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If you have sold or transferred all your shares in Easyknit International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND NOTICE OF THE SGM

Capitalised terms used in this cover page have the same respective meaning as defined in this circular.

A letter from the Board is set out on pages 7 to 24 of this circular.

A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon Hong Kong on Thursday, 22 October 2026 at 10:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not the Shareholders intend to attend and vote at the SGM, Shareholders are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the form of proxy shall be deemed to be revoked.

30 September 2026

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“2023 Convertible Note”	the 5% per annum coupon rate convertible note issued to Goodco by Asset Chain in the original principal amount of HK\$209,000,000 conferring rights to convert at any time before the fifth anniversary of the issue thereof the principal amount into Asset Chain shares on the basis of a conversion price (subject to adjustments). Details of which were set out in the joint circular of the Company and Asset Chain dated 21 January 2023, the circular of Asset Chain dated 6 March 2024, the announcements of Asset Chain dated 17 April 2024, 3 February 2025, 16 January 2026, and the joint announcement of the Company and Asset Chain dated 4 June 2025
“2025 Convertible Note”	the 5% per annum coupon rate convertible note issued to Goodco by Asset Chain in the principal amount of HK\$286,800,622 conferring rights to convert at any time before the fifth anniversary of the issue thereof the principal amount into Asset Chain shares on the basis of an initial conversion price of HK\$0.169 per conversion share (subject to adjustments), pursuant to the terms and conditions of the 2025 Convertible Note. Details of which were set out in the circular of the Company dated 25 November 2025, the circular of Asset Chain dated 25 November 2025, the announcements of the Company dated 10 October 2025, 17 October 2025, 20 November 2025 and 16 January 2026
“affiliated company”	the meaning ascribed to it in the Listing Rules
“Announcement”	the announcement of the Company dated 28 August 2026 in relation to the Disposal of the entire issued share capital of the Target Company and transactions contemplated thereunder
“Asset Chain” or “Eminence”	Asset Chain Limited (財富鏈有限公司) (formerly known as Eminence Enterprise Limited (高山企業有限公司)), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 616), being the issuer of 2023 Convertible Note and 2025 Convertible Note
“Asset Chain share(s)” or “Eminence share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Asset Chain
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors

DEFINITIONS

“Business Day”	a day on which banks are open for business in Hong Kong, excluding Saturdays, Sundays and public holidays and such other days as specified in the Sale and Purchase Agreement
“BVI”	the British Virgin Islands
“CMC REIT”	China Merchants Commercial Real Estate Investment Trust (招商局商業房地產投資信託基金), a Hong Kong collective investment scheme constituted as a unit trust and authorized under section 104 of the SFO
“Company”	Easyknit International Holdings Limited (永義國際集團有限公司), an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1218)
“Completion”	completion of the sale and purchase of the Sale Share in accordance with the Sale and Purchase Agreement
“Completion Accounts”	the audited financial statements of the Target Company (comprising a statement of financial position of the Target Company as at Completion and a statement of comprehensive income of the Target Company for the period from 1 April 2026 to the Completion Date) prepared and agreed or determined in accordance with the form set out in the Sale and Purchase Agreement
“Completion Date”	the date on which Completion takes place in accordance with the terms on the Sale and Purchase Agreement
“Conditions Precedent”	the conditions precedent for completion of the Sale and Purchase Agreement summarized in the sub-section headed “Conditions Precedent” in this circular
“connected person”	the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration payable by the Purchaser for the Sale Share under the Sale and Purchase Agreement, subject to adjustment
“Constance Capital”	Constance Capital Limited (弘雅資本有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company and a licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO

DEFINITIONS

“Co-operation Agreement”	the co-operation agreement dated 11 June 2025 relating to the 7th to 12th, 15th to 23rd and 25th to 28th Floors of the Property entered into between the Target Company and the Operator
“Deviation”	the demolition of the wall(s) separating the gym and certain rooms on the 5th floor of the Property
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Goodco”	Goodco Development Limited (佳豪發展有限公司), a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) (and in the case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who, to the best knowledge and belief of the Directors, as the case may be, having made all reasonable enquiries, is or are third party(ies) independent of and not connected with the Company, as the case may be, and their respective connected persons (as defined in the Listing Rules)
“Latest Practicable Date”	24 September 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Licence Agreements”	the licence agreements for the use or occupancy of units at the residential portion of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2026 or such later date as the Vendor and the Purchaser may agree in writing
“Main Board”	the main board maintained and operated by the Stock Exchange

DEFINITIONS

“Market Approach”	market approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on
“Market Value”	the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion
“Operator”	Lab 312 Limited, a company incorporated under the laws of Hong Kong with business registration no. 63501950
“Post-Transaction Group” or “Remaining Group”	the Group immediately after Completion
“PRC”	the People’s Republic of China
“Property”	all those pieces or parcels of land registered in the Land Registry as the remaining portion of section A of Kowloon Inland Lot No. 1526, Subsection 3 of Section A of Kowloon Inland Lot No. 1526, the remaining portion of subsection 1 of section A of Kowloon Inland Lot No. 1526, subsection 2 of Section A of Kowloon Inland Lot No. 1526 and section D of Kowloon Inland Lot No. 1526 together with the messuages erections and buildings thereon now known as “NO.470 CHATHAM ROAD NORTH (formerly known as No.470 Chatham Road), NO.472 CHATHAM ROAD NORTH (formerly known as No.472 Chatham Road), NO.474 CHATHAM ROAD NORTH (formerly known as No.474 Chatham Road), NO.476 CHATHAM ROAD NORTH (formerly known as No.476 Chatham Road) and NO.478 CHATHAM ROAD NORTH (formerly known as No.478 Chatham Road)
“Purchaser”	Quantum Living Accommodation Limited, a company incorporated in the BVI, an Independent Third Party

DEFINITIONS

“Sale and Purchase Agreement”	a conditional sale and purchase agreement dated 28 August 2026 entered into among the Vendor, the Purchaser and the Company in relation to the Disposal
“Sale Share”	all issued ordinary shares in the Target Company, representing its entire issued share capital
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of par value HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sheung Yue General Offer”	the mandatory unconditional cash offer to be made by Constance Capital for and on behalf of the offeror to acquire all the issued shares of Sheung Yue Group Holdings Limited (上諭集團控股有限公司) (Stock Code: 1633) (other than those shares already owned or agreed to be acquired by the offeror, its ultimate beneficial owner or parties acting in concert with any of them) in accordance with the Hong Kong Code on Takeovers and Mergers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a subsidiary for the purposes of the Listing Rules
“substantial shareholder(s)”	the meaning ascribed to it in the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, as amended from time to time
“Target Company”	Success Active Limited, a company incorporated in the BVI with limited liability, and an indirect wholly-owned subsidiary of the Company
“The Quad”	the student hostel operating at the residential portion of the Property

DEFINITIONS

“Vendor”	Yue Heng Real Estate Holdings Limited (宇恒地產控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, and a direct wholly-owned subsidiary of the Company
“Vendor’s Guarantor”	the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq.ft.”	square feet
“%”	per cent.

LETTER FROM THE BOARD



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

Executive Directors:

Ms. KOON Ho Yan Candy

(President and Chief Executive Officer)

Ms. LUI Yuk Chu *(Vice President)*

Independent non-executive Directors:

Mr. TSUI Chun Kong

Mr. LAU Chak Hang Charles

Mr. MA Man Yuet

Registered office:

Richmond House

12 Par-la-Ville Road

Hamilton HM 08

Bermuda

*Head office and principal place of
business in Hong Kong:*

Block A, 7th Floor

Hong Kong Spinners Building, Phase 6

481–483 Castle Peak Road

Cheung Sha Wan

Kowloon

Hong Kong

30 September 2026

To the Shareholders,

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL IN RELATION TO
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF THE TARGET COMPANY
AND
NOTICE OF THE SGM**

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial information on the Target Company; (iii) financial information on the Post-Transaction Group; (iv) an independent property valuation report on the Property (the “**Valuation Report**”); (v) a notice convening the SGM; and (vi) other information as required under the Listing Rules.

LETTER FROM THE BOARD

On 30 April 2026, the property investment adviser of the Purchaser submitted a non-legally binding letter (the “**Expression of Interest Letter**”) to the Vendor and the Company in relation to the acquisition of the entire issued share capital of the Target Company at a purchase price of HK\$528.5 million, the Expression of Interest Letter was countersigned by the Vendor and the Company on 4 May 2026. Among others, the letter sets out the proposed transaction structure, due diligence, completion timetable, earnest money and exclusivity of the proposed acquisition. Subsequently, extension letters were entered into between the parties on 16 June 2026 and 7 August 2026 to extend the exclusivity of the proposed acquisition. Thereafter, the Purchaser, the Vendor and the Vendor’s Guarantor entered into the Sale and Purchase Agreement on 28 August 2026.

THE SALE AND PURCHASE AGREEMENT

Key terms of the Sale and Purchase Agreement is summarized below:

Date

28 August 2026

Parties

The Vendor: Yue Heng Real Estate Holdings Limited

The Purchaser: Quantum Living Accommodation Limited

The Vendor’s Guarantor: the Company

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

The Vendor has conditionally agreed to sell the Sale Share, being the entire issued share capital of the Target Company.

Consideration and payment terms

The Consideration shall be an amount equal to the amount computed in accordance with the following:

- (i) an amount equal to HK\$528.5 million (the “**Agreed Property Value**”);
- (ii) plus the amount of the adjusted net asset value as set out in the pro forma completion accounts of the Target Company (if it is a positive amount) or minus the absolute value of the amount of the adjusted net asset value as set out in the pro forma completion accounts of the Target Company (if it is a negative amount).

LETTER FROM THE BOARD

The Vendor shall, at its sole cost, procure that a pro forma statement of financial position of the Target Company as at Completion and a pro forma statement of comprehensive income of the Target Company for the period from 1 April 2026 to the Completion Date (collectively “**Pro Forma Completion Accounts**”) be prepared and delivered to the Purchaser as soon as reasonably practicable but in any event no later than 8 Business Days prior to (but excluding) the Completion Date (or within such other period as the Vendor and the Purchaser may agree in writing) for review by the Purchaser.

Following Completion, the Vendor shall cooperate with the Purchaser and shall procure that a financial statements of the Target Company for the period from 1 April 2026 to the Completion Date (the “**Provisional Completion Accounts**”) shall be prepared in accordance with the principles set out in the Sale and Purchase Agreement and audited by KPMG, the auditors of the Target Company, for the purpose of preparing the Provisional Completion Accounts and/or the Completion Accounts, and shall procure that KPMG shall deliver the audited Provisional Completion Accounts to the Vendor and the Purchaser as soon as reasonably practicable but in any event no later than 45 Business Days following the Completion Date (or within such other period as the Vendor and the Purchaser may agree in writing) for review by the Purchaser.

For the avoidance of doubt and with reference to the Sale and Purchase Agreement, Pro Forma Completion Accounts is prepared by the Vendor *without auditing prior to Completion*. Provisional Completion Accounts is prepared by KPMG *with auditing after Completion*. Completion Accounts refer to the final audited Completion Accounts of the Target Company *reviewed and approved by the Purchaser and the Vendor*. If the Purchaser and the Vendor approve the audited Provisional Completion Accounts, such audited Provisional Completion Accounts shall constitute/become the Completion Accounts and be final and binding on the parties.

The adjusted net asset value of the Target Company means the total assets of the Target Company as at Completion (excluding the book value of the Property) minus the total liabilities of the Company as at Completion (after taken into account the capitalisation of the inter-company balances and settlement of bank loan) to be determined with reference to the Pro Forma Completion Accounts. For the purpose of calculating the adjusted net asset value, the remaining assets and liabilities (excluding the Property) held by the Target Company comprised of items such as utility deposit, rental deposit paid, cash at bank, accrual (operating expenses payable to the Operator) and rental deposit received.

The final Consideration is subject to an adjustment by reference to the adjusted net asset value of the Target Company as determined under the Completion Accounts. Any such adjustment shall be settled within 15 Business Days after the Completion Accounts have been agreed or determined.

LETTER FROM THE BOARD

As the Completion Accounts will only be finalised after Completion and may be subject to changes during the preparation, review and agreement or determination process, the Company is unable to specify a fixed contractual cap on the potential upward adjustment. Based on the latest available financial information, the potential upward adjustment is expected to be immaterial in the context of the Disposal. The Company estimates the maximum amount of Consideration after taking into account the potential upward adjustment to be no more than HK\$538.5 million which is mainly due to rental income to be recognized by the Target Company before Completion. Such estimate is based on the information currently available to the Company and is subject to the financial position and net asset value of the Target Company at Completion. Accordingly, the actual Consideration may differ from the estimated maximum amount and may be lower than such amount. The Company does not expect the potential adjustment to result in any change to the classification of the transaction under Chapter 14 of the Listing Rules.

The Agreed Property Value of HK\$528.5 million represents the value agreed between the parties for the Property and forms the base amount of the Consideration. The adjusted net asset value adjustment is intended to capture the net assets of the Target Company other than the Property as at Completion. If the book value is not being excluded in the calculation of the adjusted net asset value of the Target Company as at Completion, it will create double counting of the value of the Property under the adjustment clause. Accordingly, the adjustment mechanism is intended to reflect the value of the Target Company's assets and liabilities other than the Property at Completion.

An amount of HK\$5.285 million, representing the earnest money, was paid on behalf of the Purchaser to the Vendor's solicitors as stakeholders on 30 April 2026 pursuant to the terms of the Expression of Interest Letter. A further deposit of HK\$47.565 million shall be paid to the Vendor's solicitors as stakeholders within 3 Business Days after the date of the Sale and Purchase Agreement. Accordingly, the aggregate deposit of HK\$52.85 million (the "**Deposit**") represents approximately 10% of the Agreed Property Value. The amount of HK\$47.565 million was paid on behalf of the Purchaser to the Vendor's solicitors as stakeholders on 2 September 2026.

The Deposit shall be held by the Vendor's solicitors as stakeholders and shall be applied as part payment of the Consideration upon Completion, unless otherwise released or forfeited in accordance with the terms of the Sale and Purchase Agreement.

The balance of the Consideration after deduction of the Deposit shall be payable at Completion. An amount equal to the outstanding amount required to fully repay the existing bank loan of the Target Company (in the principal amount of approximately HK\$345.0 million), including any accrued interest, prepayment fees, break-funding fees and related costs and expenses, shall be paid directly by the Purchaser to the bank on behalf of the Target Company for the release and discharge of the relevant security. The remaining balance of the Consideration shall then be paid to the Vendor.

The Agreed Property Value was determined following arm's length negotiations between the Purchaser and the Group. According to the preliminary valuation conducted by Vincorn Consulting and Appraisal Limited, an independent valuer engaged by the Group (the "**Independent Valuer**"), the valuation of the Property held by the Target Company as at 31 July 2026 (the "**Valuation Date**") was HK\$524.0 million (the "**Valuation**"). The independent valuer adopted the market approach by making reference to comparable market transactions in its assessment of the market value of the Property.

LETTER FROM THE BOARD

Directors' assessment on the valuation approach and valuation comparables used by the Independent Valuer in determining the Agreed Property Value

The Directors are of the view that the market approach adopted by the Independent Valuer, which is the principal method prescribed under relevant valuation standards in accordance with the HKIS Valuation Standards 2024 published by The Hong Kong Institute of Surveyors effective from 31 December 2024 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2025, is fair and appropriate because of the use of active and accessible comparable data by the Independent Valuer, a total of three scaled hospitality sale comparables with similar locality in Kowloon, completed after 1980, transacted within 12 months before the Valuation Date have been identified and analysed. The Directors considered alternative valuation methods such as income or cost approaches were less suitable as compared to the market approach due to the lack of market reflectivity and the lack of verifiable inputs. Furthermore, the Directors consider that the selection scope of comparables put forward by the Independent Valuer were specific and exhaustive, as they are all sourced from verified and well-known platforms, with property type, location and building age similar to the Property, which ensure the direct market comparability and valuation accuracy. Please refer to Appendix I to this circular for further details on the valuation approach and valuation comparables used by the Independent Valuer in determining the Agreed Property Value.

Directors' assessment on the reasonableness of quantitative inputs and adjustments

Furthermore, the Directors' consider that the adjustments given by the Independent Valuer to the comparables for differential factors, such as the time, location, size and building age of the relevant properties, were derived from the Independent Valuer's market evidence and peer transaction analyses, which supports that the Agreed Property Value as stated in the Valuation Report is fair and reliable.

Directors' assessment on the fairness and reasonableness of the Consideration

Having considered (i) the Independent Valuer is independent from the Company and has relevant experience in conducting the Valuation similar to that of the Property; (ii) the adoption of market approach for the Property, is an appropriate valuation methodology; and (iii) the reasonableness of the bases and assumptions adopted in the Valuation, the Directors are of the view that the Agreed Property Value as set out in the Valuation Report in Appendix I to this circular is an appropriate reference point to assess the fairness and reasonableness of the Consideration under the Sale and Purchase Agreement, and the Consideration, which is determined based on the Valuation, is fair and reasonable and in the interests to the Company and its Shareholders.

The Independent Valuer adopted the market approach by making reference to comparable market transactions in its assessment of the market value of a property interest. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. The Directors have reviewed the assumptions adopted by the Independent Valuer and have been advised that the key assumptions adopted therein are commonly used in valuing similar assets. There are no irregularities noted by the Directors in relation to the quantitative inputs in such valuation. The Directors therefore consider that the key assumptions, quantitative inputs and methodology adopted in such valuation are fair and reasonable. Please refer to the Valuation Report as set out in Appendix I of this circular for details of the Valuation.

LETTER FROM THE BOARD

In agreeing at the Agreed Property Value, which represents a 0.85% premium to the aforesaid Valuation as at the Valuation Date, the Group has considered factors including the prevailing macroeconomic conditions and sentiment in the Hong Kong property market, which continue to face challenges and are expected to remain uncertain. The Group considered that the Hong Kong property market outlook remains uncertain, with risks including potential interest-rate volatility, economic and trade policy uncertainties, and unpredictable transaction volumes and pricing in the near term. Given this uncertain backdrop, there is no assurance that the Property could be sold at a materially higher price in the short to medium term, and any delay could expose the Group to further market and carrying-cost risks. In this context, the Board considered that a consideration close to the Agreed Property Value, coupled with the certainty and timeliness of realisation under the Sale and Purchase Agreement (including the 10% Deposit and fixed Agreed Property Value subject only to the agreed Completion Accounts adjustment), was acceptable and in the interests of the Company and its Shareholders as a whole. Taking into account the aforesaid factors and the reasons and benefits of the Disposal as further described in “Reasons for and Benefits of the Disposal” below, the Vendor considers the Agreed Property Value to be fair and reasonable. The Board is of the view that the final Consideration which is primarily based on the Valuation, is fair and reasonable and in the interests to the Company and its Shareholders as a whole.

Conditions Precedent

Completion is conditional upon the satisfaction, or waiver to the extent permitted under the Sale and Purchase Agreement, of the following conditions on or before 31 December 2026, or such later date as may be agreed in writing by the Vendor and the Purchaser:

- (i) the Deviation from the approved general building plans relating to the Property has been rectified, removed and/or reinstated, as confirmed by a certificate issued by the authorised person appointed by the Vendor or the Target Company;
- (ii) all inter-company balances owing by the Target Company to the Vendor, the Vendor’s Guarantor or their connected persons have been fully capitalised or converted into equity, such that no inter-company balances remain outstanding at Completion;
- (iii) an authorised person appointed by the Vendor or the Target Company has issued a certificate confirming the aggregate saleable area of the Property, including its domestic saleable areas, by reference to the relevant approved building plans and supporting calculations; and
- (iv) the Disposal has been approved by the Shareholders at a general meeting in accordance with the Listing Rules.

LETTER FROM THE BOARD

The Purchaser may waive the first three conditions above in writing to the extent legally permitted. As at the Latest Practicable Date, the Purchaser has not waived any conditions precedent set out above. If the conditions are not satisfied or validly waived by the Long Stop Date, the parties may agree to extend the Long Stop Date in writing; otherwise, the Sale and Purchase Agreement will terminate in accordance with its terms and the Deposit shall be returned to the Purchaser; where the Sale and Purchase Agreement is terminated due to non-satisfaction of the conditions (i) to (iii) above, the Vendor shall return the Deposit within 5 Business Days and pay the Purchaser, within 15 Business Days, an amount equal to the Deposit as liquidated damages; where the Sale and Purchase Agreement is terminated due to non-satisfaction of the condition (iv) above, the Vendor shall return the Deposit within 5 Business Days and pay the Purchaser, within 15 Business Days, HK\$5.0 million as liquidated damages. Upon receipt of such amount, the Purchaser shall have no further claim against any party, including the Vendor and the Vendor's Guarantor. As at the Latest Practicable Date, condition (iii) is fulfilled.

