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EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司

(incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號：1218)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

截至2020年9月30日止 六個月之 中期業績公佈

The board of directors (“**Board**”) of Easyknit International Holdings Limited (“**Company**”) is pleased to announce the results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2020 (the “**Period**”). These interim results have not been audited but have been reviewed by the Company’s audit committee.

永義國際集團有限公司(「本公司」)董事會(「董事會」)欣然公佈本公司及其附屬公司(統稱「本集團」)截至2020年9月30日止六個月(「本期間」)之業績。本中期業績未經審核但已由本公司之審核委員會審閱。

INTERIM RESULTS

The Group’s unaudited consolidated loss attributable to the shareholders of the Company for the Period was approximately HK\$73,881,000 as compared to a consolidated loss of approximately HK\$170,767,000 for the corresponding period in 2019 (“**2019 Period**”). The loss for the Period was mainly attributable to, among other things, (i) the loss on changes in fair value of investment properties; (ii) the write-down on properties held for development for sale; and (iii) loss on change in fair value of financial assets at fair value through profit or loss. Such loss was partially offset by the gain on bargain purchase of additional interests in associates. The Period’s gross profit margin was approximately 94.8%, compared to the 2019 Period of approximately 96.5%.

中期業績

於本期間，本公司股東應佔本集團之未經審核綜合虧損約為73,881,000港元，相比2019年同期(「**2019期間**」)之綜合虧損約為170,767,000港元。期內虧損主要歸因於(其中包括)(i)投資物業公平值變動虧損；(ii)持作出售發展物業之減值；及(iii)按公平值計入損益之金融資產之公平值變動虧損等所引致，此等虧損被議價購買聯營公司額外權益所獲得的收益部分抵消。本期間毛利率錄得約94.8%，相比2019期間約96.5%。

The basic and diluted loss per share for the Period was approximately HK\$0.81 (2019 Period: HK\$1.87).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2019 Period: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the Group was principally engaged in the property development, property investment, investment in securities and loan financing business which property development and property investment are the core businesses of the Group. Below sets out the performance of each principal business segment of the Group:

(i) Property Development

One of the core businesses of the Group is property development. The Group has extensive experience in property redevelopment, in particular, acquisition of old buildings for renewal and redevelopment. There was no revenue recorded from the property development segment for the Period (2019 Period: nil).

(a) *Project Waterloo Road*

The Group, through its wholly subsidiary, owns the site at Nos. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong (also known as the Remaining Portion of Section C of Kowloon Inland Lot No. 2145) which has a site area of approximately 9,800 sq. ft. (“**Waterloo Road Site**”).

The Waterloo Road Site is being developed into a luxurious residential accommodation with club house facilities and car parks, and the estimated gross floor area is approximately 48,977 sq. ft. The development works is in progress and expected to be completed in mid 2022.

本期間的每股基本及攤薄虧損約為0.81港元(2019期間：1.87港元)。

中期股息

董事會不建議就本期間派發中期股息(2019期間：無)。

管理層討論及分析

業務回顧

於本期間，本集團主要從事物業發展、物業投資、證券投資及貸款融資業務。物業發展及物業投資為本集團之核心業務。下文列出本集團各主要業務分部之表現：

(i) 物業發展

本集團的核心業務之一是物業發展。本集團在物業重建方面擁有豐富經驗，尤其是收購舊樓以進行翻新及重建。物業發展分部於本期間沒有錄得營業額(2019期間：無)。

(a) *窩打老道項目*

本集團透過其全資附屬公司擁有香港九龍窩打老道93、93A、95及95A號(也被稱為九龍內地段第2145號C分段的餘段)，地盤總面積約9,800平方呎(「**窩打老道地盤**」)。

窩打老道地盤將發展成為具有會所設施及停車場的豪華住宅，估計總建築面積約為48,977平方呎。建築工程正在進行中，預期將於2022年中完成。

(b) Chatham Road North

The Company, through its wholly-owned subsidiary, holds more than 80% of the properties at Nos. 470, 472, 474, 476 and 478 Chatham Road North, Kowloon, Hong Kong (“**Chatham Road North**”). The total site area of Chatham Road North is approximately 4,653 sq. ft. On 29 November 2018, the Company filed an application to the Lands Tribunal for an order to auction all the undivided shares of Chatham Road North (including those owned by the Group) for the purposes of redevelopment.

