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EJE (HONG KONG) HOLDINGS LIMITED

壹家壹品 (香港) 控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8101)

(1) PUBLICATION OF UNAUDITED MANAGEMENT ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

(2) DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

This announcement is made by the board (the “**Board**”) of directors of EJE (Hong Kong) Holdings Limited (the “**Company**”) and, together with its subsidiaries, the “**Group**”) pursuant to Rules 17.10 of the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on the GEM and the Inside Information Provisions (as defined under the GEM Listing Rules) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Reference is made to the announcements of the Company dated 29 June 2021 (the “**Prior Announcement**”) in relation to, among others, its delay in publication of the Audited Annual Results for the year ended 31 March 2021. Capitalised terms used herein shall have the same meanings as those defined in the Prior Announcement unless otherwise stated herein.

DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

Due to the recent outbreak of the 1st community transmission of the Delta variant of the COVID-19 pandemic in Guangdong province, the audit field work in Guangzhou has been interrupted and audit works still cannot be completed as at the date of this announcement. The mutated variant Delta had triggered clustered COVID-19 cases in Guangzhou and Shenzhen the past few weeks. Since May 21, the epidemic in Guangzhou recorded a total of 167 cases and the Delta mutated variant in Shenzhen caused seven infection cases as of 24 June 2021.

** For identification purpose only*

The Company auditor Elite Partners CPA Limited (Auditor) started their audit field work in May. And, their audit field work location was in Luogang, Guangzhou (廣州蘿崗)¹ where the Group's principal place of business in China is located. Certain travel restrictions, lockdown, testing and quarantine measures were imposed by Guangzhou government started from 21 May 2021 due to the outbreak of COVID-19. These travel restrictions were targeted to specific small areas in Guangzhou one at a time whenever confirmed COVID-19 cases were being reported. In other words, different degree of lock down measures were applied to different regions in Guangzhou since 21 May 2021. In view of the latest development of the pandemic in Guangzhou, Auditor had withdrawn their audit team from the field from 19 June 2021, leaving quite a number of outstanding works pending to be completed. Business operation of the region was also being interrupted. Not only the Company could not provide necessary assistance to Auditor's field work, other related counter parties of the Company also could not provide their help (mostly third party confirmation) that Auditor would normally get.

As a result, there are 3 major areas that has significant uncertainties which stopped the Company from being able to publish a full set of audited financial information by 30 June 2021. And, investors are advised to pay attention for the potential subsequent adjustments that could be included in the final audited results. And, below are the details of these significant uncertainties:

- a. Due to the travel restrictions as well as lockdown of some areas in Guangzhou, Auditor has not yet received sufficient amount of audit confirmation that they have sent out to various counter parties earlier on to ascertain the validity and value of account receivable, other receivable, account payable, other payable, bank borrowing and bank balances, loan balances and loan extension confirmation;
- b. Auditor could not performance subsequent sales test due to interrupted operation schedule of the Company factory caused by COVID-19 outbreak in May and June surrounding Guangzhou area. Therefore, Auditor is not able to ascertain the stock value (whether there was obsolete stock that provision should be made) as at the year-end date; and
- c. The custom-made furniture business was adversely affected by the COVID-19 outbreak over last year which caused a poorer results than the Company's original expectation. And, based on the preliminary assessment from Auditor, they believe that there would be a significant diminishment for the carrying value of the goodwill, property plant and equipment, right-of-use assets and intangible assets derived from the acquisition of the custom-made furniture business and related tax impact. Unfortunately, due to the sudden outbreak of COVID-19 in Guangzhou, audit process was interrupted and Auditor will need more time to confirm audit adjustment amount.

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PUBLICATION OF UNAUDITED MANAGEMENT ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

Pursuant to Rules 18.03, 18.48A and 18.49 of the GEM Listing Rules, the Company must publish the annual results announcement (the “**Annual Results Announcement**”) and the annual report (the “**Annual Report**”) in respect of the year ended 31 March 2021 by not later than three months after the end of each financial year. The Board wishes to set forth below the unaudited consolidated financial information extracted from the management accounts of the Group for the year ended 31 March 2021 (“**Unaudited Management Accounts**”). The Directors confirm that the following unaudited consolidated financial information is prepared on the same basis as used in the audited financial statements of the Group for the year ended and as of 31 March 2020.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Revenue	84,796	140,464
Cost of sales	(55,842)	(85,264)
Gross profit	28,954	55,200
Other income	1,997	2,905
Selling and distribution expenses	(3,189)	(12,104)
Administrative expenses	(37,569)	(36,519)
Research expenses	(7,014)	(4,618)
Impairment on account receivables	6,750	(7,034)
Impairment on trade and other receivables	1,043	(3,001)
Impairment loss recognised in respect of goodwill	—	(72,757)
Impairment loss recognised in investment in associates	(10,245)	—
Fair value loss on financial value through profit or loss	11,529	1,397
Gain on fair value change of promissory note	14,892	188,641
Fair value gain on investment properties	(3,000)	(19,900)
Share of loss of associates	(340)	(1,201)
Finance costs	(22,009)	(28,218)
(Loss)/profit before income tax expenses	(18,201)	62,791
Income tax expenses	(2,234)	(912)
(Loss)/profit for the year from continuing operations	(20,435)	61,879
Discontinued operations		
Profit for the year from discontinued operation	—	21,505