The Company has taken into account the inter-company balances in determining the overall terms of the Disposal. The balances represented intra-group funding advanced by the Vendor, and were not liabilities which the Purchaser would assume under the Sale and Purchase Agreement. The capitalisation formed part of the agreed debt-free disposal structure and was a condition to Completion. Accordingly, the Consideration was determined by reference to the market value of the Property and the Target Company on the agreed debt-free basis, rather than by adding the inter-company balances to the Consideration. The debt-free disposal structure was agreed as part of the commercial negotiations with the Purchaser, who required the Target Company to be transferred free from its existing indebtedness, including the inter-company balances, at Completion. Although the loan capitalisation means that the Group will not recover the inter-company balances in cash from the Target Company, the Board considered that the structure facilitates the completion of the Disposal, avoids the need for the Group to further finance the Target Company, and enables the Group to realise the value of the Property and receive the agreed consideration with greater certainty. The debt-free disposal structure provides greater certainty of receipt of the Consideration because: (i) at Completion, the Purchaser is contractually obliged to pay an amount equal to the outstanding bank loan (including interest) directly to the bank to fully repay the loan and release the security, with the remaining balance then paid to the Vendor; and (ii) this direct payment mechanism removes reliance on the Target Company's cash resources or on the Group arranging separate refinancing before Completion, thereby reducing refinancing and execution risk and ensuring that the net proceeds are received in a single, coordinated step at Completion. Having considered the financial position of the Target Company, the terms of the Sale and Purchase Agreement and the overall benefits of the Disposal, the Board is of the view that the loan capitalisation and the debt-free disposal structure are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors are of the view that in the absence of the Disposal, the inter-company balances would have remained owing by the Target Company. Given i) the Target Company's audited net liabilities of approximately HK\$221.9 million as at 31 March 2026; ii) its historical loss-making position; iii) its substantial bank borrowings; iv) the absence of sufficient surplus cash resources to repay the inter-company balances in full; and v) the fact that the Target Company's principal asset, being the Property, was subject to external financing, the Company did not expect the Target Company to repay the inter-company balances in full in the near term without a sale, refinancing or other realisation of the Property.

LETTER FROM THE BOARD

The Directors also consider that the adjustment mechanism is an objective completion accounts mechanism under which the Agreed Property Value is fixed at HK\$528.5 million, while the Consideration is adjusted by reference to the adjusted net asset value of the Target Company at Completion. Any increase or decrease in the adjusted net asset value will result in a corresponding dollar-for-dollar adjustment to the Consideration. The Completion Accounts will be prepared and agreed or determined in accordance with the procedures set out in the Sale and Purchase Agreement, and any resulting adjustment will be settled within 15 Business Days after the Completion Accounts have been agreed or determined.

The Directors consider that this mechanism provides a fair and reasonable basis for determining the final Consideration, as it reflects the actual net asset value of the Target Company at Completion while preserving the agreed value of the Property.

Completion

Subject to the satisfaction or waiver of all conditions precedents, Completion shall take place on the 12 Business Day following satisfaction or waiver of all conditions precedents, or such other date as the Vendor and the Purchaser may agree in writing.

Vendor's guarantee

The Company has agreed to guarantee to the Purchaser the performance by the Vendor of its obligations under the Sale and Purchase Agreement and other relevant documents until such obligations have been satisfied in full. The Company's liability under the guarantee is subject to the limitations and exclusions set out in the Sale and Purchase Agreement. The Vendor's obligations under the Sale and Purchase Agreement and the other transaction documents include, among other things, procuring the transfer of the Sale Shares free from encumbrances, delivering the completion documents and other agreed deliverables at Completion, complying with the completion arrangements and other covenants under the Sale and Purchase Agreement, providing the warranties and indemnities under the transaction documents, cooperating in the preparation and audit of the Completion Accounts, procuring the restricted actions and other pre-completion obligations of the Target Company, and executing the relevant documents including but not limited to a deed of novation to be entered into between the Target Company, the Vendor, the main contractor of the Property and the Purchaser in respect of the novated construction rights and liabilities. The deed of novation is to legally transfer (novate) the Target Company's specified rights and corresponding payment obligations relating to the determination, verification, dispute, adjustment and settlement of the identified construction costs and related professional fees from the Target Company to the Vendor, so that after Completion, the Vendor, rather than the Target Company, will be responsible for pursuing and paying those construction claims while the Target Company retains all other rights and benefits under the construction contracts, such as warranties, defects liability and rectification rights and rights relating to the quality, design and completion of the works.

LETTER FROM THE BOARD

The deed of novation is intended to transfer to the Vendor (rather than the Target Company) the specified rights and obligations relating to the determination, verification, dispute, adjustment and settlement of identified construction costs and related professional fees incurred and borne by the Target Company before the date of the Sale and Purchase Agreement, while the Target Company retains all other rights and benefits under the construction contracts, such as warranties, defects liability and rectification rights. This structure was agreed to facilitate the Disposal on a debt-free basis and to ensure that, after Completion, the Vendor (as part of the Group) remains responsible for finalising and paying the outstanding construction claims, which are more appropriately handled by the Group given its involvement in the development and existing relationships with the main contractor and professional parties. According to the deed of novation, the maximum unpaid construction costs amounted to approximately HK\$38.8 million. The maximum amount of approximately HK\$38.8 million would be excluded from the calculation of the adjusted net asset value of the Target Company for the preparation of the Completion Accounts.

The execution of the deed of novation is in the interest of the Company and the Shareholders as a whole because: (i) it enables the Disposal to proceed on a clean, debt-free basis, which was a key requirement of the Purchaser and supports the certainty of Completion; (ii) it allows the Group to retain control over the finalisation and payment of the construction claims, which are more efficiently managed by the Group given its role in the development and existing contractual relationships; and (iii) it also ensures that the Target Company is transferred free from these contingent liabilities, thereby avoiding potential post-completion disputes or adjustments that could otherwise delay or jeopardise receipt of the Consideration.

FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS

Upon Completion, the Target Company will cease to be a subsidiary of the Company. Based on the information currently available and the audited financial information of the Group as at 31 March 2026, the Group expects a loss of approximately HK\$0.5 million to be recorded from the Disposal after taking into account the cost for rectifying the Deviation in the amount of approximately HK\$74,000, the professional fees and other transaction expenses to be incurred. The loss on Disposal was derived from the final Consideration (after taking into account the adjusted net asset value) minus the net assets to be disposed of and the estimated transaction costs directly attributable to the Disposal.

The actual financial effect in connection with the Disposal will be assessed after the Completion and is subject to review and final audit to be performed by the Company's auditors.

LETTER FROM THE BOARD

The net proceeds from the Disposal amounted to approximately HK\$165.8 million, after repayment of the Target Company's bank loan and interest payable in the amount of approximately HK\$346.3 million, the cost for rectifying the Deviation, the professional fees and other transaction expenses to be incurred. As at the Latest Practicable Date, the Target Company's bank loan (with the Target Company's share and the Property being the securities) had an outstanding principal amount of approximately HK\$345.0 million and was matured on 31 August 2026, the bank loan carries an interest rate of 4.65%. The bank has agreed to extend the banking facilities to 30 November 2026 to facilitate the Completion of the Disposal. The intended use of the net proceeds is set forth below:

Intended use	Amount HK\$' million	Percentage (%)	Indicative timeline for utilisation
Expansion of secured loan business	50.0	30.2	Within 12 months after Completion
Investment and potential return of capital to the Shareholders	100.0	60.3	Within 12 months after Completion
General working capital	15.8	9.5	Within 12 months after Completion
Total	165.8	100.0	

Expansion of secured loan business

Approximately HK\$50.0 million, representing approximately 30.2% of the net proceeds, will be used for the Group's margin financing activities and to support the financing requirements arising from a general offer, including funding the consideration payable to accepting shareholders and settling related fees, expenses and financing costs. The Company's indirect wholly-owned subsidiary, Constance Capital, was the offer agent of the Sheung Yue General Offer and had also provided a financing facility to the offeror in the amount of approximately HK\$52.5 million, the financing amount can fully cover the maximum amount of cash payable by the offeror upon full acceptance of the Sheung Yue General Offer. For details, please refer to the announcement of Sheung Yue Group Holdings Limited dated 24 July 2026. In light of the Group's recent involvement in this financing transaction, the financing amount involved and the potential for further general offer financing opportunities, the Company considers that the proposed allocation of approximately HK\$50.0 million of the net proceeds for the expansion of its secured loan business, including supporting the financing requirements arising from general offer, is reasonable and commercially justifiable. The proposed allocation is being determined with reference to the HK\$52.5 million financing needs of the offeror with regard to the Sheung Yue General Offer which was closed on 4 September 2026 and the anticipated future secured lending activities of the Group. Pending utilisation, any unused proceeds may be placed with licensed banks or invested in short-term, liquid and low-risk investments in accordance with the Group's treasury policy.

LETTER FROM THE BOARD

The Group conducts margin financing business by Constance Capital in providing short-term facilities to corporate and individual clients against collateral consisting primarily of marketable securities and, where appropriate, properties. Clients are sourced principally through referrals and introductions from the Company's directors, senior management, business partners and existing clients, and, where available, through the Group's participation as offer agent and/or financier to offerors in general offer and take-over transactions.

The Company currently expects an initial capital requirement of approximately HK\$50 million to HK\$80 million to be deployed over the next 12 to 18 months in its margin financing business to support the financing requirements arising from general offers. Out of which, HK\$50 million is proposed to be funded from the net proceeds of the Disposal, with the balance to be met from the Group's internal resources and/or external borrowings as and when required.

Credit risk is managed through established margin-financing controls, including pre-transaction due diligence, loan-to-value ratios, first-ranking security over collateral (typically share charges and/or legal charges), regular re-valuation of collateral, margin-call mechanisms, and ongoing monitoring of borrowers' financial condition and repayment performance. The Company's credit risk assessment for its margin financing business is overseen by the Board, which has delegated day-to-day responsibility to senior management, including the responsible officers of Constance Capital, who formulates and monitors the credit risk policy, exposure limits, collateral haircuts and margin call procedures in line with the SFC's Guidelines for Securities Margin Financing Activities.

Investment and potential return of capital to the Shareholders

Approximately HK\$100.0 million, representing approximately 60.3% of the net proceeds, will be applied for investments and declaration and payment of special dividend to Shareholders.

The types of investments include (i) investment in listed securities in Hong Kong, including but not limited to blue chip/Hang Seng Index constituent stocks; (ii) investment in equity linked notes of Hong Kong listed securities; and (iii) other investment in securities and related products. The categories of investment include (i) short-term investment consists of cash or listed or unlisted securities with expected investment period of one year or less; (ii) medium-term investment consists of listed or unlisted securities with expected investment period of one to five years; and (iii) long-term investment consists of listed or unlisted securities with expected investment period of over five years. The Company will select investments based on factors including the target company's financial performance, business prospects, valuation, liquidity, dividend policy, management quality, industry position and the potential strategic benefits to the Group. As at the Latest Practicable Date, the Company has not identified any specific investment and has not entered into any agreement or arrangement in relation to any such investment.

As at 31 March 2026, the Group's investment portfolio primarily comprises listed equity securities (including blue-chip/Hang Seng Index constituent stocks and other Hong Kong-listed companies) and convertible notes. Details of the Group's investments are disclosed in the Company's annual reports for the year ended 31 March 2026.

LETTER FROM THE BOARD

The Company's investment objective is to achieve capital appreciation and/or stable income while maintaining an appropriate balance of risk, return and liquidity. At this stage, the Directors currently intend to focus new investments (including any deployment of Disposal net proceeds) primarily on (i) Hong Kong Exchanges and Clearing Limited (Stock Code: 388), (ii) major banking corporations listed in Hong Kong, and (iii) state-owned enterprises ("SOEs") listed in Hong Kong, particularly those with dominant market positions, stable cash flows and/or attractive dividend yields.

In particular, the Board is of the view that:

- i) Hong Kong Exchanges and Clearing Limited operates the sole securities and derivatives exchange and clearing house in Hong Kong and benefits from a unique market position, high barriers to entry, recurring revenue streams from trading and clearing activities, and a long-term growth profile linked to the development of Hong Kong's capital markets and connectivity with the PRC. The Company's existing familiarity with the financial services sector further supports a measured allocation to this counter.
- ii) Major Hong Kong-listed banking corporations generally exhibit relatively stable earnings, strong capitalisation, robust regulatory oversight and attractive dividend yields. The Board considers that, in the current interest rate and macroeconomic environment, large-cap banks offer a reasonable balance between income generation and capital preservation, with downside risk mitigated by their systemic importance and diversified business models.
- iii) Hong Kong-listed SOEs often occupy leading positions in strategic industries (such as energy, telecommunications, transport and utilities), enjoy policy support and relatively stable cash flows, and in many cases provide consistent dividend payouts. The Board views such SOEs as suitable core holdings for a conservative equity allocation, particularly where valuations are reasonable and liquidity is sufficient.

In view of the above, the Board believes that this focused investment approach allows the Group to participate in the potential recovery and long-term development of Hong Kong's equity markets while emphasising liquidity, relative stability and income-generating characteristics, which are consistent with the Company's overall treasury and risk management policies.

Out of the approximately HK\$100.0 million allocated for "investments and potential return of capital to Shareholders", the Company currently intends, subject to market conditions and opportunities, to deploy no more than HK\$50.0 million into listed securities in Hong Kong, with the flexibility to allocate no less than HK\$50 million to return capital to Shareholders by way of a special dividend. The exact allocation between specific investment types and any special dividend will be determined by the Directors from time to time based on investment opportunities, expected returns and risks, and the Group's cash flow and financial position.

LETTER FROM THE BOARD

The Group's investment portfolio will be regularly monitored by the executive board (comprising at least two executive Directors, being all executive Directors as at the Latest Practicable Date) or authorized person, being the in-house investment consultant of the Company and has over 40 years of experience in securities investment, who is responsible for formulating and overseeing an investment management framework that considers the Group's financial objectives, safety of capital, stock market conditions, applicable laws and regulations, global technology developments and industry news. Quarterly investment reports reflecting portfolio holdings, performance and risk analysis will be reviewed by the executive board, which assesses investments by computing total return (including capital gains, dividends and interest), benchmarking against relevant market indices, monitoring volatility through continuous tracking of market values, conducting market analysis of listed companies' financial health and market position, and staying informed of technology and industry developments. To prioritise capital safety and liquidity, the proportion of unlisted securities will be minimal, with the majority of investments comprising securities listed in Hong Kong and equity-linked notes issued by Hong Kong-listed issuers, and all investment transactions require at least two authorised signatures from the executive board, whereby the initiator signs an investment form that is then reviewed and countersigned by another executive Director or authorized person for approval.

The executive board considers that the approval limits in the investment policy of the Group are designed to control the risk exposure of the Group's investment decision-making, with transactions up to HK\$15,000,000 requiring approval from any one executive Director or authorized person, transactions between HK\$15,000,001 and HK\$50,000,000 requiring any one executive Director and any one authorized person, and transactions above HK\$50,000,000 requiring any two executive Directors and any one authorized person, while any transaction constituting a notifiable transaction under the Listing Rules requires Board approval. The initiator of each investment transaction (an executive Director or authorized person) is supported by relevant staff with accounting and finance backgrounds who together form the investment team, comprising personnel who have worked for the Group for approximately twenty to over thirty years and are responsible for regular performance review and reporting to the executive Board to facilitate investment decision-making, with the Board considering that the investment team possesses relevant technical and analytical expertise including building financial models to forecast performance, interpreting data, statistics and trends, gathering the latest information on global technology development and industry news, and proficiency in using Microsoft Excel and software platforms offering real-time market data, news, analytics and assistant tools for stocks and bonds trading.

The potential return of capital to the Shareholders includes but not limited to proposed special dividend to return part of the cash proceeds realised from the Disposal to the Shareholders. The declaration and payment of the proposed special dividend will be subject to, among other things, Completion having taken place, the Directors being satisfied that the Company will remain able to meet its liabilities as they fall due following payment of the special dividend, and compliance with the applicable laws, the constitutional documents of the Company and the Listing Rules. Accordingly, Shareholders should note that there is no assurance that any special dividend will be declared or paid.

The Company intends to declare a special dividend from the Disposal proceeds, but the exact amount and timing are yet to be determined. The allocation of the HK\$100.0 million between investments and potential return of capital to Shareholders (including declaration and payment of special dividend) will depend on, among other things, market conditions, investment opportunities, expected returns and risks, the Group's cash flow and financial position. Accordingly, the HK\$100.0 million may be applied to investments, a special dividend, or both.

LETTER FROM THE BOARD

General working capital

Approximately HK\$15.8 million, representing approximately 9.5% of the net proceeds, will be used as general working capital for the Group's ordinary business operations which is expected to be applied towards staff costs, administrative expenses, professional fees, property holding and maintenance expenses, interest expenses, taxes and other operating expenses.

The Directors consider that retaining this portion as general working capital is appropriate. Any material change in the use of such proceeds will be made in accordance with the Listing Rules and applicable announcement requirements.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has always been seeking suitable buyer(s) for the Property, the Directors considered that given the uncertainty in the Hong Kong property market, the Disposal provides an opportunity for the Group to realise and monetise the Property at a consideration which is close to its Valuation of approximately HK\$524.0 million, while enhancing the Group's liquidity and provide additional cash resources for general working capital and future business development opportunities, and reduce the continuing carrying costs, capital expenditure and operating commitments associated with holding the Property.

The Property is currently operated as a student hostel through the Group's partnership with the Operator and has achieved a 100% occupancy rate; nevertheless, after taking into account the Property's specific characteristics, valuation, location and marketability, the Board considers that the Disposal provides a timely opportunity to realise the value of the Property at the agreed Consideration, release capital otherwise tied up in a single property asset, reduce the Group's exposure to uncertain factors such as future fluctuations in student demand, occupancy, operating costs, maintenance and refurbishment requirements, regulatory risks, and improve the Group's liquidity and financial flexibility through the application of the net proceeds in accordance with the Company's stated intentions, including strengthening working capital and supporting the Group's continuing businesses; although retaining the Property would allow the Group to continue receiving income from its fully occupied operation, the Board considers that the immediate realisation of value, potential reduction in finance costs and gearing, and enhanced flexibility to redeploy capital into the Group's businesses and other opportunities outweigh the benefits of retention, and accordingly the Board is of the view that the Disposal is commercially justifiable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

After considering the above factors, the Directors, including the independent non-executive Directors, consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

No any Director abstained, or was required to abstain, from voting on the Board resolution(s) or is required to abstain from voting at the SGM.

LETTER FROM THE BOARD

INFORMATION OF THE COMPANY AND THE VENDOR

The Company is an investment holding company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1218). The Group is principally engaged in property development, property investment, investment in securities and others and loan financing business which property development and property investment are the core businesses. The Group's portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong.

The Vendor is directly wholly-owned by the Company and is the sole legal and beneficial owner of the Target Company.

INFORMATION OF THE PURCHASER

The Purchaser is owned as to (i) 55% by Treasure Supreme International Limited, a company incorporated in the BVI, and is wholly-owned by CMC REIT, and (ii) 45% by Welkin Links Capital Real Estate L.P., a fund set up in the Cayman Islands whose general partner is ProsperCore Limited, a company incorporated in the Cayman Islands. ProsperCore Limited is owned as to (i) 50% by BentallGreenOak China Holdings Limited, a company incorporated in Guernsey ("**BGO China**") and (ii) 50% by Welkin Links Capital Group Limited, a company incorporated in the BVI.

CMC REIT is a Hong Kong collective investment scheme constituted as a unit trust, and is authorized under section 104 of the SFO. The CMC REIT and its subsidiaries is principally engaged in the business of ownership of and investment in income-generating office and retail properties in Hong Kong and the Greater China. CMC REIT is a real estate investment trust constituted by the trust deed entered into between China Merchants Land Asset Management Co., Limited, the manager of CMC REIT, and DB Trustees (Hong Kong) Limited, the trustee of CMC REIT, on 15 November 2019. The units of CMC REIT were listed on Main Board of the Stock Exchange on 10 December 2019 (Stock Code: 1503).

BGO China is controlled by Sun Life Financial Inc, which is a listed company in Canada (Toronto Stock Exchange: SLF).

Welkin Links Capital Group Limited, which is principally engaged in holding of properties related investment, is beneficially owned by not more than 5 individuals, majority of who have years of experience in the financial and investments industry.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in the BVI and is the sole legal and beneficial owner of the Property.

LETTER FROM THE BOARD

The Property primarily comprises a student accommodation facility known as “The Quad”, located at Nos. 470, 472, 474, 476 and 478 Chatham Road North, Kowloon, Hong Kong, with an aggregate gross floor area of approximately 3,890.297 square meter. The Property comprises of 25 storeys with 184 flats.

Licence Agreements are entered into with individual student residents in respect of the relevant bedspaces situated in the flats at the Property. The licence agreements for the upcoming academic year are for a term of approximately one year commencing on 13 August 2026 and expiring on 7 August 2027 and provide for, among other things, the payment of licence fees, management fees and security deposits by the student residents.

The Target Company has entered into a co-operation agreement with the Operator in relation to the operation and management of the Property. Under the Co-operation Agreement, the Operator is responsible for, among other things, the day-to-day operation and management of the student accommodation and entering into the licence agreements with student residents as agent of the Target Company. The Co-operation Agreement will remain in force until 31 July 2027.

For the two years ended 31 March 2025 and 2026, the financial information of the Target Company is as follows:

	Year ended 31 March	
	2026	2025
	HK\$'000	HK\$'000
	(audited)	(audited)
Revenue	18,892	–
Loss before taxation	(208,947)	(10,668)
Loss for the year	(208,916)	(10,668)

The audited net liabilities of the Target Company as at 31 March 2026 was approximately HK\$221.9 million.

As at 31 March 2026, the inter-company balances owing by the Target Company to the Vendor, the Company and three wholly-owned subsidiaries of the Company (being Main Profit Investment Limited, Good Merit Management Limited and Widetop Investment Limited) amounted to approximately HK\$367.6 million, HK\$5.0 million and HK\$8.1 million, respectively. The inter-company balance represents amounts owed to the respective companies for providing funding and working capital on behalf of the Target Company.

