within a period of more than two years but not exceeding five years	1,434,070	756,611
— within a period of more than five years	249,251	201,950
	3,285,379	1,472,467
<i>Less:</i> Amount due within one year shown under current liabilities	(932,311)	(468,010)
Amount due after one year shown under non-current liabilities	<u>2,353,068</u>	<u>1,004,457</u>

Charges on Assets

As at 30 September 2021, bank loans of the Group in the aggregate amount of approximately HK\$3,285,379,000 (31 March 2021: approximately HK\$1,472,467,000) which were secured by leasehold properties, investment properties, properties held for development for sale, properties held for sale, life insurance policy, listed equity securities in Hong Kong, perpetual bonds and debt instruments at fair value through other comprehensive income of the Group having a net book value of approximately HK\$7,238,384,000 (31 March 2021: approximately HK\$3,142,046,000). In addition, 300,000,000 Eminence shares with fair value of HK\$130,500,000 (31 March 2021: 19,800,000 Eminence shares with fair value of HK\$9,702,000) held by a subsidiary of the Group were charged to secure a bank loan arranged for a property project in Hong Kong.

Exposure to Foreign Exchange Fluctuations

Most of the Group's revenues and payments are denominated in Hong Kong dollars. During the Period, the Group did not have significant exposure to fluctuations in exchange rates and thus, no financial instrument for hedging purposes was employed. The Directors considered the risk of exposure to the currency fluctuation to be minimal.

Capital Expenditure

During the Period, the Group invested approximately HK\$986,000 (2020 Period: nil.) on the acquisition of property, plant and equipment, and had not invested on additions of investment properties (2020 Period: nil.).

Employees

As at 30 September 2021, the Group had 93 employees (30 September 2020: 30). Staff costs (including Directors' emoluments) amounted to approximately HK\$25,576,000 for the Period (2020 Period: approximately HK\$14,014,000). 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. Share option scheme is in place to provide appropriate incentive to motivate employees of the Group.

PROSPECTS

Following the longest and deepest recession in history of the COVID-19 pandemic, situation was improving with a growing rate of its vaccination and boosted overall market confidence. The Hong Kong economy returned to growth and on track for recovery in the second quarter in 2021. The improving labour market, coupled with the boost from the Consumption Voucher Scheme, helped stimulate retail industry and consumption sentiment and lend support to consumption-related sectors. This favourable operating environment to retailers' operators, in turn, to landlords. Nevertheless, the global economy still facing different challenges and uncertainties, including, COVID-19 mutations and Sino-US tensions.

Economic recovery in Hong Kong is expected to continue by the enhanced social and business environment, a well control of local pandemic, economic stimulus measures and improved global prospects. With the support from the National "14th Five-Year Plan", Hong Kong is expected to be enhanced its status as an international financial, transportation and trade centre. All these underpinned Hong Kong's long-term future and economic prospects.

With the confidence about the prospects of Hong Kong's property market and relatively low interest-rate environment, the property market is expected to remain resilient over the long term. The Group has solid property development projects for the coming years and will launch the sales at opportune times. The Group will continue to strengthen its core businesses by acquiring land selectively for development in Hong Kong to replenish its quality landbank when opportunities arise.

Although there is still uncertain to the global economy, the post-pandemic global recovery in sentiment continues. The investment properties of the Group, including in Hong Kong and Asian countries, are beginning to return to normal in the post-pandemic landscape. The Group will continue to seek for investments with steady recurrent income and capital appreciation to strengthen its property investment portfolio.

Looking ahead, the Group is confident in its business development. The Group will continue to monitor the market changes closely and focusing its efforts in the development of its existing principal businesses while exploring other opportunities with a view to providing steady and favourable returns for its shareholders and strengthen every segment of its business.

EVENTS AFTER REPORTING PERIOD

(1) Repurchase of Shares

On 19 October 2021, the Company repurchased a total of 2,616,000 shares of its ordinary shares (the “Shares”) at an average price of HK\$3.87 per share on the Stock Exchange for an aggregate consideration of HK\$10,123,920 (before expenses) and cancelled on 28 October 2021.

(2) Discloseable Transaction — Acquisition of Equity-linked Note

On 28 October 2021, Constance Capital Limited, an indirect wholly-owned subsidiary of the Company, acquired for an equity-linked note (the “ELN”) which is linked to the shares of China Construction Bank Corporation (Stock Code: 939) for a principal amount of HK\$5,000,000. The coupon rate for the ELN was 15% per annum. Such ELN is expected to be matured on 18 January 2022. The acquisition aggregated with the previous acquisitions in the last 12 months constituted a discloseable transaction for the Company under the Listing Rules, details of which were set out in the announcement of the Company dated 29 October 2021.

(3) Discloseable Transaction — Provision of Financial Assistance

On 12 November 2021, Planetic International Limited, an indirect wholly-owned subsidiary of the Company (as lender) and a borrower (an independent third party) entered into a loan agreement pursuant to which the lender agreed to provide the borrower a loan in an aggregate principal amount of HK\$50,000,000 for a term of 6 months at an interest rate of 9% per annum. The loan constituted a discloseable transaction for the Company under the Listing Rules, details of which were set out in the announcement of the Company dated 12 November 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Period, the Company repurchased a total of 4,378,000 Shares on the Stock Exchange for an aggregate consideration of HK\$17,327,360 (before expenses) on 30 August 2021, 31 August 2021, 10 September 2021 and 20 September 2021 respectively. All the repurchased Shares were subsequently cancelled by the Company on 10 September 2021 and 30 September 2021 respectively. As at 30 September 2021, the total number of Shares in issue was 77,822,403 Shares (out of which, 2,616,000 Shares repurchased on 19 October 2021 were cancelled on 28 October 2021). As at the date of this announcement, the total number of Shares in issue was 75,206,403 Shares.

The repurchases of the Shares by the Directors during the Period were made pursuant to the mandate granted by the Shareholders at the Company’s annual general meeting held on 20 August 2021, with a view to benefiting the Shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

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

REVIEW OF ACCOUNTS

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

Messrs. Deloitte Touche Tohmatsu, the independent auditor of the Company, has reviewed the unaudited condensed consolidated financial information of the Group for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Period (2020 Period: nil).

CORPORATE GOVERNANCE PRACTICES

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 14 to 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 A.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 C.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 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with the existing Directors, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during 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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 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, 23 November 2021

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