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
(Loss)/profit for the year attributable to the owners of the Company	(20,435)	83,384
Other comprehensive income that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operation	6,452	(4,210)
Reclassification adjustment relating to foreign operation deregistered during the year	—	1,110
	<u>6,452</u>	<u>(3,100)</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company	<u>(13,983)</u>	<u>80,284</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	35,648	12,696
Right-of-use assets	64,413	75,180
Investment properties	233,430	248,000
Goodwill	192,500	192,500
Intangible assets	168,597	173,962
Investment in associates	—	10,585
	<hr/> 694,588	<hr/> 712,923
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Current assets		
Inventories	62,579	40,536
Trade and other receivables	112,469	133,723
Loan receivables	15,465	14,568
Financial assets at fair value through profit or loss	13,869	6,826
Pledged deposits	—	1,442
Cash and cash equivalents	24,489	5,198
	<hr/> 228,871	<hr/> 202,293
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Current liabilities		
Trade and other payables	53,915	60,881
Bank and other borrowings	27,064	14,255
Bank overdraft	15,885	19,459
Lease liabilities	7,679	10,243
Convertible Bonds	193,916	210,522
Tax payables	19,131	15,260
	<hr/> 317,590	<hr/> 330,620
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Net current liabilities	(88,719)	(128,327)
Total assets less current liabilities	605,869	584,596

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Non-current liabilities		
Bank borrowings	—	2,329
Lease liabilities	60,308	61,720
Promissory note	68,644	77,897
Deferred tax liabilities	50,617	49,276
	<u>179,569</u>	<u>191,222</u>
NET ASSETS	<u>426,300</u>	<u>393,374</u>
EQUITY		
Share capital	86,760	72,300
Reserves	339,540	321,074
TOTAL EQUITY	<u>426,300</u>	<u>393,374</u>

The Board wishes to emphasise that the unaudited consolidated financial information set out above has not been finalised and the Company is still in the process of providing the required information to the Auditors. Shareholders and potential investors should note that the above unaudited consolidated financial information of the Group is only based on the preliminary assessment by the Board and has been reviewed by Audit Committee based on the unaudited management accounts of the Group for the year ended 31 March 2021 and has not been reviewed or audited by the Auditors and is not based on any other data or information that has been audited or reviewed by the Auditors, and is therefore subject to potential adjustments and finalisation pending the completion of the audit by the Auditors.

The Board Meeting for the purpose of, among others, considering and approving the publication of the 2021 Audited Annual Results and Annual Report will be postponed to a date to be fixed by the Board. As Company is still working closely and actively communicating with the Auditors to assist them to complete the audit of the consolidated financial information of the Group, the Company will use its best endeavours to publish the 2021 Audited Annual Results and Annual Report no later than 31 July 2021.

FURTHER ANNOUNCEMENT(S)

The delay in publication of the 2021 Audited Annual Results constitutes noncompliance of Rule 18.49 of the GEM Listing Rules, and the delay in despatch the 2021 Annual Report will constitute non-compliance of Rule 18.48A of the GEM Listing Rules.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 March 2021 and the material differences (if any) as compared with the unaudited consolidated financial information contained in this announcement. In addition, the Company will issue further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process once it can be ascertained.

The unaudited consolidated financial information contained herein in respect of the Unaudited Management Accounts of the Group have not been audited and have not been agreed with the auditor of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
EJE (Hong Kong) Holdings Limited
Mr. Chau Tsz Kong Alan
Executive Director

Hong Kong, 30 June 2021

As at the date of this announcement, the executive directors of the Company are Mr. Qin Yuquan, Mr. Hung Cho Sing and Mr. Chau Tsz Kong Alan; and the independent non-executive Directors are Mr. Tang Kin Chor, Mr. Chan Chun Wing and Mr. Yiu Shung Kit.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least seven days from the date of its posting and the Company’s website at <http://www.ejeliving.com>