LETTER FROM THE BOARD

EFFECTS OF THE DISPOSAL ON EARNINGS AND ASSETS AND LIABILITIES OF THE REMAINING GROUP

As presented in the unaudited pro forma financial information of the Remaining Group as set out in appendix IV to this circular, assuming the Completion took place on 31 March 2026, the Remaining Group's loss for the year attributable to the Shareholders would decrease from approximately HK\$435.3 million to approximately HK\$421.3 million; bank balances and cash would increase by approximately HK\$165.7 million; and total assets would decrease from approximately HK\$2,302.9 million to HK\$1,943.6 million and total liabilities will decrease from approximately HK\$1,011.7 million to HK\$652.8 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Disposal is subject to reporting, announcement and Shareholders' approval requirements under the Listing Rules.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal. To the best of the Directors' knowledge, no Shareholder has a material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting in respect of the ordinary resolution(s) to approve the Disposal at the SGM.

As at the Latest Practicable Date, Sea Rejoice Limited and Magical Profits Limited, the substantial Shareholders of the Company have an aggregate interest in 78,218,288 Shares, representing approximately 52.86% of the total issued Shares as at the Latest Practicable Date. In connection with the Sale and Purchase Agreement, Sea Rejoice Limited and Magical Profit Limited have executed an irrevocable undertaking to vote in favour of the ordinary resolution(s) to approve the Disposal at the SGM. The Company has not provided any consideration or benefit to Sea Rejoice Limited and/or Magical Profit Limited for them to execute these irrevocable undertakings.

THE SGM

The SGM will be convened and held to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder by the Shareholders by way of poll.

A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Thursday, 22 October 2026 at 10:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not the Shareholders are able to attend and vote at the SGM, they are requested to read the notice and to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should they so wish and, in such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

The ordinary resolution(s) put to the SGM will be voted on by way of poll.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the Shareholders to attend and vote at the SGM (the “**Entitlement to SGM**”), the register of members of the Company will be closed from Friday, 16 October 2026 to Thursday, 22 October 2026, both dates inclusive. During such period, no Share transfers will be registered. In order to qualify to attend and vote at the SGM, all transfers of the Shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, 15 October 2026. The record date for Entitlement to SGM will be Thursday, 22 October 2026.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution(s) as set out in the notice convening the SGM will be voted by way of a poll and, after being verified by the scrutineer, the results of the poll will be published in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors consider that the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board would recommend the Shareholders to vote in favour of the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the notice of the SGM and other additional information as set out in the appendices to this circular.

Completion is subject to the satisfaction or, where applicable, waiver of the conditions precedents. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

Yours faithfully,
By Order of the Board
Easyknit International Holdings Limited
Koon Ho Yan Candy
President and Chief Executive Officer

The following is the text of a letter, a valuation summary and a valuation certificate prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests for sale to be disposed of by the Group. Terms defined in this appendix applies to this appendix only.

Vincorn Consulting and Appraisal Limited

Units 1602-4, 16/F
308 Central Des Voeux
No. 308 Des Voeux Road Central
Hong Kong

**The Board of Directors**

Easyknit International Holdings Limited
Block A, 7th Floor,
Hong Kong Spinners Industrial Building Phase 6,
Nos. 481-483 Castle Peak Road,
Cheung Sha Wan, Kowloon, Hong Kong

30 September 2026

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the Market Value of the property interests located in Hong Kong to be disposed of by Easyknit International Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Value of the property interests as at 31 July 2026 (the “**Valuation Date**”).

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2024 published by The Hong Kong Institute of Surveyors effective from 31 December 2024 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2025; and the requirements set out in the Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the values of the property interests.

As the property interests are held under long term leasehold interests, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the leasehold interests.

VALUATION METHODOLOGY

There are three generally accepted approaches to value property interests, namely Market Approach, Income Approach and Cost Approach.

When valuing the property interests to be disposed of by the Group, we have adopted Market Approach, but not Income Approach nor Cost Approach. The Income Approach was less preferred because the property is a hospitality asset currently operated as student accommodation under relatively short-term tenancies, making rental capitalization or cash flow projections less reliable due to fluctuating occupancy and operating costs. The Cost Approach was not adopted because it fails to reflect current market sentiments by considering relevant market transactions, and reliable direct replacement cost data for specialized student accommodation assets is scarce. Consequently, Market Approach should be applied and afforded significant weight when there are frequent and/or recent observable transactions of comparable properties in the market. Therefore, when valuing the property interests to be acquired by the Group, we have adopted Market Approach as the principal approach, since sufficient market comparables are identified.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

LAND TENURE AND TITLE INVESTIGATION

We have made enquires and relevant searches at the Hong Kong Land Registry. However, we have not searched the original documents nor have we verified the existence of any amendments, which do not appear in the documents available to us. All documents have been used for reference only.

All legal documents disclosed in this letter and the valuation certificate are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter and the valuation certificate.

INFORMATION SOURCES

We have relied to a considerable extent on the information provided by the Group. We have also accepted advice given to us on matters such as identification of the property, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The property was inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the property. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the property and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the property and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (“HKD”).

The valuation certificate is attached hereto.

Yours faithfully,
For and on behalf of
Vincorn Consulting and Appraisal Limited

Kit Cheung
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RICS Registered Valuer
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Certified ESG Planner CEP®
Executive Director

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RICS Registered Valuer
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Certified ESG Planner CEP®
Managing Director

Note:

Vincent Cheung is a fellow of the Hong Kong Institute of Surveyors, a fellow of the Royal Institution of Chartered Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors, a Registered Real Estate Appraiser and Agent People’s Republic of China and a Certified ESG Planner CEP®. He is suitably qualified to carry out the valuation and has over 29 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

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VALUATION CERTIFICATE

Property Interests for sale to be Disposed of by the Group

Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 July 2026
The Quad, No. 478 Chatham Road North, Hung Hom, Kowloon, Hong Kong	The property comprises a 25-storey student accommodation with 184 rooms, located at Hung Hom. As per the information on the approved building plans, the property has a total gross floor area ("GFA") of approximately 41,875.09 square feet ("sq. ft."). As per the Occupancy Permit No. KN14/2025(OP), it was completed in 2025. The subject lots, The Remaining Portion of Sub-Section 1, Sub-Section 2, Sub-Section 3 and The Remaining Portion of Section A and Section D of Kowloon Inland Lot No. 1526 are held under a Government Lease for a term of 75 years and renewable for 75 years commencing from 4 April 1921.	As per our on-site inspection and information provided by the Group, the property is currently operated as a student accommodation under the brand name of The Quad. The prevailing monthly rental income of the property is approximately HKD2,840,000 inclusive of management fee.	HKD524,000,000 (HONG KONG DOLLARS FIVE HUNDRED AND TWENTY FOUR MILLION)

Notes:

- The property was inspected by Jeff Liu *BSc(Hons) AssorRICS* on 21 August 2026.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS R.P.S.(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC Certified ESG Planner CEP®*, Kit Cheung *BSc(Hons) FHKIS MRICS R.P.S.(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC Certified ESG Planner CEP®*.
- The details of the land search records of the property dated 13 August 2026 are summarised below:

Item	Details			
Registered Owner	:	Success Active Limited		
		By various assignments detailed below:		
		Portion	Date of Assignment	Memorial No.
		Section D of Kowloon Inland Lot No. 1526	31 July 2018	18082700130011; 18082700130027; 18082700130036; and 18082700130067
		The Remaining Portion of Sub-Section 1, Sub-Section 2, Sub-Section 3 and The Remaining Portion of Section A of Kowloon Inland Lot No. 1526	2 July 2021	21072002730446

Item	Details
Government Rent	: HKD17,094 per annum (The Remaining Portion of Sub-Section 1 of Section A of Kowloon Inland Lot No. 1526) HKD28,710 per annum (The Remaining Portion of Sub-Section 2 of Section A of Kowloon Inland Lot No. 1526) HKD17,918 per annum (The Remaining Portion of Sub-Section 3 of Section A of Kowloon Inland Lot No. 1526) HKD17,170 per annum (The Remaining Portion of Section A of Kowloon Inland Lot No. 1526) HKD15,748 per annum (Section D of Kowloon Inland Lot No. 1526)
Encumbrances	: • Debenture and Mortgage subject to a consideration to secure all moneys and sums whatsoever which are or shall or may be or become due or owing or payable by the Mortgagor (Success Active Limited) to the Lender (Hang Seng Bank Limited) under the facility agreement dated 27 September 2021 relating to term loan facilities of up to an aggregate principal amount of HKD394,624,000 made or to be made available to the Mortgagor and all monies and sums whatsoever which are or shall or may be or become due or owing or payable by the Mortgagor to the Lender under or pursuant to the all the other Finance Documents to which any Obligor is a party in favour of Hang Seng Bank Limited dated 30 September 2021 and registered vide Memorial No. 21102002470028.
4. The property is erected on The Remaining Portion of Sub-Section 1, Sub-Section 2, Sub-Section 3 and The Remaining Portion of Section A and Section D of Kowloon Inland Lot No. 1526, which are held under a Government Lease. The salient conditions of the Government Lease are summarised below:–	
Item	Details
Lot Number	: Kowloon Inland Lot No. 1526
Lease Term	: 75 years and renewable for 75 years commencing from 4 April 1921
Site Area	: About 9,181 sq.ft.
Major Special Conditions	: The said Lessees their Executors, Administrators, or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty, His Heirs, Successors, or Assigns, signified in writing by the Governor of the said Colony of Hongkong, or other person duly authorized in that behalf.
5. The property falls within an area zoned “Residential (Group A)” under Kowloon Planning Area No. 9 – Approved Hung Hom Outline Zoning Plan No. S/K9/30 approved on 22 May 2026.	
6. The general description and market information of the Property are summarized below:	
Location	: The property is located at No. 478 Chatham Road North, Hung Hom, Kowloon, Hong Kong.
Transportation	: Hong Kong International Airport and To Kwa Wan MTR Station are located approximately 33.9 kilometres and 550 metres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Hung Hom.

7. Given that student accommodation is a kind of hospitality assets, we have researched and collected various hospitality sale comparables pursuant to the following selection criteria:

Property Type	:	Hospitality asset
Location	:	Located in Kowloon
Time	:	Transacted within 12 months before the Valuation Date
Building Age	:	Completed after 1980

A total of three hospitality sale comparables have been identified and analysed. The unit rates of the adopted comparables range from HKD2,185,930 to HKD3,072,874 per room. These three comparables represent an exhaustive list of verifiable, arm's-length market sales of scaled hospitality assets with similar locality in Kowloon meeting all defined criteria during the specified timeframe. The following table shows the details of the adopted comparables with the relevant adjustments:

Development	Comparable 1 Regal Oriental Hotel	Comparable 2 Hotel Victoria	Comparable 3 Hotel Ease Mong Kok
Address	Nos. 30-38 Sa Po Road	No. 80 Kimberley Road	No. 60 Portland Street
Region	Kowloon	Kowloon	Kowloon
Year of Completion	1982	1983	2014
No. of Guestroom	494	45	199
GFA (sq.ft.)	229,069	19,923	48,595
View	Building View	Building View	Building View
Date of Instrument	30 April 2026	9 October 2025	31 July 2025
Consideration (HKD)	1,518,000,000	116,000,000	435,000,000
Value per Room (HKD)	3,072,874	2,577,778	2,185,930
Adjustment			
Time	-3.6%	-5.2%	-2.9%
Location	0.0%	0.0%	5%
Building Age	10.8%	10.5%	2.8%
Size	9.4%	-1.1%	0.5%
Value per Room (HKD)	3,588,461	2,670,410	2,297,856

The details of the adjustment factors are summarized below:

Time: It refers to the difference in market conditions between the valuation date and the transaction date of the comparables. We have applied the suitable hospitality industry performance indicators and hospitality sector statistical data published by the Hong Kong Tourism Board.

Location: It refers to the difference in the overall comprehensiveness of local amenities, neighborhood environment, and accessibility between the location of the property and that of the comparables.

Building Age: It refers to the difference in building age between the property and the comparables. In general, the younger the building age, the higher the unit rate.

Size: It refers to the difference in size between the property and the comparables. In general, the smaller the area, the higher the unit rate.

Since hospitality assets are usually transacted by the market participants on the basis of number of rooms and price per room, we have analysed and adjusted the transaction prices of the adopted comparables on the basis of value per room. This practice is consistent with the market behaviors in relation to the subject type of property. Adjustments in terms of different aspects, including time, location, building age and size, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted comparables range from HKD2,297,856 to HKD3,588,461 per room. The three adjusted unit rates comparables are assigned with the same weight and represent an average of HKD2,850,000 per room.

The Market Value of the property with a total GFA of 43,926.33 sq. ft. is hence circa HKD524,000,000 after rounding which represents a unit rate of approximately HKD2,850,000 per room times 184 rooms.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the financial years ended 31 March 2024, 2025 and 2026 are disclosed in the following documents which have been published both on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.easyknit.com>):

- (i) Annual report of the Group for the year ended 31 March 2026 (pages 122 to 270)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0723/2026072300622.pdf>
- (ii) Annual report of the Group for the year ended 31 March 2025 (pages 96 to 253)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0721/2025072100672.pdf>
- (iii) Annual report of the Group for the year ended 31 March 2024 (pages 103 to 254)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0722/2024072200399.pdf>

2. WORKING CAPITAL

The Directors are of the opinion that, taking into consideration the Group's present financial resources and the potential effect of the Disposal of Target Company, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

3. STATEMENT OF INDEBTEDNESS

As at 31 August 2026, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement set out in this circular, the Group had outstanding bank borrowings amounted to approximately HK\$698,163,000, which were guaranteed by the Company and were secured by certain properties of the Group. The bank borrowings are secured by charges over leasehold properties, investment properties and properties held for sale of the Group with carrying amounts of approximately HK\$89,395,000, HK\$138,400,000, and HK\$1,011,232,000 respectively at 31 August 2026.

Apart from as disclosed above, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at the close of business on 31 August 2026.

4. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

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

The Group shares the view of the Government of the Hong Kong Special Administrative Region that the Hong Kong economy continues to face a very challenging external environment in 2026, albeit with a number of supportive factors. The Group expects that, as major central banks gradually ease monetary policy to support growth and interest rates begin to decline, market confidence in Hong Kong's property sector should progressively improve. That said, uncertainties surrounding the economic and trade policies of the United States may affect the pace and extent of rate cuts in 2026. The European Central Bank has indicated that it would adjust policy further should inflation developments remain broadly consistent with its medium-term target. According to the International Monetary Fund's latest projections, global economic growth is expected to be around 3.0% in 2026, with growth projected to pick up to 3.4% in 2027.

For property development, the residential project "Ayton" located at Inverness Road, Kowloon Tong, continued for its sales during the year ended 31 March 2026. As at the date of the Company's annual report for the year ended 31 March 2026, 60 units and 11 carparks released were sold and the aggregate contracted sales amounted to approximately HK\$1,245,592,000. The Group also launched its sales of another residential project "Garden Crescent" located at Waterloo Road, Ho Man Tin, in November 2023. As at the date of the Company's annual report for the year ended 31 March 2026, 45 units and 4 carparks released were sold and the aggregate contracted sales amounted to approximately HK\$578,553,000. The Remaining Group will continue the sales of the remaining 18 carparks in "Ayton", and 11 units and 18 carparks in "Garden Crescent". Following the near completion of sales for "Ayton" and "Garden Crescent", the Remaining Group currently has no other property development units available for sale in the immediate term. The Group's property development business has historically operated on a project-by-project redevelopment model, acquiring and redeveloping old buildings in prime locations rather than maintaining a large, continuous land bank.

Going forward, the Group will continue to actively identify and evaluate redevelopment opportunities in Hong Kong that meet its investment criteria, with any future property development projects to be pursued subject to prevailing market conditions, site availability, planning feasibility and the Group's capital position. The Directors remain committed to deploying capital into new property development projects when suitable opportunities arise.

For property investment, the Group's portfolio comprised of commercial and industrial units located in Hong Kong. For the year ended 31 March 2026, the rental and building management income of the Group from continuing operations was approximately HK\$32,895,000 (including approximately HK\$18,892,000 rental income from the Property), representing an increase of approximately 91.8%. The occupancy rate of the Group's investment properties were 0.0% and 75.6% for commercial and industrial units respectively as at 31 March 2026. The Remaining Group is committed to deliver high-quality property management services, the income of which will also contribute to the Remaining Group's results.

For investment in securities, the Group invested and will invest 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.

For loan financing, the target customer groups are generally individuals and corporate entities that have short-term funding needs and can provide collaterals for their borrowings at their best endeavour. The Group's clientele is primarily acquired through business referrals and introductions from the Company's directors, senior management, business partners or clients. The Group generally provides short-term loans. For the new and renewal loans during the year ended 31 March 2026, 100% was with a term within 1 year. 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.

Looking ahead, the Remaining 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. The Remaining Group 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 favorable returns for the Shareholders and bringing increased values to the Remaining Group's stakeholders.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that as at the Latest Practicable Date, there has been no material adverse change in the financial or trading position or outlook of the Group since 31 March 2026, the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

APPENDIX III FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are the unaudited statements of financial position of Success Active Limited (“**Success Active**”) as at 31 March 2024, 2025 and 2026 and the unaudited statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of Success Active for each of the three years ended 31 March 2026 (the “**Relevant Periods**”) and explanatory notes, which have been reviewed by the reporting accountants, ZHONGHUI ANDA CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) “Engagements to Review Historical Financial Statements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants.

FINANCIAL INFORMATION REVIEWED BY REPORTING ACCOUNTANTS

A. STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March		
	2024	2025	2026
	HK\$	HK\$	HK\$
Revenue	–	–	18,891,847
Cost of services rendered	–	–	(4,827,405)
Gross Profit	–	–	14,064,442
Other income, gains and losses	–	–	27,337
Administrative expenses	(178,409)	(239,912)	(13,601,174)
Write-down on property held for sale/held for development for sale	–	(10,199,765)	(194,411,054)
Finance costs	–	(228,707)	(15,026,375)
Loss before taxation	(178,409)	(10,668,384)	(208,946,824)
Income tax credit	–	–	30,893
Loss and total comprehensive expense for the year	<u>(178,409)</u>	<u>(10,668,384)</u>	<u>(208,915,931)</u>

APPENDIX III FINANCIAL INFORMATION OF THE TARGET COMPANY

B. STATEMENTS OF FINANCIAL POSITION

	As at 31 March		
	2024	2025	2026
	HK\$	HK\$	HK\$
Current assets			
Properties held for sale/held for development for sale	548,634,481	696,000,000	524,000,000
Other receivables	318,600	868,600	1,008,578
Amount due from the ultimate holding company	109	109	–
Bank balance	31,611	15,436	23,815
	<u>548,984,801</u>	<u>696,884,145</u>	<u>525,032,393</u>
Current liabilities			
Other payables	23,971,966	32,382,307	22,654,343
Amounts due to ultimate holding company	–	–	4,962,672
Amounts due to immediate holding company	305,468,764	349,168,764	367,561,764
Amounts due to a fellow subsidiary	64,000	123,000	8,132,031
Tax payable	30,893	30,893	–
Secured bank borrowings	221,801,613	328,200,000	343,658,333
	<u>551,337,236</u>	<u>709,904,964</u>	<u>746,969,143</u>
NET LIABILITIES	<u>(2,352,435)</u>	<u>(13,020,819)</u>	<u>(221,936,750)</u>
Capital and reserves			
Share capital	8	8	8
Accumulated losses	<u>(2,352,443)</u>	<u>(13,020,827)</u>	<u>(221,936,758)</u>
DEFICIENCY IN EQUITY	<u>(2,352,435)</u>	<u>(13,020,819)</u>	<u>(221,936,750)</u>

APPENDIX III FINANCIAL INFORMATION OF THE TARGET COMPANY

C. STATEMENTS OF CHANGES IN EQUITY

	Share Capital <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total equity <i>HK\$</i>
At 1 April 2023	8	(2,174,034)	(2,174,026)
Loss and total comprehensive expense for the year	—	(178,409)	(178,409)
	—	(178,409)	(178,409)
At 31 March 2024 and 1 April 2024	8	(2,352,443)	(2,352,435)
Loss and total comprehensive expenses for the year	—	(10,668,384)	(10,668,384)
	—	(10,668,384)	(10,668,384)
At 31 March 2025 and 1 April 2025	8	(13,020,827)	(13,020,819)
Loss and total comprehensive expenses for the year	—	(208,915,931)	(208,915,931)
	—	(208,915,931)	(208,915,931)
At 31 March 2026	8	(221,936,758)	(221,936,750)
	8	(221,936,758)	(221,936,750)

APPENDIX III FINANCIAL INFORMATION OF THE TARGET COMPANY

D. STATEMENTS OF CASH FLOWS

	Year ended 31 March		
	2024 HK\$	2025 HK\$	2026 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation	(178,409)	(10,668,384)	(208,946,824)
Adjustments for:			
Write-down on property held for sale/held for development for sales	–	10,199,765	194,411,054
Interest expense	–	228,707	15,026,375
Interest income	–	–	(11,938)
Operating cash flows before working capital changes	(178,409)	(239,912)	478,667
Change in property held for development for sale	(71,742,996)	(141,643,566)	(22,411,054)
Change in other payables	18,209,899	8,820,701	(12,149,847)
Change in other receivables	(80,800)	(550,000)	(139,978)
Net cash used in operating activities	(53,792,306)	(133,612,777)	(34,222,212)
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment from fellow subsidiaries	988	–	–
Interest received	–	–	11,938
Net cash generated from investing activities	988	–	11,938
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank borrowings raised	48,860,000	106,280,000	36,850,000
Advance from immediate holding company	16,789,581	62,200,000	39,143,000
Advance from a fellow subsidiary	3,431	59,000	8,009,031
Advance from ultimate holding company	–	–	4,962,781
Repayment to immediate holding company	–	(18,500,000)	(20,750,000)
Repayment of bank borrowing	–	–	(20,050,000)
Interest paid	(11,868,056)	(16,442,398)	(12,604,492)
Payment of loan arrangement fee	–	–	(1,341,667)
Net cash generated from financing activities	53,784,956	133,596,602	34,218,653
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(6,362)	(16,175)	8,379
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	37,973	31,611	15,436
CASH AND CASH EQUIVALENTS AT END OF YEAR, REPRESENTED BY BANK BALANCES	31,611	15,436	23,815

E. NOTES TO THE FINANCIAL INFORMATION**1. General**

On 28 August 2026, Easyknit International Holdings Limited (the “**Company**”) and Yue Heng Real Estate Holdings Limited (“**Yue Heng**”, a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with Quantum Living Accommodation Limited (“**Quantum**”), pursuant to which amongst other things, Yue Heng (as the seller) conditionally agreed to sell, and Quantum (as the buyer) conditionally agreed to acquire, the entire issued share capital of Success Active (an indirect wholly-owned subsidiary of the Company) at a consideration equal to HK\$528.5 million plus the amount of the adjusted net asset value as set out in the pro forma completion accounts of Success Active (if it is a positive amount) or minus the absolute value of the amount of the adjusted net asset value as set out in the pro forma completion accounts of Success Active (if it is a negative amount) as at the completion date on a dollar-for-dollar basis (the “**Disposal**”). Upon completion of the Disposal, Success Active will cease to be a subsidiary of the Company.