The Lands Tribunal has set the hearing of the application for an order for sale of Chatham Road North on 1 December 2020 and thereafter, it is expected the Lands Tribunal will, inter alia, make an order for the sale of the same by public auction and set a reserve price and date for the auction.

If the Group successfully acquires all the remaining units, the Chatham Road North site will be 100% owned by the Group and will be re-developed into a composite area of residential and commercial use. The estimated gross floor area after redevelopment is expected to be approximately 41,597 sq. ft.

Details of Chatham Road North are set out in the announcements of the Company dated 16 May 2018, 8 June 2018, 30 November 2018 and 11 September 2020 respectively, and the circulars of the Company dated 25 June 2018 and 23 October 2020.

(c) Inverness Road Property – “Ayton”

“Ayton” is a residential building on Inverness Road, Kowloon, Hong Kong (also known as New Kowloon Inland Lot No. 6573) developed by the Group, comprising 60 residential units, 29 car parking spaces and 3 motor parking spaces. The total saleable area of approximately 40,742 sq. ft. The Group had launched its first phase of the sale of “Ayton” in May 2020. As at 30 September 2020, 19 units were sold. It was expected that the relevant transactions would be completed by the end of the year or early next year, and revenue for sale of properties will be recorded in the second half of current financial year.

(b) 漆咸道北

本公司透過其全資附屬公司持有位於香港九龍漆咸道北470、472、474、476及478號之該等物業（「漆咸道北」）的逾80%。漆咸道北之總地盤面積約為4,653平方呎。於2018年11月29日，本公司向土地審裁處申請頒令拍賣漆咸道北之所有不分割份數（包括本集團所擁有者），旨在進行重新發展。

土地審裁處已定於2020年12月1日進行有關申請出售漆咸道北之聆訊，而於該聆訊進行後，預期土地審裁處將（其中包括）頒令以公開拍賣方式售賣該大廈，並設定底價及該拍賣之日期。

倘本集團成功收購所有剩餘單位，本集團將擁有漆咸道北地盤100%，並將其重新發展成為一個住宅及商業用途的綜合區。重建後預計的總建築面積約為41,597平方呎。

有關漆咸道北之詳情分別載於本公司日期為2018年5月16日、2018年6月8日、2018年11月30日及2020年9月11日的公佈，以及本公司日期為2018年6月25日及2020年10月23日的通函。

(c) 延文禮士道物業 – 「雋睿」

「雋睿」是由本集團發展位於香港九龍延文禮士道的住宅物業（亦稱為新九龍內地段第6573號）。該物業包含60個住宅單位、29個車位及3個電單車車位。其總銷售面積約為40,742平方呎。本集團已於2020年5月開始第一階段出售「雋睿」。截至2020年9月30日，已售出19個單位，預期相關交易將於本年底或明年初完成，物業銷售收益將於本財政年度下半年入賬。

(ii) Property Investment

Another core business of the Group is property investment. The Group's investment properties comprise residential, commercial and industrial properties in Hong Kong.

Revenue arising from property rental for the Period was approximately HK\$16,027,000 (2019 Period: approximately HK\$19,797,000), representing approximately HK\$3,770,000 or approximately 19.0% decrease over 2019 Period. The decrease in rental income was primarily due to adjustment of rent for the shop located at Yun Ping Road, Causeway Bay, Hong Kong.

As at 30 September 2020, the occupancy rate of commercial units and industrial units of the Group's investment properties were 77.2% and 96.2% respectively. Income from building management for the Period amounted to approximately HK\$757,000, an increase of approximately HK\$163,000 compared to the 2019 Period (2019 Period: approximately HK\$594,000). A loss on changes in fair value of investment properties of approximately HK\$58,840,000 (2019 Period: approximately HK\$2,427,000) was recognized during the Period. The overall results for the property investment segment was approximately a loss of HK\$51,583,000 for the Period (2019 Period: approximately HK\$2,793,000), representing an increase in loss of approximately HK\$48,790,000 compared to the 2019 Period.