2. Basis of Preparation of the Unaudited Financial Information

The unaudited financial information of Success Active has been prepared in accordance with Rule 14.68(2)(a)(i)(A) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is solely for the purpose of inclusion in the circular issued by the Company in connection with the Disposal.

The amounts included in the unaudited financial information for each of the three years ended 31 March 2026 have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the Company’s annual financial statements, which conform with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and should be read in conjunction with the Company’s annual financial statements.

FURTHER INFORMATION OF THE FINANCIAL INFORMATION**1. Loss Before Taxation**

The substantial increase in the Target Company's loss from HK\$10.7 million for the year ended 31 March 2025 to HK\$208.9 million for the year ended 31 March 2026 was primarily attributable to a write-down on the property held for sale of approximately HK\$194.4 million and a significant increase in finance costs.

As at 31 March 2026, the Company assessed the net realisable value of its properties classified as held for sale. According to HKAS 2, it is stated at the lower of cost and net realisable value. The estimated selling price was determined by reference to an arm's-length expression of interest from an independent third party, which was made following commercial due diligence and negotiations. Given that the estimated net realisable value (being the expected selling price less costs to sell) was below the carrying amount of the properties, a write-down of HK\$194.4 million was recognised in profit or loss for the year ended 31 March 2026. It is mainly reflecting the market trend of the commercial real estate.

Finance costs increased to approximately HK\$15.0 million for the year ended 31 March 2026 (2025: HK\$0.2 million). The increase was due to the completion of the properties held for development for sale during the year, after which the related interest expenses could no longer be capitalised into the cost of qualifying assets and were instead recognised as finance costs in profit or loss.

2. Other Receivables and Other Payables

As at 31 March 2026, the other receivables mainly consisted of utility deposits and rental deposits from tenants held by the Operator, while the other payables mainly comprised rental deposits and rent received in advance, construction retentions payable, interest payable, and accrued operating costs.

INTRODUCTION

The accompanying unaudited pro forma financial information of the Post-Transaction Group has been prepared to illustrate the effect of the disposal of the entire issued share capital of Success Active Limited (“**Success Active**”) subject to the terms and conditions of the Sale and Purchase Agreements (the “**Disposal**”) on the Group’s financial position as at 31 March 2026, as if the Disposal had been taken place on 31 March 2026, and on the Group’s financial performance and cash flows for the year ended 31 March 2026, as if the Disposal had been taken place on 1 April 2025.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Post-Transaction Group for the year ended 31 March 2026 are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 March 2026 as extracted from the annual report of the Group for the year ended 31 March 2026 and the unaudited statements of profit or loss and other comprehensive income and unaudited statements of cash flows of Success Active for the year ended 31 March 2026 as extracted from the financial information of Success Active set out in Appendix III to this circular as if the Disposal had been completed on 1 April 2025.

The unaudited pro forma consolidated statement of financial position of the Post-Transaction Group as at 31 March 2026 is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2026 as extracted from the annual report of the Group for the year ended 31 March 2026 and the unaudited statements of financial position of Success Active as at 31 March 2026 as extracted from the financial information of Success Active set out in Appendix III to this circular as if the Disposal had been completed on 31 March 2026.

The unaudited pro forma financial information of the Post-Transaction Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Post-Transaction Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Post-Transaction Group that would have been attained had the Disposal actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Post-Transaction Group does not purport to predict the Post-Transaction Group’s future financial position, results of operation or cash flows.

The unaudited pro forma financial information of the Post-Transaction Group should be read in conjunction with the financial information of the Group as set out in Appendix II, the financial information of Success Active as set out in Appendix III and other financial information included elsewhere in this circular.

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE POST-TRANSACTION GROUP
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**A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE POST-TRANSACTION GROUP**

	The Group as at 31 March 2026	Pro forma adjustments				Unaudited pro forma total for the Post- Transaction the Group
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>	
NON-CURRENT ASSETS						
Property, plant and equipment	92,888	–	–	–	–	92,888
Right-of-use assets	289	–	–	–	–	289
Intangible assets	500	–	–	–	–	500
Investment properties	140,400	–	–	–	–	140,400
Interest in an associate	126,047	–	–	–	–	126,047
Interests in joint ventures	85	–	–	–	–	85
Financial assets at fair value through profit or loss (“FVTPL”)	314,826	–	–	–	–	314,826
Debt instruments at fair value through other comprehensive income (“FVTOCI”)	224	–	–	–	–	224
Deposits	205	–	–	–	–	205
Deferred tax assets	271	–	–	–	–	271
	<u>675,735</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>675,735</u>
CURRENT ASSETS						
Properties held for sale	1,285,616	(524,000)	–	–	–	761,616
Trade and other receivables	147,130	(1,009)	–	–	–	146,121
Financial assets at FVTPL	53,648	–	–	–	–	53,648
Loans receivables	98,377	–	–	–	–	98,377
Debt instruments at FVTOCI	79	–	–	–	–	79
Cash and cash equivalents	42,309	(24)	–	–	165,769	208,054
	<u>1,627,159</u>	<u>(525,033)</u>	<u>–</u>	<u>–</u>	<u>165,769</u>	<u>1,267,895</u>

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE POST-TRANSACTION GROUP**

	The Group as at 31 March 2026					Unaudited pro forma total for the Post- Transaction the Group
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>	
CURRENT LIABILITIES						
Trade and other payables	51,103	(22,655)	–	7,497	–	35,945
Contract liabilities	8,444	–	–	–	–	8,444
Amounts due to ultimate holding company	–	(4,963)	4,963	–	–	–
Amounts due to immediate holding company	–	(367,562)	367,562	–	–	–
Amounts due to a fellow subsidiary	–	(8,132)	8,132	–	–	–
Amount due to a non-controlling shareholder	147,665	–	–	–	–	147,665
Tax payable	37,128	–	–	–	–	37,128
Lease liabilities	305	–	–	–	–	305
Secured bank borrowings	681,984	(343,658)	–	–	–	338,326
	<u>926,629</u>	<u>(746,970)</u>	<u>380,657</u>	<u>7,497</u>	<u>–</u>	<u>567,813</u>
NET CURRENT ASSETS	<u>700,530</u>	<u>221,937</u>	<u>(380,657)</u>	<u>(7,497)</u>	<u>165,769</u>	<u>700,082</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,376,265</u>	<u>221,937</u>	<u>(380,657)</u>	<u>(7,497)</u>	<u>165,769</u>	<u>1,375,817</u>
NON-CURRENT LIABILITIES						
Secured bank borrowings	85,035	–	–	–	–	85,035
	<u>1,291,230</u>	<u>221,937</u>	<u>(380,657)</u>	<u>(7,497)</u>	<u>165,769</u>	<u>1,290,782</u>
Capital and reserves						
Share capital	7,399	–	–	–	–	7,399
Reserves	1,285,687	221,937	(380,657)	(7,497)	165,769	1,285,239
Equity attributable to owners of the Company	1,293,086	221,937	(380,657)	(7,497)	165,769	1,292,638
Non-controlling interests	(1,856)	–	–	–	–	(1,856)
	<u>1,291,230</u>	<u>221,937</u>	<u>(380,657)</u>	<u>(7,497)</u>	<u>165,769</u>	<u>1,290,782</u>

Notes to the unaudited pro forma consolidated statement of financial position:

1. The figures are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2026 as set out in the annual report of the Group for the year ended 31 March 2026.
2. The adjustment represents the exclusion of assets and liabilities of Success Active as at 31 March 2026, as if the Disposal has taken place on 31 March 2026. The financial information of Success Active is extracted from the unaudited statement of financial position of Success Active as at 31 March 2026 as set out in the financial information of Success Active set out in Appendix III to this circular.
3. Pursuant to the Sale and Purchase Agreement, all inter-company balances owing by Success Active to the Group have been fully capitalised or converted into equity, such that no inter-company balances remain outstanding at completion. The adjustment represents the capitalisation of inter-company balances of approximately HK\$380,657,000, as if the Disposal has taken place on 31 March 2026 for pro forma purpose.
4. The adjustment represents the novation of the obligations and liabilities for the payment, satisfaction and discharge of the unpaid construction claims and outstanding professional fees (collectively the “**Novated Construction Liabilities**”) of approximately HK\$7,497,000 as at 31 March 2026 from Success Active to the Group pursuant to the deed of novation as contemplated under the Sale and Purchase Agreement. For the avoidance of doubt, Success Active shall retain all other rights, benefits, warranties, and defect rectification rights under the relevant construction contracts and professional appointments.
5. For pro forma purpose, it is assumed that, upon the Disposal has been completed on 31 March 2026, the Group has lost control of Success Active and ceased to account for Success Active as a subsidiary. The adjustment represents the net proceeds to be received in cash on the Disposal of approximately HK\$165,769,000 and loss on the Disposal of approximately HK\$448,000 (combined all effects of pro forma adjustments to the reserves of the Group). The details of the calculation are set out as follows:

HK\$'000

Consideration received for disposal of*:

Initial Purchase Price	528,500
Less: absolute value of the amount of the adjusted net asset value (negative amount)	(11,474)
	<u>517,026</u>

Absolute value of adjusted net asset value as at 31 March 2026 is as follows#:

Net liabilities of Success Active as at 31 March 2026	(221,937)
Add:	
– Novated Construction Liabilities	7,497
– Secured bank borrowings and interest payable owing by Success Active	346,309
– Inter-company balances capitalised	<u>380,657</u>
	512,526
Less:	
– Book value of the Property	<u>(524,000)</u>
	<u>(11,474)</u>

Net assets disposed of@:

Net liabilities of Success Active as at 31 March 2026	(221,937)
Add:	
– Novated Construction Liabilities	7,497
– Secured bank borrowings and interest payable owing by Success Active	346,309
– Inter-company balances capitalised	<u>380,657</u>
	<u>512,526</u>

HK\$'000

Loss on the Disposal[@]:

Consideration	517,026
Net assets disposed of	(512,526)
Estimated transaction costs directly attributable to the Disposal:	
– Stamp duty on transfer of shares	(530)
– Professional fees and other transaction costs	(4,418)
	<u>(448)</u>

Net cash proceeds received from the Disposal[^]:

Consideration received	517,026
Less: Secured bank borrowings and interest payable owing by Success Active	(346,309)
Cash paid for estimated transaction costs directly attributable to the Disposal	(4,948)
	<u>165,769</u>

* The consideration received for the Disposal is calculated to be HK\$517,026,000. This final amount is derived from the initial purchase price of HK\$528,500,000, from which the absolute value of the adjusted net asset value of Success Active as at 31 March 2026, being a negative amount of HK\$11,474,000, is deducted.

The adjusted net asset value of Success Active means the total assets of Success Active as at 31 March 2026 (excluding the book value of the Property) minus the total liabilities of Success Active as at 31 March 2026 (after taken into account the capitalisation of the inter-company balances and excluding Novated Construction Liabilities, bank borrowings and interest payable).

As at 31 March 2026, the adjusted net asset value of Success Active is negative HK\$11,474,000. This is derived by adjusting the initial net liabilities of HK\$221,937,000 upwards by adding the Novated Construction Liabilities of HK\$7,497,000, secured bank borrowings and interest payable of HK\$346,309,000 (comprising HK\$343,658,000 and HK\$2,651,000, respectively), and capitalised inter-company balances of HK\$380,657,000, resulting in a sub-total of HK\$512,526,000. Subsequently, deducting the Property's book value of HK\$524,000,000 from this sub-total results in the adjusted net asset value of negative amount HK\$11,474,000 for Success Active.

@ The net assets disposed of amount to HK\$512,526,000, comprising the net liabilities of Success Active as at 31 March 2026 of HK\$221,937,000, adjusted by adding back the Novated Construction Liabilities of HK\$7,497,000, secured bank borrowings and interest payable of HK\$346,309,000, and capitalised inter-company balances of HK\$380,657,000.

The transaction is expected to record a loss on the disposal of HK\$448,000. This loss is calculated by deducting the net assets disposed of amount to HK\$512,526,000 and the estimated transaction costs of HK\$4,948,000 (consisting of HK\$530,000 for stamp duty and HK\$4,418,000 for professional fees and other transaction costs) from the total consideration of HK\$517,026,000.

^ As set out in the Sale and Purchase Agreement, a sum equal to the amount payable to fully repay the bank borrowings and interest payable with an aggregate balance of approximately HK\$346,309,000 shall be made payable directly to the bank at completion. After deducting such repayment and the cash paid for estimated transaction costs directly attributable to the Disposal amounting to HK\$4,948,000, the remaining balance forms the net cash proceeds received from the Disposal of HK\$165,769,000.

**B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME OF THE POST-TRANSACTION GROUP**

	The Group for the year ended 31 March 2026 HKD'000 (Note 1)	Pro forma adjustments HKD'000 (Note 2) HKD'000 (Note 3)		Unaudited pro forma total for the Post- Transaction the Group HKD'000
Revenue				
Sales of properties	361,017	–	–	361,017
Rental income	31,521	(18,892)	–	12,629
Interest income from loan financing	4,518	–	–	4,518
Building management	1,374	–	–	1,374
	398,430	(18,892)	–	379,538
Cost of properties sold and services rendered	(374,367)	4,828	–	(369,539)
Gross profit	24,063	(14,064)	–	9,999
Other income, gains and losses	8,808	(27)	–	8,781
Distribution and selling expenses	(28,508)	–	–	(28,508)
Administrative expenses	(41,868)	13,601	–	(28,267)
(Write-down) reversal of write-down on properties held for sale	(185,455)	194,411	–	8,956
Loss on changes in fair value of investment properties	(24,300)	–	–	(24,300)
Loss on disposal of investment properties	(25,625)	–	–	(25,625)
Gain on partial disposal of convertible note	6,337	–	–	6,337
Net loss on changes in fair value of financial assets at FVTPL	(4,435)	–	–	(4,435)
Impairment loss on financial assets, net:				
– Loans receivable	(7,191)	–	–	(7,191)
– Other receivable	(3,812)	–	–	(3,812)
– Debt instrument at amortised cost	(2,226)	–	–	(2,226)

	The Group for the year ended 31 March 2026 HKD'000 (Note 1)	Pro forma adjustments HKD'000 (Note 2) (Note 3)		Unaudited pro forma total for the Post- Transaction the Group HKD'000
Loss on disposal of a subsidiary	–	–	(194,859)	(194,859)
Loss on deemed partial disposal of equity interest in an associate	(97,911)	–	–	(97,911)
Share of result of an associate	(4,254)	–	–	(4,254)
Share of result of a joint venture	(6)	–	–	(6)
Finance costs	(50,152)	15,026	–	(35,126)
Loss before taxation	(436,535)	208,947	(194,859)	(422,447)
Income tax credit	1,187	(31)	–	1,156
Loss for the year	(435,348)	208,916	(194,859)	(421,291)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of financial statements of foreign operations	606	–	–	606
Change in fair value of debt instruments at FVTOCI	(526)	–	–	(526)
Share of other comprehensive expense for an associate	(67)	–	–	(67)
Other comprehensive income for the year	13	–	–	13
Total comprehensive expenses for the year	(435,335)	208,916	(194,859)	(421,278)

	The Group for the year ended 31 March 2026 HKD'000 (Note 1)	Pro forma adjustments HKD'000 (Note 2) HKD'000 (Note 3)		Unaudited pro forma total for the Post- Transaction the Group HKD'000
Loss for the year attributable to:				
– Owners of the Company	(435,323)	208,916	(194,859)	(421,266)
– Non-controlling interests	(25)	–	–	(25)
	<u>(435,348)</u>	<u>208,916</u>	<u>(194,859)</u>	<u>(421,291)</u>
Total comprehensive expense attributable to owners of the Group:				
– Owners of the Company	(435,310)	208,916	(194,859)	(421,253)
– Non-controlling interests	(25)	–	–	(25)
	<u>(435,335)</u>	<u>208,916</u>	<u>(194,859)</u>	<u>(421,278)</u>

Notes to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income:

1. The figures are extracted from the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2026 as set out in the annual report of the Group for the year ended 31 March 2026.
2. The adjustment represents the exclusion of the results of Success Active for the year ended 31 March 2026, as if the Disposal has taken place on 1 April 2025. The financial information of Success Active is extracted from the unaudited statement of profit or loss and other comprehensive income of Success Active for the year ended 31 March 2026 as set out in the financial information of Success Active which is contained in Appendix III to this circular.

3. For pro forma purpose, it is assumed that, upon the Disposal has been completed on 1 April 2025, the Group has lost control of Success Active and ceased to account for Success Active as a subsidiary. The adjustment represents the loss on the Disposal of approximately HK\$194,859,000. The details of the calculation are set out as follows:

HK\$'000

Consideration received for disposal of^{*}:

Initial Purchase Price	528,500
Add: the amount of the adjusted net asset value (positive amount)	794
	<u>529,294</u>

Absolute value of adjusted net asset value as at 1 April 2025 is as follows[#]:

Net liabilities of Success Active as at 1 April 2025	(13,021)
Add:	
– Novated Construction Liabilities	32,094
– Secured bank borrowings and interest payable owing by Success Active	328,429
– Inter-company balances capitalised	349,292
	<u>696,794</u>
Less:	
– Book value of the Property	(696,000)
	<u>794</u>

Net assets disposed of[@]:

Net liabilities of Success Active as at 1 April 2025	(13,021)
Add:	
– Novated Construction Liabilities	32,094
– Secured bank borrowings and interest payable owing by Success Active	328,429
– Inter-company balances capitalised	349,292
	<u>696,794</u>

Loss on the Disposal[@]:

Consideration	529,294
Net assets disposed of	(696,794)
Additional construction costs required to complete the properties held for development for sale [^]	(22,411)
Estimated transaction costs directly attributable to the Disposal:	
– Stamp duty on transfer of shares	(530)
– Professional fees and other transaction costs	(4,418)
	<u>(194,859)</u>

* The consideration received for the Disposal is calculated to be HK\$529,294,000. This final amount is derived from the initial purchase price of HK\$528,500,000, from which the amount of the adjusted net asset value of Success Active as at 1 April 2025, being a positive amount of HK\$794,000, is added.

The adjusted net asset value of Success Active means the total assets of Success Active as at 1 April 2025 (excluding the book value of the Property) minus the total liabilities of Success Active as at 1 April 2025 (after taken into account the capitalisation of the inter-company balances and excluding Novated Construction Liabilities, bank borrowings and interest payable).

As at 1 April 2025, the adjusted net asset value of Success Active is positive HK\$794,000. This is derived by adjusting the initial net liabilities of HK\$13,021,000 upwards by adding the Novated Construction Liabilities of HK\$32,094,000, secured bank borrowings and interest payable of HK\$328,429,000 (comprising HK\$328,200,000 and HK\$229,000, respectively), and capitalised inter-company balances of HK\$349,292,000, resulting in a sub-total of HK\$696,794,000. Subsequently, deducting the Property's book value of HK\$696,000,000 from this sub-total results in the adjusted net asset value of positive amount HK\$794,000 for Success Active.

@ The net assets disposed of amount to HK\$696,794,000, comprising the net liabilities of Success Active as at 1 April 2025 of HK\$13,021,000, adjusted by adding back the Novated Construction Liabilities of HK\$32,094,000, secured bank borrowings and interest payable of HK\$328,429,000, and capitalised inter-company balances of HK\$349,292,000.

The transaction is expected to record a loss on the disposal of HK\$194,859,000. This loss is calculated by deducting the net assets disposed of amount to HK\$696,794,000, the additional construction costs required to complete the properties held for development for sale of HK\$22,411,000, and the estimated transaction costs of HK\$4,948,000 (consisting of HK\$530,000 for stamp duty and HK\$4,418,000 for professional fees and other transaction costs) from the total consideration of HK\$529,294,000.

^ For the purpose of the unaudited pro forma financial information, the Disposal is assumed to have taken place on 1 April 2025 and the Property was still in an incomplete state, which classified as properties held for development for sale. As set out in the statement of cash flows of Success Active for the year ended 31 March 2026, the cash outflows of HK\$22,411,000 in property held for development for sale were incurred to bring the Property to its completed state. Pursuant to the Sale and Purchase Agreement and Novated Construction Liabilities, the obligations and liabilities for the construction costs of the Property are transferred to the Group. Consequently, even though the Disposal is assumed to be completed on 1 April 2025, the Group remains contractually obligated to bear these subsequent construction costs to complete the Property, which are therefore deducted in the calculation of the pro forma loss on the Disposal.

4. All the adjustments have no continuing effect.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2026.

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE POST-TRANSACTION GROUP
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C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE POST-TRANSACTION GROUP

	The Group for the year ended 31 March 2026 HKD'000 (Note 1)	Pro forma adjustments HKD'000 (Note 2) HKD'000 HKD'000 HKD'000 (Note 3) (Note 4)				Unaudited pro forma total for the Post- Transaction the Group HKD'000
Cash flows from operating activities						
Loss before taxation	(436,535)	208,947	–	(194,859)		(422,447)
Adjustments for:						
Interest income	(10,318)	12	–	–		(10,306)
Interest expense	50,152	(15,026)	–	–		35,126
Depreciation of property, plant and equipment	2,793	–	–	–		2,793
Depreciation of right-of-use assets	309	–	–	–		309
Dividend income from investments	(673)	–	–	–		(673)
Loss on changes in fair value of investment properties	24,300	–	–	–		24,300
Loss on disposal/write-off of property, plant and equipment	392	–	–	–		392
Loss on disposal of investment properties	25,625	–	–	–		25,625
Loss on deemed partial disposal of equity interest in an associate	97,911	–	–	–		97,911
Gain on partial disposal of convertible note	(6,337)	–	–	–		(6,337)
Gain on replacement of the debt instruments at FVTOCI	(285)	–	–	–		(285)
Write-down (reversal of write-down) on properties held for sale	185,455	(194,411)	–	–		(8,956)
Loss on disposal of a subsidiary	–	–	–	194,859		194,859
Net loss on changes in fair value of financial assets at FVTPL	4,435	–	–	–		4,435
Impairment loss on loans receivable, net	7,191	–	–	–		7,191
Impairment loss on other receivables, net	3,812	–	–	–		3,812
Impairment loss on debt instruments at amortised cost	2,226	–	–	–		2,226
Share of result of an associate	4,254	–	–	–		4,254
Share of results of joint ventures	6	–	–	–		6

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE POST-TRANSACTION GROUP**

	The Group for the year ended 31 March 2026				Unaudited pro forma total for the Post- Transaction the Group
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	
Operating cash flows before movements					
in working capital	(45,287)	(478)	–	–	(45,765)
Decrease in properties held for sale	345,059	22,411	–	(22,411)	345,059
Increase in financial assets at FVTPL	(9,667)	–	–	–	(9,667)
Increase in trade and other receivables	(81,574)	140	–	–	(81,434)
Increase in loans receivable	(13,466)	–	–	–	(13,466)
Increase in cash and cash equivalents - client monies segregated accounts	(447)	–	–	–	(447)
Decrease in trade and other payables	(39,384)	12,150	–	–	(27,234)
Decrease in contract liabilities	(10,622)	–	–	–	(10,622)
Cash from operations	144,612	34,223	–	(22,411)	156,424
Dividend received	673	–	–	–	673
Interest received from loan financing	4,518	–	–	–	4,518
Net cash from operating activities	149,803	34,223	–	(22,411)	161,615
Cash flows from investing activities					
Proceeds from disposal/maturity of financial assets at FVTPL	52,000	–	–	–	52,000
Proceeds from disposal of investment properties	44,775	–	–	–	44,775
Other interest received	5,800	(12)	–	–	5,788
Deposit paid for an acquisition of investment	(30,000)	–	–	–	(30,000)
Net cash outflow arising on deemed disposal of subsidiaries	(4,029)	–	–	–	(4,029)
Purchase of property, plant and equipment	(32)	–	–	–	(32)
Net cash inflow of the Disposal	–	–	–	195,902	195,902
Net cash from investing activities	68,514	(12)	–	195,902	264,404

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE POST-TRANSACTION GROUP**

	The Group for the year ended 31 March 2026	Pro forma adjustments				Unaudited pro forma total for the Post- Transaction the Group
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>		
Cash flows from financing activities						
Bank borrowings raised	378,490	(36,850)	–	–		341,640
Advance from immediate holding company	–	(39,143)	39,143	–		–
Advance from a fellow subsidiary	–	(8,009)	8,009	–		–
Advance from ultimate holding company	–	(4,963)	4,963	–		–
Repayment to immediate holding company	–	20,750	(20,750)	–		–
Repayment of bank borrowings	(492,180)	20,050	–	–		(472,130)
Interest paid	(49,856)	12,604	–	–		(37,252)
Repayment to a non-controlling shareholder	(26,903)	–	–	–		(26,903)
Repayment of lease liabilities	(321)	–	–	–		(321)
Payment of loan arrangement fee	(1,342)	1,342	–	–		–
Net cash used in financing activities	<u>(192,112)</u>	<u>(34,219)</u>	<u>31,365</u>	<u>–</u>		<u>(194,966)</u>
Net increase in cash and cash equivalents	26,205	(8)	31,365	173,491		231,053
Cash and cash equivalents at beginning of the year	15,272	–	–	–		15,272
Effect of foreign exchange rate changes	<u>19</u>	<u>–</u>	<u>–</u>	<u>–</u>		<u>19</u>
Cash and cash equivalents at end of the year, represented by bank balances and cash	<u>41,496</u>	<u>(8)</u>	<u>31,365</u>	<u>173,491</u>		<u>246,344</u>

Notes to the unaudited pro forma consolidated statement of cash flows:

1. The figures are extracted from the audited consolidated statement of cash flows of the Group for the year ended 31 March 2026 as set out in the annual report of the Group for the year ended 31 March 2026.
2. The adjustment represents the exclusion of the cash flows of Success Active for the year ended 31 March 2026, as if the Disposal has taken place on 1 April 2025. The financial information of Success Active is extracted from the unaudited statement of cash flows of Success Active for the year ended 31 March 2026 as set out in the financial information of Success Active which is contained in Appendix III to this circular.

3. The adjustment represents the reversal of cash flows of approximately HK\$31,365,000 relating to inter-company balances with Success Active, as Success Active is assumed to be disposed of to the Purchaser on 1 April 2025.
4. For pro forma purpose, it is assumed that, upon the Disposal has been completed on 1 April 2025, the Group has lost control of Success Active and ceased to account for Success Active as a subsidiary.

With reference to note 3 under unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the adjustment represents (i) recognised the loss on the Disposal of approximately HK\$194,859,000; (ii) for the payment of additional construction costs required to complete the properties held for development for sale of approximately HK\$22,411,000; and (iii) the net cash inflow of the Disposal of approximately HK\$195,902,000.

For the net cash inflow of the Disposal, the details of the calculation are set out as follows:

Net cash proceeds received from the Disposal*:

– Consideration received	529,294	
– Less: Secured bank borrowings and interest payable owing by Success Active	(328,429)	
– Less: Cash paid for estimated transaction costs directly attributable to the Disposal	(4,948)	195,917
Cash and cash equivalents of Success Active as at 1 April 2025		(15)
		195,902

* As set out in the Sale and Purchase Agreement, a sum equal to the amount payable to fully repay the bank borrowings and interest payable with an aggregate balance of approximately HK\$328,429,000 shall be made payable directly to the bank at completion. After deducting such repayment and the cash paid for estimated transaction costs directly attributable to the Disposal amounting to HK\$4,948,000, the remaining balance forms the net cash proceeds received from the Disposal of HK\$195,917,000.

5. All the adjustments have no continuing effect.
6. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2026.

D. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



30 September 2026

The Board of Directors

Easyknit International Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Easyknit International Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2026, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2026, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2026 and related notes as set out on pages IV-2 to IV-14 of the circular issued by the Company dated 30 September 2026. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on page IV-1.

The pro forma financial information has been compiled by the directors to illustrate the impact of the disposal of the entire issued share capital of Success Active Limited subject to the terms and conditions of the sale and purchase agreements (the “**Disposal**”) on the Group’s financial position as at 31 March 2026 and on the Group’s financial performance and cash flows for the year ended 31 March 2026 as if the Disposal had been taken place at 31 March 2026 and 1 April 2025 respectively. As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the directors from the Group’s audited consolidated financial statements for the year ended 31 March 2026, on which an auditor’s report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the circular issued by the Company is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2026 and 1 April 2025 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Hong Kong

Set out below is the management discussion and analysis of the Group's business and performance for the financial years ended 31 March 2026 ("FY2026"), 2025 ("FY2025") and 2024 ("FY2024"), respectively, as extracted from the audited consolidated financial statements of the Group for each of the FY2026, FY2025 and FY2024, respectively.

FOR THE YEAR ENDED 31 MARCH 2026**FINANCIAL RESULTS**

For FY2026, the Group's revenue from continuing operations amounted to approximately HK\$398,430,000 as compared with FY2025 of approximately HK\$488,489,000, which represented a decrease of approximately HK\$90,059,000 or approximately 18.4% mainly due to decrease in sales of properties. The gross profit margin of FY2026 was approximately 6.0% (FY2025: not applicable).

For FY2026, the Group's consolidated net loss attributable to the Shareholders was approximately HK\$435,323,000 as compared with FY2025 of a consolidated net loss of HK\$717,668,000. The decrease in consolidated net loss was primarily attributable to, among other things, the decrease in loss from discontinued operation, which was partially offset by (i) the increase in write-down on properties held for sale; (ii) the increase in loss on change in fair value of investment properties; (iii) the loss on disposal of investment properties; (iv) the decrease in gain on bargain purchase at date of deemed acquisition of an associate; and (v) loss on deemed partial disposal of equity interest in an associate. In particular, the Group recorded a substantial increase in write-down of properties held for sale of approximately HK\$185,455,000, which represented an increase of approximately 913.0% as compared with FY2025 of approximately HK\$18,307,000. The impairment was mainly related to the significant downward revision in expected selling prices for Project Chatham Road North – "The Quad". The Group reassessed the expected selling prices, estimated time to disposal, and related marketing and transaction costs to complete the sales for all properties held for sale. Based on such review, the Group recorded a provision to align the carrying value with the estimated net realisable value for the properties held for sale.

The consolidated loss from continuing operations for FY2026 was approximately HK\$435,348,000 as compared with profit of approximately HK\$15,568,000 in FY2025. The consolidated loss from discontinued operation was nil, as compared with a loss of approximately HK\$733,263,000 for FY2025.

The basic loss per share from continuing and discontinued operations amounted to HK\$5.89 for FY2026 and the diluted loss per share from continuing and discontinued operations amounted to HK\$6.00 for FY2026. The basic and diluted loss per share from continuing and discontinued operations amounted to HK\$9.71 and HK\$10.09 respectively for FY2025.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for FY2026 (FY2025: 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 FY2026 amounted to approximately HK\$361,017,000 (FY2025: approximately HK\$466,837,000). Review on existing major projects of the Group is set out below:

Project Waterloo Road – “Garden Crescent”

The Group launched sales of this 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 annual report for FY2026, 45 units and 4 carparking spaces released were sold and the aggregate contracted sales amounted to approximately HK\$578,553,000. During FY2026, 13 units and 3 carparking spaces among the transactions have been completed (FY2025: 17 units) and a revenue of approximately HK\$204,542,000 (FY2025: approximately HK\$169,442,000) has been recorded for sale of properties.

Project Chatham Road North – “The Quad”

As at 31 March 2026, the Group, through its wholly-owned subsidiary, owned the property located at Nos. 470, 472, 474, 476 and 478 Chatham Road North, Kowloon, Hong Kong, named as “The Quad”. The total gross floor area of the property is approximately 41,875 square feet. The property is a student hostel of 29-storeys with nearly 200 rooms and it is operated through the partnership with the Operator (the operator for international students hostel). The hostel offers six distinct unit types featuring complete furnishings, floor-to-ceiling windows, branded kitchen and bathroom fixtures. As at the date of annual report for FY2026, 100% of rooms were rented out. After FY2026, on 30 April 2026, the Company and its subsidiary, entered into an “expression of interest” with an independent third party to dispose of the entire issued share of a subsidiary of the Company which holds the property, being Project Chatham Road North – “The Quad”, held for sale. The proposed transaction is subject to the execution of sales and purchase agreement and customary closing conditions.

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 annual report for FY2026, 60 units and 11 carparking spaces released were sold and the aggregate contracted sales amounted to approximately HK\$1,245,592,000. During FY2026, 5 units and 1 carparking space among the transactions have been completed (FY2025: 12 units and 1 carparking space) and a revenue of approximately HK\$156,475,000 (FY2025: approximately HK\$297,395,000) has been recorded for sale of properties.

Property Investment

As at 31 March 2026, the Group’s portfolio of investment properties comprised of commercial and industrial units located in Hong Kong.

For FY2026, the rental and building management income of the Group from continuing operations was approximately HK\$32,895,000 (FY2025: approximately HK\$17,152,000), representing an increase of approximately 91.8%.

As at 31 March 2026, the occupancy rate of commercial unit and industrial units of the Group’s investment properties were 0.0% and 75.6% (FY2025: 98.7% and 75.6%) respectively. A loss on changes in fair value of investment properties from continuing operations of approximately HK\$24,300,000 (FY2025: approximately HK\$17,130,000) was recognised during FY2026. The segment reported a loss from continuing operations of approximately HK\$31,392,000 for FY2026 (FY2025: approximately HK\$22,047,000), representing an increase of approximately HK\$9,345,000 or approximately 42.4% as compared to FY2025.

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

Investment in Securities and Others

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

As at 31 March 2026, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$368,474,000 (FY2025: approximately HK\$139,564,000). Except for convertible notes, 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\$1,171,000 during FY2026 (FY2025: approximately HK\$1,490,000).

As at 31 March 2026, details of the Group's financial assets are set out as follows:

Nature of investments	As at 31 March 2026				For FY2026		
	Number of shares held	Investment cost <i>HK\$'000</i>	Fair value <i>HK\$'000</i>	Approximate percentage to Group's total assets	Dividend/ Interest income <i>HK\$'000</i>	Fair value gain/(loss) <i>HK\$'000</i>	Realised loss <i>HK\$'000</i>
Equity Investments							
Best Food Holding Company Limited (stock code: 1488)	73,502,000	47,555	49,981	2.2%	–	1,643	416
Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318)	–	–	–	0.0%	673	–	–
Others	N/A	7,263	4,116	0.1%	–	121	445
Convertible notes (<i>Note</i>)	N/A	311,301	314,377	13.7%	5,439	8,685	6,337
Total:		366,119	368,474	16.0%	6,112	10,449	7,198

Note:

As at 31 March 2026, the total outstanding principal amount of convertible notes of Asset Chain Limited (“**Asset Chain**”, formerly known as Eminence Enterprise Limited) (stock code: 616) held by Goodco Development Limited (“**Goodco**”), an indirect wholly-owned subsidiary of the Company 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 ”)	24,500,000	490,000,000	0.05	5%	2028.02.19
2026.01.15 (“ 2025 CN ”)	<u>286,800,622</u>	<u>1,697,045,100</u>	<u>0.169</u>	<u>5%</u>	<u>2031.01.14</u>

On 4 June 2025 (after trading hours), Goodco entered into the second deed of amendment (the “**Second Deed of Amendment**”) with Asset Chain pursuant to which Goodco and Asset Chain have conditionally agreed to amend the conversion price of the 2023 CN from HK\$0.14 per conversion share to HK\$0.07 per conversion share (subject to adjustments). The Second Deed of Amendment and the transactions contemplated thereunder were approved at a special general meeting by the independent shareholders of Asset Chain held on 21 August 2025. Upon completion of second amendment to the 2023 CN on 2 September 2025, the conversion price of the 2023 CN was adjusted from HK\$0.14 to HK\$0.07 per conversion share (subject to adjustments) and the total number of conversion shares was increased from 500,000,000 to 1,000,000,000 on the basis of the outstanding principal amount of 2023 CN held by Goodco is HK\$70,000,000. Save for such amendment, all other terms and conditions of the 2023 CN (including the first deed of amendment to the 2023 CN announced on 23 January 2024) shall remain unchanged and in full force and effect. Further information can be found in the Company’s announcement dated 4 June 2025.

On 5 September 2025 (after trading hours), Goodco and two purchasers entered into the agreements regarding the disposal of part of the 2023 CN (the “**First Disposal**”). According to the agreements, Goodco agreed to sell in total of 33.75% of the outstanding principal amount of the 2023 CN of HK\$70,000,000 (i.e. HK\$23,625,000) to two purchasers, and two purchasers agreed to purchase 33.75% of the outstanding principal amount of the 2023 CN for a total consideration of HK\$27,000,000 representing a premium of HK\$3,375,000. Following the First Disposal on 5 September 2025, the outstanding principal amount of 2023 CN held by Goodco is HK\$46,375,000. Further information is disclosed in the Company’s announcement dated 5 September 2025.

On 25 November 2025 (after trading hours), Goodco and three purchasers entered into the agreements regarding the disposal of part of the 2023 CN (the “**Second Disposal**”). According to the agreements, Goodco agreed to sell approximately 47.17% of the outstanding principal amount of the 2023 CN of HK\$46,375,000 (i.e. HK\$21,875,000) to three purchasers, and three purchasers agreed to purchase approximately 47.17% of the outstanding principal amount of the 2023 CN for a total consideration of HK\$25,000,000 representing a premium of HK\$3,125,000. Following the Second Disposal on 25 November 2025, the outstanding principal amount of 2023 CN held by Goodco is HK\$24,500,000. Further information can be found in the Company’s announcement dated 25 November 2025.

On 15 January 2026, a 5% per annum coupon rate convertible note was issued by Asset Chain (as issuer) to Goodco (as noteholder) in the principal amount of HK\$286,800,622 conferring rights to convert at any time before the fifth anniversary of the issue thereof the principal amount into the ordinary shares of Asset Chain (“**Asset Chain shares**”) on the basis of an initial conversion price of HK\$0.169 per conversion share (subject to adjustments) (the “**2025 CN**”). Further information is disclosed in (i) the Company’s announcements dated 10 October 2025, 17 October 2025, 20 November 2025 and 16 January 2026, and circular dated 25 November 2025; and (ii) Asset Chain’s announcements dated 10 October 2025, 17 October 2025, 20 November 2025 and 16 January 2026, and circular dated 25 November 2025.

With respect to the 2023 CN, upon completion of issue of the 2025 CN on 15 January 2026 and after considering the effect of placing of Asset Chain shares announced by Asset Chain on 17 December 2025 and 30 December 2025, the conversion price of the 2023 CN was adjusted from HK\$0.07 to HK\$0.05 per conversion share (subject to adjustments) and the total number of the conversion shares was increased from 350,000,000 to 490,000,000. Further information can be found in Asset Chain's announcement dated 16 January 2026.

Loan Financing

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

For FY2026, the Group recorded an interest income from the loan financing business from continuing operations amounted to approximately HK\$4,518,000 (FY2025: approximately HK\$4,500,000), representing a slightly increase of approximately 0.4% as compared with FY2025. Loss derived from the loan financing segment from continuing operations was approximately HK\$4,907,000 for FY2026 (FY2025: approximately profit of HK\$212,000).

The target customer groups of the loan financing business are generally individuals and corporate entities that have short-term funding needs and can provide collaterals for their borrowings at their best endeavour. The Group's clientele is primarily acquired through business referrals and introductions from the Company's directors, senior management, business partners or clients. As at 31 March 2026, the Group had a total of 9 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 31 March 2026, the gross carrying amount of loans receivable amounting to HK\$127,958,000 (FY2025: HK\$114,492,000) of which 28% (FY2025: 31%) were secured by marketable securities with fair values of HK\$20,400,000 (FY2025: HK\$28,200,000) or properties with fair values of HK\$17,580,000 (FY2025: HK\$16,950,000). The Group is not permitted to sell or repledge the collaterals, if any, in the absence of default by the borrower. In addition, the gross carrying amount of unsecured loans receivable amounting to HK\$73,858,000 (FY2025: HK\$60,392,000). The largest borrower of the Group by itself and together with the other four largest borrowers of the Group accounted for approximately 27% and 70% respectively (FY2025: approximately 37% and 93% respectively) of the Group's loans receivable as at 31 March 2026.

During FY2026, the range of interest rate on the Group's fixed-rate loans receivable was 2.5% to 10.0% (FY2025: 2.5% to 6.5%) per annum and the range of interest rate on the Group's variable-rate loans receivable was prime rate less 1% (FY2025: prime rate less 1%) 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 (to confirm whether such borrower has family relationship with the Group's existing borrowers), evaluating their current business operations and financial conditions (such as income and assets proof), market reputation and creditability, and conducting financial analysis and recoverability analysis. After drawdown of loan, the Group will maintain regular contact with the borrowers and carries out periodical review on repayment history (including recent settlement records, and any litigation and winding up or bankruptcy searches) and change in background of each borrower in order to better understand the circumstances of each borrower.

To minimise credit or investment risks, the Group will seek securities and/or guarantees, including collaterals or pledges with expected realised value exceeding the loan or investment amount, and/or personal guarantees and corporate guarantees. The Group regularly assesses the value of the collaterals or pledges and guarantees of the borrowers for their credit quality, and defines credit limits to be granted to the borrowers. In the event that personal guarantee is given by a party other than the borrower, the Group will check whether such guarantor has given any guarantee to the Group's existing borrowers. The Group will assess the ceiling of loan portfolio of each borrower after granting the loan on a regular basis by obtaining updated information on the borrower including but not limited to (a) the latest income status of the borrower; (b) any adverse change in the industry participated by the borrower and follow-up discussion with the borrower to estimate potential effect on the borrower's credit strength; (c) the borrower's latest address proof; and (d) internet and credit search. The Group closely monitors on an ongoing review of credit risks of loans recoverability and collection to ensure that follow-up actions (including issue of demand letters and/or taking legal actions, if necessary) are taken to recover overdue debts.

The Group continues to adopt stringent loan review procedures and remains prudent approach on sufficiency of loan security by strengthening its overall credit risk management and control mechanism in its loan financing business. For collection of overdue loans, the Group discussed settlement plans with certain borrowers, issued demand letters and subsequently initiated legal actions or (if necessary) court proceedings in order to recover the loans. During FY2026, the Group closely monitored and regularly reviewed its loan portfolio and assessed the sufficiency of loan security for the loans receivable.

The Group generally provides short-term loans. All the new and renewal loans during FY2026 was with a term within 1 year. 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.

The Group performs impairment assessment under expected credit loss (“ECL”) model on loans receivable which are subject to impairment assessment under Hong Kong Financial Reporting Standard 9 “Financial Instruments” issued by Hong Kong Institute of Certified Public Accountants. 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; and
- 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.

The Group seeks to maintain sufficient control over its outstanding loans receivable to minimize credit risk. Impairment allowances on outstanding loans receivable are determined by an evaluation of financial backgrounds, financial conditions and historical settlement records, including past due rates and default rates, of the borrowers and relevant information from public domain at the end of each reporting period. The borrowers are assigned different grading under internal credit ratings to calculate ECL, taking into consideration the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the amount and timing of cash flows that are expected from foreclosure on the collaterals (if any) less the costs of obtaining and selling the collaterals.

In prior years, the management assessed, taking into account the relevant information from public domain, such balances becoming credit-impaired. Since then, the management has taken various actions (including legal actions) against the Borrower to recover the balances.

During FY2026, the impairment loss recognised in profit or loss amounted to approximately HK\$7,191,000 (FY2025: reversal of impairment loss approximately HK\$2,013,000) 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 31 March 2026, the Group had aggregate bank borrowings amounted to approximately HK\$767,019,000 (FY2025: approximately HK\$1,274,237,000). The gearing ratio of the Group, calculated as a ratio of total bank borrowings to total equity, for FY2026 was approximately 0.6 (FY2025: approximately 0.7).

As at 31 March 2026, the Group has net current assets of approximately HK\$700,530,000 (FY2025: approximately HK\$591,581,000). Current ratio was approximately 1.8 (FY2025: approximately 1.4). The cash and cash equivalents as at 31 March 2026 was approximately HK\$42,309,000 (FY2025: approximately HK\$15,638,000), representing an increase of approximately 170.6% or approximately HK\$26,671,000 compared to 31 March 2025. which was mainly due to the proceed from disposal of financial assets at FVTPL.

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

	As at 31 March	
	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount repayable as follows (based on the scheduled repayment dates set out in the loan agreements):		
– within a period not exceeding one year	681,984	1,112,302
– within a period of more than one year but not exceeding two years	4,238	16,196
– within a period of more than two years but not exceeding five years	13,709	52,681
– within a period of more than five years	67,088	93,058
	<u>767,019</u>	<u>1,274,237</u>
<i>Less:</i> Amount due within one year shown under current liabilities	<u>(681,984)</u>	<u>(1,112,302)</u>
Amount due after one year shown under non-current liabilities	<u>85,035</u>	<u>161,935</u>

At 31 March 2026, the Group's secured bank borrowings carry interest ranging from the Hong Kong Inter-Bank Offered Rate (“**HIBOR**”) plus 1.0% to 2.0% and the Secured Overnight Financing Rate (“**SOFR**”) plus 1.03% (FY2025: HIBOR plus 1.0% to 1.825%, SOFR plus 1.0%) per annum, with effective interest ranging from 3.2% to 5.4% (FY2025: 4.8% to 5.6%) per annum. The loans are secured by certain assets. The proceeds were mainly used to finance development of properties and acquisition of financial products.

CHARGES OF ASSETS

As at 31 March 2026, bank loans of the Group in the aggregate amount of approximately HK\$767,019,000 (FY2025: approximately HK\$1,274,237,000) 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\$1,521,678,000 (FY2025: approximately HK\$2,718,406,000). In addition, a credit facility granted by a bank for a property development project in Hong Kong was secured by pledge of 22,500,000 Asset Chain shares with fair value of HK\$5,535,000 (FY2025: 7,500,000 Asset Chain shares with fair value of HK\$728,000) held by a subsidiary of the Company.

TREASURY POLICY

The Group diversifies its source of funds including internal generated cash flow and interest-bearing bank borrowings during FY2026 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 FY2026 under review. Management of the Group is of the opinion that the Group has no material foreign exchange exposure in the usual course of the Group's daily operation.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2026 (FY2025: nil).

CAPITAL EXPENDITURE

For FY2026, the Group invested approximately HK\$32,000 (FY2025: approximately HK\$85,000) in the acquisition of property, plant and equipment, and did not invest in additions of investment properties for FY2026 and FY2025.

CAPITAL COMMITMENTS

As at 31 March 2026, the Group had no capital commitment in respect of capital expenditure contracted for but not provided (FY2025: nil).

NOTIFIABLE TRANSACTIONS AND EVENTS**Discloseable Transaction – Acquisitions of Listed Securities**

Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in Company's announcement dated 16 May 2025. Mark Profit, an indirect wholly-owned subsidiary of the Company, acquired (i) in a series of transactions for a total of 3,004,000 Best Food Shares (representing approximately 0.19% of the total issued Best Food Shares) on the open market on 12 May 2025 and 13 May 2025; and (ii) 12,000,000 Best Food Shares (representing approximately 0.76% of the total issued Best Food Shares) by way of cross trade from the Vendor on 16 May 2025 with an aggregate consideration of approximately HK\$15,003,960 (exclusive of expenses) (equivalent to an average purchase price of approximately HK\$1.00 per Acquired Share). The aggregate consideration was paid in cash from internal resources of the Group.

Immediately prior to the Acquisitions, the Group held 59,036,000 Best Food Shares, representing approximately 3.74% of the total issued Best Food Shares. Following the Acquisitions, the Group holds 74,040,000 Best Food Shares, representing approximately 4.69% of the total issued Best Food Shares.

Further information can be found in the Company's announcement dated 16 May 2025.

Amendment to the 2023 Convertible Note

Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in Company's announcement dated 4 June 2025. On 4 June 2025, after trading hours, Asset Chain entered into the Deed of Amendment with Goodco pursuant to which Asset Chain and Goodco have conditionally agreed to amend the conversion price of the 2023 Convertible Note from HK\$0.14 per Conversion Share to HK\$0.07 per Conversion Share (the "**Amendment**"). Save for the Amendment, all other terms and conditions of the 2023 Convertible Note (including the previous deed of amendment announced on 23 January 2024) shall remain unchanged and in full force and effect.

Further information can be found in the Company's announcement dated 4 June 2025.

Discloseable Transaction – Disposal of Listed Securities

Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company dated 21 July 2025. Mark Profit, an indirect wholly-owned subsidiary of the Company, disposed in a series of transactions for a total of 990,000 Best Food Shares (representing approximately 0.06% of the total issued Best Food Shares) on the open market on 21 July 2025 with a gross sales proceeds of approximately HK\$960,300 (exclusive of expenses) (equivalent to an average price of approximately HK\$0.97 per Disposed Share).

Immediately prior to the Disposal, the Group held 74,040,000 Best Food Shares (representing approximately 4.69% of the total issued Best Food Shares). Following the Disposal, the Group holds 73,050,000 Best Food Shares (representing approximately 4.63% of the total issued Best Food Shares).

Further information can be found in the Company's announcement dated 21 July 2025.

Discloseable Transaction – Disposal of Listed Securities

Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company dated 24 July 2025. Mark Profit, an indirect wholly-owned subsidiary of the Company, disposed in a series of transactions for a total of 2,590,000 Best Food Shares (representing approximately 0.16% of the total issued Best Food Shares) on the open market on 24 July 2025 with a gross sales proceeds of approximately HK\$2,512,300 (exclusive of expenses) (equivalent to an average price of approximately HK\$0.97 per Disposed Share).

Immediately prior to the Disposal, the Group held 73,050,000 Best Food Shares (representing approximately 4.63% of the total issued Best Food Shares). Following the Disposal, the Group holds 70,460,000 Best Food Shares (representing approximately 4.46% of the total issued Best Food Shares).

Further information can be found in the Company's announcement dated 24 July 2025.

Major Transaction – Possible Disposal of Listed Securities

Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Company's announcements dated 25 July 2025 and 17 September 2025 and circular dated 28 August 2025. As announced on 25 July 2025, the Company intended to seek Shareholders' approval for the possible disposal of Best Food Shares, through its wholly-owned subsidiaries, Mark Profit and Constance Capital, on the open market in the amounts that could constitute major transactions. As at the date of the Company's announcement dated 25 July 2025, the Company holds 70,460,000 Best Food Shares, which represent approximately 4.46% of the existing total issued Best Food Shares. The Company is considering the possible disposal of some or all of those shares in one or more on-market transactions at a minimum price of HK\$0.80 per Best Food Share which represents a discount of approximately 17.5% to the closing price per Best Food Share of HK\$0.97 as quoted on the Stock Exchange on the Last Trading Day.

The ordinary resolution related to the aforesaid possible disposal was duly passed as an ordinary resolution of the Company by way of poll at the SGM held on 17 September 2025 (the **"Shareholders' Approval"**).

Further information is disclosed in the Company's announcements dated 25 July 2025 and 17 September 2025 and circular dated 28 August 2025.

During the period from 17 September 2025 (i.e. the date of Shareholders' Approval) up to the date of annual report for FY2026, no disposal of Best Food Shares was made by the Group.

Discloseable Transaction – Disposal of Financial Asset

Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company dated 5 September 2025. On 5 September 2025, Goodco, an indirect wholly-owned subsidiary of the Company, and the Purchasers entered into the Agreements regarding the Disposal. According to the Agreements, Goodco agreed to sell in total of 33.75% of the outstanding principal amount of the 2023 Convertible Note to the Purchasers, and the Purchasers agreed to purchase 33.75% of the outstanding principal amount of the 2023 Convertible Note for a total consideration of HK\$27,000,000 representing a premium of HK\$3,375,000.

Further information can be found in the Company's announcement dated 5 September 2025.

Very Substantial Disposal

Unless otherwise stated, capitalized terms used herein this section shall have the same meanings as those defined in the Company's announcement dated 10 October 2025 and circular dated 25 November 2025.

On 10 October 2025 (after trading hours), Easyknit Properties Holdings Limited ("**Easyknit Properties**", a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with Asset Chain, pursuant to which amongst other things, Easyknit Properties (as the seller) conditionally agreed to sell, and Asset Chain (as the buyer) conditionally agreed to acquire, the entire issued share capital of Mark Profit Development Limited ("**Mark Profit**") at a consideration less a sum equal to the expected total net amount due from Mark Profit's ultimate holding company and fellow subsidiaries to Mark Profit outstanding as at the Completion Date on a dollar-for-dollar basis.

The material asset of Mark Profit is the Property, which is Shops 1, 2, 3 on Ground Floor together with showcase on Ground Floor, Shop 1 on the First Floor and Shop 1 on the Second Floor of Fa Yuen Plaza, No. 19 Fa Yuen Street, Mong Kok, Kowloon. The saleable area of the Property is 13,544 square feet.

Following the approval of the Shareholders and the independent shareholders of Asset Chain at the special general meeting of the Company and Asset Chain held on 15 December 2025 respectively for the Sale and Purchase Agreement and transactions contemplated thereunder, all Conditions Precedent under the Sale and Purchase Agreement have been fulfilled and the Completion took place on 15 January 2026.

The Purchase Price of HK\$286,800,622 has been satisfied by way of the issue of the 2025 Convertible Note by Asset Chain (as issuer) to Goodco (as noteholder) on 15 January 2026. A total of 1,697,045,100 conversion shares of nominal value of HK\$0.01 each with an initial conversion price of HK\$0.169 per conversion share (subject to adjustments) shall be allotted and issued to Goodco upon exercise of the conversion rights attached to the 2025 Convertible Note pursuant to the terms and conditions of the 2025 Convertible Note.

Upon completion on 15 January 2026, Mark Profit no longer be an indirect wholly-owned subsidiary of the Company, instead it became a wholly-owned subsidiary of Asset Chain.

With respect to the 2023 Convertible Note, upon completion of issue of the 2025 Convertible Note on 15 January 2026 and after considering the effect of placing of Asset Chain shares announced by Asset Chain on 17 December 2025 and 30 December 2025, the conversion price of the 2023 Convertible Note was adjusted from HK\$0.07 to HK\$0.05 per conversion share (subject to adjustments) and the total number of the conversion shares was increased from 350,000,000 to 490,000,000.

Further information can be found in the Company's announcements dated 10 October 2025, 17 October 2025, 20 November 2025 and 16 January 2026, and circular dated 25 November 2025.

Discloseable Transaction – Acquisition of Listed Securities

Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company dated 17 October 2025. Gold Winner, a direct wholly-owned subsidiary of the Company, acquired in a series of transactions for a total of 3,042,000 Best Food Shares on the open market on 17 October 2025 at an aggregate purchase price of HK\$1,825,200 (excluding stamp duty and related expenses) (equivalent to an average purchase price of approximately HK\$0.60 per Acquired Share). The aggregate consideration was paid in cash from internal resources of the Group.

Immediately prior to the Acquisition, the Group held 70,460,000 Best Food Shares, representing approximately 4.46% of the total issued Best Food Shares. Following the Acquisition, the Group holds 73,502,000 Best Food Shares, representing approximately 4.66% of the total issued Best Food Shares.

Further information can be found in the Company's announcement dated 17 October 2025.

Discloseable Transaction – Disposal of Financial Asset

Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company dated 25 November 2025. Goodco, an indirect wholly-owned subsidiary of the Company, and the Purchasers entered into the Agreements regarding the Disposal. According to the Agreements, Goodco agreed to sell approximately 47.17% of the outstanding principal amount of the 2023 Convertible Note held by Goodco to the Purchasers, and the Purchasers agreed to purchase approximately 47.17% of the outstanding principal amount of the 2023 Convertible Note for a total consideration of HK\$25,000,000 representing a premium of HK\$3,125,000.

Further information can be found in the Company's announcements dated 25 November 2025 and 27 November 2025.

Memorandum of Understanding in relation to a Possible Acquisition

Unless otherwise stated, capitalized terms used herein this section shall have the same meanings as those defined in the announcement of the Company dated 12 March 2026.

On 12 March 2026 (after trading hours), the Company as the potential purchaser (the “**Purchaser**”) entered into a non-legally binding memorandum of understanding (the “**MOU**”) with Skill Master Investments Limited (“**Skill Master**”, a direct wholly-owned subsidiary of Asset Chain) as the potential vendor (the “**Vendor**”). Pursuant to the MOU, the Vendor intends to dispose and the Purchaser intends to acquire 10% to 20% of the equity interests in the Treasure Arts International Group Limited (the “**Target Company**”, an indirect wholly-owned subsidiary of Asset Chain) (the “**Possible Acquisition**”). The Target Company is incorporated in the BVI with limited liability, which is principally engaged in property development business.

As at 31 March 2026, the material asset of the Target Company is a property under development located at Nos. 646, 648 and 648A Castle Peak Road, Kowloon which is planned to be developed into a student hostel and the estimated value of which is approximately HK\$940 million.

Subject to the Purchaser being satisfied with the due diligence review results, the Vendor and the Purchaser shall use their best endeavours to procure a legally binding Formal Agreement in relation to the Possible Acquisition within the Valid Period.

During the Valid Period, no Formal Agreement nor any further agreement in relation to the Possible Acquisition was entered into by the Company. Pursuant to the terms of the MOU, it has been lapsed on 12 June 2026.

Further information can be found in the Company's announcement dated 12 March 2026.

EVENTS AFTER THE END OF THE REPORTING PERIOD

After FY2026, on 30 April 2026, the Company and its subsidiary, entered into an "expression of interest" with an independent third party to dispose of the entire issued share of a subsidiary of the Company which holds the property, being Project Chatham Road North – "The Quad", held for sale. The proposed transaction is subject to the execution of sales and purchase agreement and customary closing conditions.

PROSPECTS

The geopolitical tensions remain elevated, the global financial environment continues to be subject to uncertainties, and equity market returns remain subject to fluctuations driven by multiple factors, all of which continue to place some pressure on Hong Kong's overall economy and property market beyond 2025.

To stabilise the Hong Kong property market and support economic recovery, the Financial Secretary of the Hong Kong announced a number of support measures in the 2026-27 Budget delivered in February 2026, including relief in respect of first-quarter rates for residential and non-residential properties in 2026/27, an extension of tax concessions, and further easing of relevant tax and mortgage benefits for first-time homebuyers, with the aim of easing the burden on the public and small and medium-sized enterprises.

The inflow of talent and professionals from Mainland China coming to Hong Kong for work and home ownership is expected to continue, providing additional support to the residential and retail markets in 2026. Following the removal of property sales restrictions in early 2024 and the Hong Kong Monetary Authority's suspension of mortgage stress tests and relaxation of loan-to-value ratios for certain property types around the same time, the sales performance of a number of new residential projects in 2024 and 2025 was encouraging, driving residential transaction volumes back to a four-year high and leading to a modest rebound in property prices after several years of adjustment, with the overall property market gradually showing signs of recovery through improving price and volume momentum.

The Group shares the view of the Government of Hong Kong that the Hong Kong economy will continue to face external uncertainties in 2026, while also benefiting from a number of positive factors. The Government forecasts real GDP growth of 2.5% to 3.5% for 2026, while underlying and headline consumer price inflation are expected to be around 1.7% and 1.8%, respectively, indicating that the overall economy remains on a steady growth trajectory despite a relatively high base. The Group expects that, although the trade and tariff policies of the US may create uncertainty around the pace of interest rate cuts, sentiment in the Hong Kong property market should gradually recover as major central banks ease monetary policy in a measured manner to support economic growth and market interest rates begin to ease from their peaks. The European Central Bank has also indicated that, should inflation continue to move towards its target level, further interest rate reductions may be warranted, which would be supportive of stability in global asset markets. According to the latest forecast by the International Monetary Fund, the global economy is expected to grow by approximately 3.3% in 2026, broadly unchanged from 2025, reflecting continued growth momentum under a backdrop of fragile resilience and supporting Hong Kong's external demand and financial services sector.

As inbound tourism continues to recover, and with the Government and the industry promoting convention, exhibition and large-scale events, Hong Kong's retail market is expected to improve further in 2026, although certain discretionary categories, such as parts of the jewellery and luxury goods retail segment, will continue to face pressure from post-pandemic changes in consumption patterns and a high comparative base. Market observations indicate that changes in visitor spending patterns and intensified competition from nearby regions continue to pose new challenges to Hong Kong's office and retail leasing markets, with tenants remaining cautious in leasing decisions and delaying some relocation or expansion plans. Nevertheless, as vacancy rates for core district office and retail properties have eased and rental levels have stabilised, market sentiment has improved modestly. The Group believes that the resumption by the Government of the PRC of "multiple-entry" individual visit endorsements for Shenzhen household registration residents, and the extension of the arrangement to certain Shenzhen residence permit holders since the end of 2024, will in the long term help increase demand for retail and mid-range office leasing in Hong Kong, and support the Group's steady repositioning and optimisation of its commercial and serviced property portfolio.

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. The Group will continue to monitor the market changes closely and strengthen the principal segments of its businesses while exploring other potential opportunities with a view to providing steady and favourable returns for the Shareholders and bringing increased values to the Group's stakeholders.

EMPLOYEES

As at 31 March 2026, the Group had 22 employees (FY2025: 18). Staff costs (including Directors' emoluments) amounted to approximately HK\$25,563,000 for FY2026 (FY2025: approximately HK\$26,204,000). 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.

FOR THE YEAR ENDED 31 MARCH 2025**FINANCIAL RESULTS**

For FY2025, the Group's revenue from continuing operations amounted to approximately HK\$488,489,000 as compared with FY2024 of approximately HK\$196,421,000 (restated), which represented an increase of approximately HK\$292,068,000 or approximately 148.7% mainly due to increase in sales of properties. The gross profit margin of FY2025 was not applicable due to gross loss (FY2024: approximately 15.7%). For FY2025, the Group's revenue from discontinued operation amounted to nil as compared with the FY2024 of approximately HK\$30,693,000 (restated), which represented a decrease of approximately HK\$30,693,000 or 100%.

For FY2025, the Group's consolidated loss attributable to the Shareholders was approximately HK\$717,668,000 as compared with the FY2024 of a loss of HK\$253,235,000 (restated). The increase in net loss was primarily attributable to, among other things, the loss on deemed disposal of subsidiaries, which was partially offset by (i) the decrease in write-down on properties held for sale; (ii) the decrease in loss on change in fair value of investment properties; (iii) gain on modification of terms of convertible note; and (iv) gain on bargain purchase at date of deemed acquisition of an associate.

The consolidated profit from continuing operations for FY2025 was approximately HK\$15,568,000 as compared with loss of approximately HK\$228,435,000 (restated) in FY2024. The consolidated loss from discontinued operation was HK\$733,263,000, as compared with a loss of approximately HK\$180,124,000 (restated) for the FY2024.

The basic loss per share from continuing and discontinued operations amounted to HK\$9.71 for FY2025 and the diluted loss per share from continuing and discontinued amounted to HK\$10.09 for FY2025. The basic and diluted loss per share from continuing and discontinued operations amounted to HK\$3.50 (restated) and HK\$4.20 (restated) respectively for the FY2024.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for FY2025 (FY2024: 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 properties.

Revenue from continuing operations recognised in this business segment during FY2025 amounted to approximately HK\$466,837,000 (FY2024: approximately HK\$169,971,000 (restated)). Review on existing major projects of the Group is set out below:

Project Waterloo Road – “Garden Crescent”

The Group launched sales of this 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 the annual report for FY2025, 22 units released were sold and the aggregate contracted sales amounted to approximately HK\$220,953,000. During FY2025, 17 units among the transactions have been completed (FY2024: 5) and a revenue of approximately HK\$169,442,000 (FY2024: approximately HK\$51,511,000) 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. Occupation permit was obtained in March 2025. In light of the current market condition, change of development plan may be considered.

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 the annual report for FY2025, 52 units and 5 carparks released were sold and the aggregate contracted sales amounted to approximately HK\$968,397,000. During FY2025, 12 units and 1 carpark among the transactions have been completed (FY2024: 5 units and 1 carpark) and a revenue of approximately HK\$297,395,000 (FY2024: approximately HK\$118,460,000) has been recorded for sale of properties.

Property Investment

As at 31 March 2025, the Group's portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong.

For FY2025, the rental and building management income of the Group from continuing operations was approximately HK\$17,152,000 (FY2024: approximately HK\$15,319,000 (restated)), representing an increase of approximately 12.0%. For FY2025, the rental income of the Group from discontinued operation was nil (FY2024: HK\$28,751,000 (restated)).

As at 31 March 2025, the occupancy rate of residential unit, commercial units and industrial units of the Group's investment properties were 0.0%, 98.7% and 75.6% (FY2024: 100.0%, 99.2% and 95.0%) respectively. A loss on changes in fair value of investment properties from continuing operations of approximately HK\$17,130,000 (FY2024: approximately HK\$37,770,000 (restated)) was recognised during FY2025. The segment reported a loss from continuing operations of approximately HK\$22,047,000 for FY2025 (FY2024: approximately HK\$37,409,000 (restated)), representing a decrease of approximately HK\$15,362,000 or approximately 41.1% as compared to the FY2024.

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

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 31 March 2025, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$139,564,000 (FY2024: approximately HK\$211,854,000). The Group recorded a loss in the securities investment segment from continuing operations of approximately HK\$1,490,000 during FY2025 (FY2024: profit of approximately HK\$6,160,000 (restated)).

As at 31 March 2025, details of the Group's financial assets are set out as follows:

Nature of investments	As at 31 March 2025				For FY2025		
	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 loss HK\$'000
Equity Investments							
Best Food Holding Company Limited (stock code: 1488)	59,036,000	41,996	49,571	1.5%	–	(9,465)	(2,694)
Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318)	268,000	23,253	12,408	0.4%	1,753	3,551	3,805
Others	N/A	11,988	7,592	0.2%	46	(1,335)	473
Convertible note	N/A	70,000	69,993	2.1%	5,239	(3,462)	–
Total:		147,237	139,564	4.2%	7,038	(10,711)	1,584

As at 1 April 2024, the total outstanding principal amount of 2023 Convertible Note 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	209,000,000	1,971,698,113	0.106	5%	2028.02.19

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 Convertible Note 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 Convertible Note 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 shareholders of Eminence held on 27 March 2024. The total number of conversion shares of Eminence (the “**Conversion Share(s)**”) 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 below).

Upon (i) completion of the rights issue of Eminence on 4 February 2025, the conversion price of the 2023 Convertible Note was adjusted from HK\$0.18 to HK\$0.14 per Conversion Share; and (ii) completion of partial redemptions during FY2025, the outstanding principal amount of 2023 Convertible Note was reduced to HK\$70,000,000. Based on the adjusted current conversion price of the 2023 Convertible Note of HK\$0.14 per Conversion Share, the number of Conversion Shares decreased to 500,000,000.

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 lenders carrying on business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

For FY2025, the Group recorded an interest income from the loan financing business from continuing operations amounted to approximately HK\$4,500,000 (FY2024: approximately HK\$11,131,000 (restated)), representing a decrease of approximately 59.6% as compared with the FY2024. The decrease in interest income was primarily due to the repayments of loans receivable. Profit derived from the loan financing segment from continuing operations was approximately HK\$212,000 for FY2025 (FY2024: approximately HK\$88,000 (restated)).

The target customer groups of the loan financing business are generally individuals and corporate entities that have short-term funding needs and can provide collaterals for their borrowings at their best endeavour. The Group’s clientele is primarily acquired through business referrals and introductions from the Company’s directors, senior management, business partners or clients. As at 31 March 2025, 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 31 March 2025, the gross carrying amount of loans receivable amounting to HK\$114,492,000 (FY2024: HK\$195,657,000) of which 31% (FY2024: 52%) were secured by marketable securities with fair values of HK\$28,200,000 (FY2024: HK\$30,000,000) or properties with fair values of HK\$16,950,000 (FY2024: HK\$96,345,000). The Group is not permitted to sell or repledge the collaterals, if any, in the absence of default by the borrower. In addition, the gross carrying amount of unsecured loans receivable amounting to HK\$60,392,000 (FY2024: HK\$91,357,000). The largest borrower of the Group by itself and together with the other four largest borrowers of the Group accounted for approximately 37% and 93% respectively (FY2024: approximately 21% and 67% respectively) of the Group’s loans receivable as at 31 March 2025.

During FY2025, the range of interest rate on the Group’s fixed-rate loans receivable was 2.5% to 6.5% (FY2024: 0% to 16%) per annum and the range of interest rate on the Group’s variable-rate loans receivable was prime rate less 1% (FY2024: prime rate less 1%) per annum. The Group has credit policies, guidelines and procedures in place which cover key internal controls of a loan transaction including due diligence, credit appraisal, proper execution of documentations, continuous monitoring and collection and recovery. The due diligence procedures included conducting research on the borrowers’ background, evaluating its current business operations and financial conditions, market reputation and creditability, and conducting financial analysis and recoverability analysis. To minimise credit or investment risks, the Group will seek securities and/or guarantees, including collaterals with expected realised value exceeding the loan or investment amount, and/or personal guarantees and corporate guarantees.

The Group generally provides short-term loans. For the new and renewal loans during FY2025, approximately 97% was with a term within 1 year, and approximately 3% 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 of the borrowers such as recent settlement record of the borrowers and whether there are any litigations and bankruptcy orders against the borrowers. The Group will take all necessary legal actions against the relevant clients to follow up the settlement of the outstanding loans.

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

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

During the year ended 31 March 2025, the reversal of impairment loss recognised in profit or loss amounted to approximately HK\$2,013,000 (FY2024: approximately HK\$2,202,000 (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 31 March 2025, the Group had aggregate bank borrowings amounted to approximately HK\$1,274,237,000 (FY2024: approximately HK\$3,671,861,000). The gearing ratio of the Group, calculated as a ratio of total bank borrowings to total equity, for FY2025 was approximately 0.7 (FY2024: approximately 0.8).

As at 31 March 2025, the Group has net current assets of approximately HK\$591,581,000 (FY2024: approximately HK\$3,546,059,000). Current ratio was approximately 1.4 (FY2024: approximately 2.3). The cash and cash equivalents as at 31 March 2025 was approximately HK\$15,638,000 (FY2024: approximately HK\$307,435,000), representing a decrease of approximately 94.9% or approximately HK\$291,797,000 compared to 31 March 2024 which was mainly due to the repayment of bank borrowings and the fact that the financial information of Eminence and its subsidiaries (collectively “**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:

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Carrying amount repayable as follows (based on the scheduled repayment dates set out in the loan agreements):		
– within a period not exceeding one year	1,112,302	2,323,047
– within a period of more than one year but not exceeding two years	16,196	1,115,397
– within a period of more than two years but not exceeding five years	52,681	100,408
– within a period of more than five years	93,058	133,009
	1,274,237	3,671,861
Less: Amount due within one year shown under current liabilities	(1,112,302)	(2,323,047)
Amount due after one year shown under non-current liabilities	161,935	1,348,814

At 31 March 2025, the Group's secured bank borrowings carry interest ranging from the Hong Kong Inter-Bank Offered Rate (“**HIBOR**”) plus 1.0% to 1.825% and the Secured Overnight Financing Rate (“**SOFR**”) plus 1.0% (FY2024: HIBOR plus 1.0% to 1.825%, SOFR plus 0.8% to 1.0%) per annum, with effective interest ranging from 4.8% to 5.6% (FY2024: 4.4% to 6.1%) per annum. The loans are secured by certain assets. The proceeds were mainly used to finance development of properties and acquisition of financial products.

CHARGES OF ASSETS

As at 31 March 2025, bank loans of the Group in the aggregate amount of approximately HK\$1,274,237,000 (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\$2,718,406,000 (31 March 2024: approximately HK\$7,119,902,000). 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\$728,000 (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 FY2025 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 FY2025 under review. Management of the Group is of the opinion that the Group has no material foreign exchange exposure in the usual course of the Group's daily operation.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2025 (31 March 2024: nil).

CAPITAL EXPENDITURE

For FY2025, the Group invested approximately HK\$85,000 (FY2024: approximately HK\$1,443,000) in the acquisition of property, plant and equipment, and did not invest in additions of investment properties for FY2025 and FY2024.

CAPITAL COMMITMENTS

As at 31 March 2025, the Group had no capital commitment in respect of capital expenditure contracted for but not provided (FY2024: approximately 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, the Group held an aggregate of 27,428,937 shares of Eminence, representing approximately 8.11% of the total issued share capital of Eminence. As a result, Eminence's financial results and financial positions shall no longer be consolidated in the consolidated financial statements of the Group. 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 of Hong Kong Limited (the “**Stock Exchange**” or “**HKEx**”) (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 (“**Best Food Share(s)**”), a company incorporated in the Cayman Islands with limited liability and its 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 Best Food Shares) 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 Best Food 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. (“**Ping An Share(s)**”), 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 Ping An Shares) 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 Ping An Share). Further information can be found in the Company’s announcement dated 23 September 2024.

Discloseable transaction – disposal of listed securities

On 10 December 2024, the Group disposed in a series of transactions for a total of 163,460 Ping An Shares (representing approximately 0.0022% of the total issued Ping An Shares) on the open market with an aggregate gross sales proceeds of approximately HK\$7,879,000 (exclusive of expenses) (equivalent to an average price of approximately HK\$48.20 per Ping An Share). Further information can be found in the Company’s announcement dated 16 December 2024.

Change of Hong Kong Branch Share Registrar and Transfer office

On 26 February 2025, the Company announced the change of the Company’s Hong Kong branch share registrar and transfer office with effect from 31 March 2025. Further information can be found in the Company’s announcement dated 26 February 2025.

EVENTS AFTER THE END OF THE REPORTING PERIOD**Discloseable Transaction – acquisitions of listed securities**

It was announced on 16 May 2025 that the Group acquired (i) in a series of transactions for a total of 3,004,000 Best Food Shares (representing approximately 0.19% of the total issued Best Food Shares) on the open market on 12 May 2025 and 13 May 2025; and (ii) 12,000,000 Best Food Shares (representing approximately 0.76% of the total issued Best Food Shares) by way of cross trade from a vendor on 16 May 2025 with an aggregate consideration of approximately HK\$15,003,960 (exclusive of expenses) (equivalent to an average purchase price of approximately HK\$1.00 per acquired Best Food Share). Further information can be found in the Company's announcement dated 16 May 2025.

Amendment to 2023 Convertible Note

On 4 June 2025, after trading hours, the Group (as the Holder) entered into a second deed of amendment with Eminence pursuant to which both parties conditionally agreed to amend the conversion price of the 2023 Convertible Note from HK\$0.14 per Conversion Share to HK\$0.07 per Conversion Share. Pursuant to Rule 28.05 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. As a result, Eminence applied for the approval of the Stock Exchange for the aforesaid amendment pursuant to Rule 28.05 of the Listing Rules. Further information can be found in the Company's announcement dated 4 June 2025.

PROSPECTS

The geopolitical tensions, sustained high interest rates, underperforming stock market returns, and below-expectation GDP growth have been dragging on the economy and property market in Hong Kong.

With a view to stabilising the property market and stimulating the economy in Hong Kong, the Financial Secretary of Hong Kong announced in his Budget Speech in February 2025 a number of support measures which include rates concession for both domestic and non-domestic properties for the first quarter of 2025/26, reduction in salaries tax and tax under personal assessment for the assessment year 2024/25, reduction in profits tax for the assessment year 2024/25 and raising the maximum value of properties chargeable to a stamp duty of HK\$100 from HK\$3 million to HK\$4 million.

The trend of Mainland talents and professionals working and buying their own homes in Hong Kong is still expected for 2025. It is also observed that a number of new property developments which were launched in 2024 for sale, after the withdrawal of the restrictions on the sale of properties in early 2024 as well as the suspension of the mortgage stress test and the relaxation of the loan-to-value ratios of certain types of properties announced by the Hong Kong Monetary Authority at around the same time, achieved satisfactory sales performance.

The Group shares the view of the Government of Hong Kong that the Hong Kong economy still faces a very challenging external environment for 2025, but there are quite a few positive factors at the same time. The Group anticipates that when the interest rates begin to ease due to the gradual easing of monetary policies by major central banks to support their economic growth, the market confidence towards the property sector in Hong Kong will gradually restore although the economic and trade policies of the US have brought uncertainties to the pace of rate cuts in 2025. The European Central Bank also indicated that it would lower interest rates further if inflation broadly trends towards its target level. According to the International Monetary Fund's latest projections, the global economy will grow by 3.3% for 2025, slightly higher than last year.

Along with the revival of inbound tourism, Hong Kong's retail market is expected to recover despite the fact that some discretionary categories, such as jewelry and other retailers in the luxury retail segment, struggled amidst the tough economic landscape in 2024. The changes in the spending patterns of tourists and intense competition from neighbouring regions that create new challenges to the office and retail leasing business in Hong Kong are observed. As a result, tenants have remained cautious and delayed their relocation or expansion plans for leases. The Group is confident that the resumption of multiple entry Individual Visit Endorsements for Shenzhen permanent residents and the expansion of the arrangement to Shenzhen residence permit holders at the end of 2024 by the Government of the PRC, which attracted over 700,000 visitors travelling to Hong Kong during the period from the date of implementation to February 2025, would enhance the demand for office and retail leasing in Hong Kong in the long term.

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. The Group will continue to monitor the market changes closely and strengthen the principal segments of its businesses while exploring other potential opportunities with a view to providing steady and favourable returns for the Shareholders and bringing increased values to the Group's stakeholders.

EMPLOYEES

As at 31 March 2025, the Group had 18 employees (FY2024: 22). Staff costs (including Directors' emoluments) amounted to approximately HK\$26,204,000 for FY2025 (FY2024: approximately HK\$33,195,000 (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.

FOR THE YEAR ENDED 31 MARCH 2024**FINANCIAL RESULTS**

For FY2024, the Group's revenue from continuing operations amounted to approximately HK\$227,114,000 as compared with FY2023 of approximately HK\$86,762,000, which represented an increase of approximately HK\$140,352,000 or approximately 161.8%. This year's gross profit margin was approximately 25.6% (FY2023: approximately 68.0%). For FY2024, the Group's revenue from discontinued operation amounted to HK\$nil as compared with FY2023 of approximately HK\$15,912,000, which represented a decrease of approximately HK\$15,912,000 or 100%.

For FY2024, the Group's consolidated loss attributable to Shareholders was approximately HK\$253,235,000 as compared with FY2023 of a profit of HK\$13,280,000. The consolidated loss from continuing operations for FY2024 was approximately HK\$414,214,000 as compared with profit of approximately HK\$25,341,000 in FY2023. The loss was mainly attributable to, among other things, (i) the write-down on properties held for sale, (ii) the write-down on properties held for development for sale, (iii) loss on change in fair value of investment properties and (iv) increase in finance costs. The consolidated profit from discontinued operation was approximately HK\$5,655,000, as compared with a profit of approximately HK\$4,602,000 for FY2023.

The basic loss per share and diluted loss per share from continuing and discontinued operations amounted to HK\$3.50 and HK\$4.20 respectively for FY2024, as compared with an earnings per share of HK\$0.18 and HK\$0.18 respectively for FY2023.

The basic loss per share and diluted loss per share from continuing operations amounted to HK\$3.52 and HK\$4.24 respectively for FY2024, as compared with earnings per share of HK\$0.15 and HK\$0.15 respectively for FY2023.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for FY2024 (FY2023: nil).

BUSINESS REVIEW

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

Property Development

Revenue from continuing operations recognised in this business segment during FY2024 amounted to approximately HK\$169,971,000 (FY2023: HK\$28,647,000). Review on existing major projects of the Group is set out below:

Inverness Road Property – “Ayton”

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

As at the date of the annual report for FY2024, 49 units and 3 carparks released were sold and the aggregate contracted sales amounted to approximately HK\$862,981,000. During FY2024, 5 units and 1 carpark among the transactions have been completed (FY2023: 2 units) and a revenue of approximately HK\$118,460,000 (FY2023: HK\$28,647,000) has been recorded for sale of properties.

Waterloo Road Property – “Garden Crescent”

The Group has launched sales of its new residential project located at No. 93 Waterloo Road, Ho Man Tin, Kowloon, Hong Kong namely “Garden Crescent”, in November 2023. Garden Crescent is located in Ho Man Tin, a prestigious residential area, which is bound by a vast network of transportation and enjoys an extensive top education network. Boasting 56 luxurious apartments ranging from 260 square feet to 2,597 square feet (saleable area), this 20-storey development with 2 levels of basement for carparking spaces is designed to be an 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 the annual report for FY2024, 17 units released were sold and the aggregate contracted sales amounted to approximately HK\$208,303,000. During FY2024, 5 units among the transactions have been completed (FY2023: nil) and a revenue of approximately HK\$51,511,000 (FY2023: nil) has been recorded for sale of properties.

Project Chatham Road North

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

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

Property Investment

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

For FY2024, the rental income of the Group from continuing operations was approximately HK\$43,101,000 (FY2023: approximately HK\$43,255,000), representing a decrease of approximately 0.4%. For FY2024, the rental income of the Group from discontinued operation was HK\$nil (FY2023: approximately HK\$4,602,000). For FY2024, the building management income of the Group from continuing operations was approximately HK\$981,000 (FY2023: approximately HK\$1,636,000). The decrease in building management income from continuing operations was primarily since sub-contracted certain building management services.

As at 31 March 2024, the occupancy rate of residential units, commercial units and industrial units of the Group's investment properties were 100.0%, 99.2% and 95.0% (FY2023: 100.0%, 99.2% and 90.6%) respectively. A loss on changes in fair value of investment properties of approximately HK\$47,333,000 (FY2023: gain of approximately HK\$191,361,000) was recognised during FY2024. The segment reported a loss of approximately HK\$60,725,000 for FY2024 (FY2023: gain of approximately HK\$190,515,000), representing a decrease of approximately HK\$251,240,000 compared to FY2023.

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

Disposal of property in Singapore by subsidiary of Eminence

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

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

Land resumption in the PRC by subsidiary of Eminence

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

The financial results of the property investment in the PRC were classified as discontinued operation during FY2024 (FY2023: same). In February 2024, the Compensation Amount has been received by the Group in full, and the Huzhou Properties have been resumed by the Huzhou Government, and accordingly, the Huzhou Properties were no longer accounted for in the financial statements of the Group as at 31 March 2024.

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

Investment in Securities and Others

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

As at 31 March 2024, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$211,854,000 (FY2023: approximately HK\$191,160,000). There were no investments held by the Group of which value was more than 5% of the total assets of the Group. The Group recorded a loss in the securities investment segment from continuing operations of approximately HK\$1,992,000 during FY2024 (FY2023: loss of approximately HK\$71,940,000).

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

Nature of investments	Number of shares held	As at 31 March 2024		Approximate percentage to Group's total assets	For FY2024		
		Investment Cost	Fair value		Dividend/ Interest income	Fair value gain/(loss)	Realised loss
		HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000
Equity Investments							
Best Food Holding Company Limited (stock code: 1488)	109,762,000	101,886	109,762	1.3%	–	18,772	–
Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318)	733,460	55,510	24,241	0.3%	1,784	(13,202)	–
Others	N/A	29,432	14,158	0.1%	27	(6,333)	–
Investment in limited partnership	N/A	34,555	42,732	0.5%	1,317	(705)	–
Others	N/A	20,961	20,961	0.2%	56	(491)	–
Total:		242,344	211,854	2.4%	3,184	(1,959)	–

Loan Financing

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

For FY2024, the Group recorded an interest income from the loan financing business from continuing operations amounted to approximately HK\$13,061,000 (FY2023: approximately HK\$13,224,000), while the interest income from the loan financing from discontinued operation amounted to HK\$nil (FY2023: approximately HK\$503,000). The decrease in interest income was primarily due to decrease in loan receivable balance of borrowings for FY2024. Profit derived from loan financing business from continuing operations was approximately HK\$151,000 for FY2024 (FY2023: loss of approximately HK\$12,302,000).

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

As at 31 March 2024, the gross carrying amount of loans receivable amounting to HK\$195,657,000 (FY2023: HK\$300,807,000) of which 53% (FY2023: 39%) were secured by marketable securities with fair values of HK\$30,000,000 (FY2023: HK\$35,670,000) or properties with fair values of HK\$96,345,000 (FY2023: HK\$98,245,000). The Group is not permitted to sell or repledge the collaterals, if any, in the absence of default by the borrower. In addition, the gross carrying amount of unsecured loans receivable amounting to HK\$nil (FY2023: HK\$57,309,000) are with personal guarantees. The largest borrower of the Group by itself and together with the other four largest borrowers of the Group accounted for approximately 21% and 67% respectively (FY2023: 26% and 52% respectively) of the Group’s loans receivable as at 31 March 2024.

During FY2024, the range of interest rate on the Group’s fixed-rate loans receivable was 0% (a one-off upfront fee being paid in lump sum at drawdown date, representing 9% of the loan principal amount for a term of 3-year) to 14% (FY2023: 0% to 16%) per annum and the range of interest rate on the Group’s variable-rate loans receivable was prime rate less 1% to prime rate (FY2023: prime rate less 1% to prime rate) per annum.

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

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

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

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

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

During the year ended 31 March 2024, the reversal of impairment loss recognised in profit or loss amounted to HK\$2,675,000 (FY2023: impairment loss of HK\$11,562,000) in its loan financing business.

Below were the disclosable transactions of the Group on loan financing business during FY2024:

(I) Extensions of financial assistance to an individual borrower

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

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

(II) Extensions of financial assistance to a corporate borrower

On 29 December 2023, Planetic (as lender) and a corporate borrower, (as borrower) entered into a supplemental agreement pursuant to which the principal amount of a loan be adjusted to HK\$45,800,000 (after repayment of principal amount of HK\$4,200,000) at an interest rate of 14% per annum and the repayment date be further extended for 1 month to 29 January 2024. The loan is secured by a share charge over the then entire issued share capital of such corporate borrower, a first legal charge over all the title, rights and interest in commercial properties located in Mongkok, Kowloon, Hong Kong owned by such corporate borrower and a personal guarantee by the sole director and the sole shareholder of the wholly-owned beneficial owner of such corporate borrower. After 29 January 2024, the borrower repaid HK\$10,000,000 to the lender before 31 March 2024 and further repaid HK\$12,000,000 as at the date of the annual report for FY2024.

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

EMINENCE ENTERPRISE LIMITED

Eminence Group is engaged in property development, property investment comprising the ownership and rental of investment properties, investment in securities and others and loan financing businesses. For FY2024, the financial results and positions of Eminence Group had been consolidated in the consolidated financial statements of the Group.

Investment in Eminence Shares

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

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

The capital reorganisation of Eminence has become effective on 19 July 2023 (the “**Eminence Capital Reorganisation**”) which involved (i) a consolidation of every forty (40) issued and unissued existing shares of Eminence of par value of HK\$0.01 each into one (1) consolidated share of Eminence (the “**Eminence Consolidated Share(s)**”) of par value of HK\$0.40 each (the “**Eminence Share Consolidation**”); (ii) following the capital reduction of Eminence having become effective (the “**Eminence Capital Reduction**”), the par value of each issued Eminence Consolidated Share would be reduced from HK\$0.40 to HK\$0.01 by (a) eliminating any fraction of a Eminence Consolidated Share in the issued share capital of Eminence arising from the Eminence Share Consolidation in order to round down the total number of the Eminence Consolidated Shares to a whole number; and (b) cancelling HK\$0.39 of the paid-up capital of Eminence on each issued Eminence Consolidated Share so that each issued new share of Eminence (the “**New Eminence Share(s)**”) will be treated as one (1) fully paid-up share of par value of HK\$0.01 each in the share capital of Eminence immediately following the Eminence Capital Reduction and the credit arising from the Eminence Capital Reduction to be transferred to the contributed surplus account of Eminence within the meaning of the Companies Act 1981 of Bermuda; and (iii) following the Eminence Share Consolidation and the Eminence Capital Reduction having become effective, each authorised but unissued Eminence Consolidated Share (including those authorised unissued Eminence Consolidated Shares arising from the Eminence Capital Reduction) has been subdivided into forty (40) authorised but unissued New Eminence Shares of par value of HK\$0.01 each.

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

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

(II) Major Transaction – Deemed disposal of interest in Eminence

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

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

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

(III) Very Substantial Disposal – Deemed disposal of interest in Eminence

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

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

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

(IV) Deed of Amendment to Eminence Convertible Notes

As at 1 April 2023, the total outstanding principal amount of 2023 Convertible Note 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 Convertible Note ”)	209,000,000	1,971,698,113	0.106	5%	2028.07.25

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

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

Performance of Eminence Group during FY2024

The financial results of Eminence Group during FY2024 are highlighted as below:

	For the year ended 31 March		
	2024	2023	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Continuing operations			
Revenue			
Rental income	28,751	24,408	17.8%
Building management fee income	12	–	N/A
Interest income from loan financing	1,930	2,786	(30.7)%
Total revenue	30,693	27,194	12.9%
Gross profit	27,173	24,225	12.2%
(Loss) profit for FY2024 from continuing operations	(218,804)	58,970	N/A
Discontinued operation			
Profit for FY2024	5,655	4,602	22.9%
(Loss) profit attributable to owners of Eminence	(213,149)	63,572	N/A
	<i>HK\$</i>	<i>HK\$</i>	
(Loss) earnings per share			
From continuing and discontinued operations			
– Basic	(2.47)	1.50	N/A
– Diluted	(2.47)	1.37	N/A
From continuing operations			
– Basic	(2.54)	1.39	N/A
– Diluted	(2.54)	1.27	N/A

As at 31 March 2024 and up to the date of the annual report for FY2024, the development land portfolio held by Eminence Group as below:

Location	Usage	Approximate site area (sq.ft.)	Year of completion
No. 121 King Lam Street, Kowloon, Hong Kong	Industrial	5,483	May 2024
No. 11 Matheson Street, Causeway Bay, Hong Kong	Commercial	2,857	February 2024

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

As at 31 March 2024, Eminence Group's portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong and Singapore. During FY2024, Eminence Group recorded rental income from continuing operations of approximately HK\$28,751,000 (FY2023: approximately HK\$24,408,000) and fair value loss from continuing operations of approximately HK\$9,563,000 (FY2023: gain of approximately HK\$78,967,000) arising from change in fair value of investment properties.

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations through internally generated cash flow and bank borrowings. As at 31 March 2024, the Group had aggregate bank borrowings amounted to approximately HK\$3,671,861,000 (FY2023: approximately HK\$3,529,177,000). The gearing ratio of the Group, calculated as a ratio of total bank borrowings to total equity, for FY2024 was approximately 0.8 (FY2023: approximately 0.7).

As at 31 March 2024, the Group has net current assets of approximately HK\$3,546,059,000 (FY2023: approximately HK\$4,404,437,000). Current ratio was approximately 2.3 (FY2023: approximately 3.0). The cash and cash equivalents as at 31 March 2024 was approximately HK\$307,435,000 (FY2023: approximately HK\$398,894,000), representing a decrease of approximately 22.9% or approximately HK\$91,459,000 compared to 31 March 2023.

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

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

At 31 March 2024, the Group's secured bank borrowings carry interest ranging from the Hong Kong Inter-Bank Offered Rate (“**HIBOR**”) plus 1.0% to 1.825%, the Secured Overnight Financing Rate (“**SOFR**”) plus 0.8% to 1.05% (FY2023: HIBOR plus 1.0% to 1.825%, London Inter-Bank Offered Rate (“**LIBOR**”) plus 0.8% to 1.0%) per annum, with effective interest ranging from 4.375% to 6.785% (FY2023: 4.21% to 5.86%) per annum.

CHARGES OF ASSETS

As at 31 March 2024, bank loans of the Group in the aggregate amount of approximately HK\$3,671,861,000 (FY2023: approximately HK\$3,529,177,000) which were secured by leasehold properties, investment properties, properties held for development for sale, properties held for sale, life insurance policies and listed equity securities in Hong Kong and overseas of the Group having a net book value of approximately HK\$7,341,709,000 (FY2023: approximately HK\$7,851,249,000). In addition, a credit facility granted by a bank for a property development project in Hong Kong was secured by pledge of 7,500,000 Eminence shares (after Eminence Capital Reorganisation) with fair value of approximately HK\$1,643,000 (FY2023: 300,000,000 Eminence shares (before Eminence Capital Reorganisation) with fair value of HK\$11,400,000) held by a subsidiary of the Group.

TREASURY POLICY

The Group diversifies its source of funds including internal generated cash flow and interest-bearing bank borrowings during FY2024 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 FY2024 under review. Management of the Group is of the opinion that the Group has no material foreign exchange exposure in the usual course of the Group's daily operation.

CONTINGENT LIABILITIES

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

CAPITAL EXPENDITURE

For FY2024, the Group invested approximately HK\$1,443,000 (FY2023: approximately HK\$578,000) on the acquisition of property, plant and equipment, and no additions of investment properties for FY2024 and FY2023.

CAPITAL COMMITMENTS

As at 31 March 2024, the Group had capital commitments in respect of capital expenditure contracted for but not provided of approximately HK\$4,418,000 (FY2023: approximately HK\$19,635,000).

EVENTS AFTER REPORTING PERIOD

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

PROSPECTS

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

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

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

EMPLOYEES

As at 31 March 2024, the Group had 62 employees (FY2023: 65). Staff costs (including Directors' emoluments) amounted to approximately HK\$73,399,000 for FY2024 (FY2023: approximately HK\$71,261,000). The Group remunerates its employees based on individual performance, experience and prevailing industry practice. The Group provides a defined contribution to Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees of the Group in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, after having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' Interest in the Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) were as follows:

Long positions in the Shares and the underlying Shares

Name of Director	Personal Interest	Corporate Interest	Number of Shares Held		Approximate % of Shareholding (Note v)
			Other Interest	Total	
Koon Ho Yan Candy (“ Ms. Koon ”)	146,000 (Note i)	–	58,358,960 (Note ii)	58,504,960	39.53%
Lui Yuk Chu (“ Ms. Lui ”)	146,000 (Note iii)	19,859,328 (Note iv)	–	20,005,328	13.51%

Notes:

- (i) These interests represent options granted to Ms. Koon as beneficial owner under the share option scheme of the Company adopted on 5 July 2012.
- (ii) As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, 58,358,960 Shares are registered in the name of and are beneficially owned by Magical Profits Limited which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Delacroix Limited and beneficially owned by The Winterbotham Trust Company Limited in its capacity as the trustee of The Magical 2000 Trust (the beneficiaries include Ms. Koon). As a result, Ms. Koon is deemed to be interested in the shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.
- (iii) These interests represent options granted to Ms. Lui as beneficial owner under the share option scheme of the Company adopted on 5 July 2012.
- (iv) 19,859,328 Shares are owned by Sea Rejoice Limited which is wholly and beneficially owned by Ms. Lui.
- (v) The percentage represented the number of Shares over the total issued share capital of the Company as at the Latest Practicable Date was 147,976,806 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' Interest***Substantial Shareholders' Interest in the Shares and Underlying Shares***

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the following persons or corporations (other than a Director or the chief executives of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register kept by the Company under Section 336 of the SFO:

Long positions in the Shares and the underlying Shares

Name of Shareholder	Notes	Capacity	Number of Shares Held	Approximate % of Shareholding (Note iii)
Magical Profits Limited	<i>i</i>	Beneficial owner	58,358,960	39.43%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	58,358,960	39.43%
Delacroix Limited	<i>i</i>	Interest of controlled corporation	58,358,960	39.43%
The Winterbotham Trust Company Limited	<i>i</i>	Trustee	58,358,960	39.43%
Winterbotham Holdings Limited	<i>i</i>	Interest of controlled corporation	58,358,960	39.43%
Christopher Geoffrey Douglas Hooper	<i>i</i>	Interest of controlled corporation	58,358,960	39.43%
Markson International Holding Limited	<i>i</i>	Interest of controlled corporation	58,358,960	39.43%
Ivan Geoffrey Douglas Hooper	<i>i</i>	Interest of controlled corporation	58,358,960	39.43%
Koon Wing Yee	<i>ii</i>	Interest of spouse	20,005,328	13.51%
Sea Rejoice Limited	<i>ii</i>	Beneficial owner	19,859,328	13.42%

Notes:

- (i) As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, 58,358,960 Shares are registered in the name of and are beneficially owned by Magical Profits Limited, which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Delacroix Limited and beneficially owned by The Winterbotham Trust Company Limited in its capacity as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Koon, an executive Director of the Company). The Winterbotham Trust Company Limited is owned as to 60% by Winterbotham Holdings Limited and 40% by Markson International Holding Limited. Winterbotham Holdings Limited is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper. Markson International Holding Limited is owned as to approximately 99.99% by Mr. Ivan Geoffrey Douglas Hooper.
- (ii) 19,859,328 Shares are owned by Sea Rejoice Limited which is wholly and beneficially owned by Ms. Lui, an executive Director of the Company. On 30 August 2021, Ms. Lui was granted 146,000 share options of the Company under the share option scheme of the Company adopted on 5 July 2012. Mr. Koon Wing Yee, being the spouse of Ms. Lui, is deemed to be interested in 20,005,328 Shares of the Company by virtue of the SFO.
- (iii) The percentage represented the number of Shares over the total issued share capital of the Company as at the Latest Practicable Date was 147,976,806 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing and proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

Name of Director	Name of company	Nature of competing business	Nature of interest
Lui Yuk Chu	Asset Chain Limited	Property development, property investment, investment in securities and others and loan financing	Director of Asset Chain Limited

Save as disclosed in this circular, at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or any of their respective associates had an interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which required to be disclosed under Rule 8.10 of the Listing Rules.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

6. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, save as disclosed in this circular:

- (a) none of the Directors was materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2026 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

The following material contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Group within two years immediately preceding and including the Latest Practicable Date:

- (a) the irrevocable undertaking dated 15 October 2024 from Goodco to Asset Chain pursuant to which Goodco, being the noteholder of 2023 Convertible Note, irrevocably undertake that it will not exercise any conversion rights to convert the 2023 Convertible Note into conversion shares of Asset Chain or transfer the 2023 Convertible Note before the record date of the proposed issue of the rights shares of Asset Chain (details of which were set out in the announcement and circular of Asset Chain dated 15 October 2024 and 29 November 2024, respectively);
- (b) the second deed of amendment entered into between Asset Chain and Goodco on 4 June 2025 pursuant to which Asset Chain and Goodco conditionally agreed to amend the conversion price of the 2023 Convertible Note;
- (c) the agreements entered into by Goodco and the purchasers, Feng Shihua (封世華) and Wu Mengmeng (吳萌萌), on 5 September 2025 regarding the disposal of part of the 2023 Convertible Note. According to the agreements, Goodco agreed to sell in total of 33.75% of the outstanding principal amount of the 2023 Convertible Note to the purchasers, and the purchasers agreed to purchase 33.75% of the outstanding principal amount of the 2023 Convertible Note for a total consideration of HK\$27,000,000 representing a premium of HK\$3,375,000. The purchasers, Feng Shihua (封世華) and Wu Mengmeng (吳萌萌), are Independent Third Parties. Details of which were set out in the announcement of the Company dated 5 September 2025;
- (d) the agreements entered into by Goodco and the purchasers, Xu Yinglong (許英龍), Liu Junming (劉俊明) and Fast Upgrade Limited, on 25 November 2025 regarding the disposal of part of the 2023 Convertible Note. According to the agreements, Goodco agreed to sell in total of 47.17% of the outstanding principal amount of the 2023 Convertible Note to the purchasers, and the purchasers agreed to purchase 47.17% of the outstanding principal amount of the 2023 Convertible Note for a total consideration of HK\$25,000,000 representing a premium of HK\$3,125,000. The purchasers, Xu Yinglong (許英龍), Liu Junming (劉俊明) and Fast Upgrade Limited (including its beneficial owner), are Independent Third Parties. Details of which were set out in the announcements of the Company dated 25 November 2025 and 27 November 2025;

- (e) the sale and purchase agreement dated 10 October 2025 entered into between Easyknit Properties Holdings Limited (a direct wholly-owned subsidiary of the Company, “**Easyknit Properties**”) and Asset Chain pursuant to which, amongst other things, Easyknit Properties (as the seller) conditionally agreed to sell, and Asset Chain (as the buyer) conditionally agreed to acquire, the entire issued share capital of Mark Profit Development Limited (an indirect wholly-owned subsidiary of the Company) at a consideration of HK\$286,800,622. According to the sale and purchase agreement, all conditions precedent have been fulfilled and the consideration has been satisfied by way of the 2025 Convertible Note which has been issued by Asset Chain (as the issuer) to Goodco (an indirect wholly-owned subsidiary of the Company and as the noteholder) on 15 January 2026. A total of 1,697,045,100 conversion shares of nominal value of HK\$0.01 each with an initial conversion price of HK\$0.169 per conversion share of Asset Chain (subject to adjustments) shall be allotted and issued by Asset Chain to Goodco upon exercise of the conversion rights attached to the 2025 Convertible Note pursuant to the terms and conditions of the 2025 Convertible Note. Details of which were set out in the circular of the Company dated 25 November 2025, the circular of Asset Chain dated 25 November 2025, the announcements of the Company dated 10 October 2025, 17 October 2025, 20 November 2025 and 16 January 2026;
- (f) the loan agreement dated 15 July 2026 entered into between the Company and Constance Capital Limited in relation to the short-term loan facility in the maximum amount of HK\$52,500,000 granted by the Company to Constance Capital Limited; and
- (g) the Sale and Purchase Agreement.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who are named in this circular or have given their opinions or advice which are contained in this circular:

Name	Qualification
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
Vincorn Consulting and Appraisal Limited	Independent Professional Valuer

As at the Latest Practicable Date, the above experts did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 March 2026 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letters, reports and references to their names in the form and context in which they appear.

9. GENERAL

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994.
- (b) The registered office of the Company is at Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, Bermuda and the principal place of business of the Company in Hong Kong is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.easyknit.com) for 14 days from the date of this circular:

- (i) the annual reports of the Company for the years ended 31 March 2024, 2025 and 2026 respectively;
- (ii) the valuation report on the Property prepared by Vincorn Consulting and Appraisal Limited as set out in Appendix I to this circular;
- (iii) the accountants' report on unaudited pro forma financial information of the Post-Transaction Group issued by ZHONGHUI ANDA CPA Limited as set out in Appendix IV to this circular;
- (iv) the letter from ZHONGHUI ANDA CPA Limited, the reporting accountant, in respect of the review report on unaudited financial information of the Target Company as set out in Appendix III to this circular;
- (v) the written consents referred to in the paragraph headed "8. Experts and Consents" in this Appendix to this circular; and
- (vi) the material contract disclosed in the paragraph under the heading "7. Material Contracts" in this Appendix to this circular.

NOTICE OF THE SGM



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Easyknit International Holdings Limited (the “Company”) will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Thursday, 22 October 2026 at 10:00 a.m. for the following purposes of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company.

Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the circular dated 30 September 2026 issued by the Company (the “Circular”).

ORDINARY RESOLUTION

“THAT:

- (a) the Sale and Purchase Agreement dated 28 August 2026 entered into between Yue Heng Real Estate Holdings Limited, a direct wholly-owned subsidiary of the Company as vendor, and Quantum Living Accommodation Limited, as purchaser in relation to the conditional disposal of the entire issued share capital of Success Active Limited be and are hereby approved, confirmed and ratified; and
- (b) any one or more Directors be and is or are hereby authorised for and on behalf of the Company and in its name to sign and execute or procure the signature and execution of all such documents, instruments and agreements, and do all such acts, matters and things as he or she or they may in his or her or their absolute discretion consider(s) necessary, desirable or expedient for the purposes of or in connection with executing, implementing, completing and giving effect to the Sale and Purchase Agreement and the transactions contemplated thereunder.”

By Order of the Board
Easyknit International Holdings Limited
Koon Ho Yan Candy
President and Chief Executive Officer

Hong Kong, 30 September 2026

NOTICE OF THE SGM

Registered office:
Richmond House
12 Par-la-Ville Road
Hamilton HM 08
Bermuda

*Head office and principal place of
business in Hong Kong:*
Block A, 7th Floor
Hong Kong Spinners Buildings, Phase 6
481–483 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

1. For the purpose of ascertaining entitlement to attend and vote at the SGM (the “**Entitlement to SGM**”), the register of members of the Company (the “**Register of Members**”) will be closed from Friday, 16 October 2026 to Thursday, 22 October 2026, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 15 October 2026. The record date for Entitlement to SGM will be Thursday, 22 October 2026.
2. A member entitled to attend and vote at the SGM by the above notice is entitled to appoint another person as his proxy to attend and vote on his behalf. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.
3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at the office of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time for holding the SGM or any adjournment thereof (as the case may be).
4. Where there are joint holders of a Share, any one of such joint holders may vote at the SGM either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the SGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of such joint holding.
5. If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time after 6:00 a.m. on the date of the SGM, the SGM will be postponed and Shareholders will be informed of the date, time and venue of the postponed SGM by a supplementary notice, posted on the respective website(s) of the Company and The Stock Exchange of Hong Kong Limited.

If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is cancelled at or before 6:00 a.m. on the date of the SGM and where conditions permit, the SGM will be held as scheduled.

The SGM will be held as scheduled when an amber or red rainstorm warning signal is in force.

After considering their own situations, Shareholders should decide whether they would attend the SGM under bad weather condition and if they do so, they are advised to exercise care and caution.

6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.