(iii) Securities Investment

The Group maintains a portfolio comprising bluechip stocks and top-tier investments products which generate high yield in Hong Kong. The Group takes into account the following criteria when determining whether to take up an investment opportunity: (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.

(ii) 物業投資

本集團的另一項核心業務為物業投資。本集團的投資物業包括位於香港的住宅、商業及工業物業。

本期間的物業租賃營業額約為16,027,000港元(2019期間：約19,797,000港元)，較2019期間減少約3,770,000港元或約19.0%。租金收入減少主要歸因於位於香港銅鑼灣恩平道商舖之租金調整。

於2019年9月30日，本集團投資物業中之商業物業及工業單位的出租率分別為77.2%及96.2%。本期間的物業管理收入約為757,000港元，較去年上升約163,000港元(2019期間：約594,000港元)。本集團於本期間內錄得投資物業公平值變動虧損約58,840,000港元(2019期間：約2,427,000港元)。於本期間物業投資分部的整體業績的虧損約為51,583,000港元(2019期間：約為2,793,000港元)，較2019期間增加虧損約48,790,000港元。

(iii) 證券投資

本集團持有的投資組合包括在香港的藍籌股及高收益的一級投資產品。本集團在決定是否承攬投資項目時會考慮以下準則：(i)投資項目在目標持有期間於資本增值及股息派付方面的投資回報潛力；(ii)當時與本集團風險承受程度相比下的風險承擔；及(iii)現有投資組合的多元化。

During the Period, the Group invested in the shares and equity link notes of several blue chip companies, including China Construction Bank Corporation (Stock code: 939), Industrial and Commercial Bank of China Limited (Stock code: 1398), Alibaba Group Holding Limited (Stock code: 9988), Ping An Insurance (Group) Company of China, Ltd. (Stock code: 2318), Bank of China Limited (Stock code: 3988), etc. In addition, the Group made further investment in the shares of its associate, Eminence Enterprise Limited (“**Eminence**”) as follows:

(a) Acquisition of Eminence Shares

During the Period, the Group has acquired additional equity interest in Eminence through on-market purchase of a total 19,800,000 shares at an aggregate consideration of approximately HK\$4,950,000 (exclusive of transaction costs), equivalent to an average price of approximately HK\$0.25 per Eminence Share. As a result, the Group’s interest in Eminence increased from 27.47% to 29.6%. As the fair value of the net assets attributable to Eminence Shares acquired was higher than the aggregate purchase price, the Group recorded a gain on bargain purchase of additional interests in associates of approximately HK\$58,471,000.

As at 30 September 2020, the Group, through Ace Winner Investment Limited, Landmark Profits Limited (“**Landmark Profits**”) and Goodco Development Limited (“**Goodco**”) (all of which are wholly-owned subsidiaries of the Company), held a total of 275,687,665 Eminence Shares, representing approximately 29.60% of the total issued share capital of Eminence.

於本期間，本集團投資於數家藍籌公司的股份及股票掛鈎票據，包括中國建設銀行股份有限公司(股份代號：939)、中國工商銀行股份有限公司(股份代號：1398)、阿里巴巴集團控股有限公司(股份代號：9988)、中國平安保險(集團)股份有限公司(股份代號：2318)、中國銀行股份有限公司(股份代號：3988)等。此外，本集團進一步投資了其聯營公司高山企業有限公司(「**高山**」)的股份，詳情如下：

(a) 購入高山股份

於本期間，本集團收購了額外之高山股權，透過市場買入合共19,800,000股股份，總代價約為4,950,000港元(未計交易成本)，相當於平均價每股高山股份約0.25港元。因此，本集團於高山之權益由27.47%增加至29.6%。由於運榮收購的高山股份之相關淨資產的公平值高於總購入價，因此本集團錄得於收購額外聯營公司權益時之議價收購收益約為58,471,000港元。

截至2020年9月30日，本集團透過運榮投資有限公司、Landmark Profits Limited(「**Landmark Profits**」)和佳豪發展有限公司(「**佳豪**」)(均為本公司之全資附屬公司)持有合共275,687,665股高山股份，佔高山已發行股本總數約29.60%。

(b) Subscription of Eminence Convertible Notes

On 1 March 2017, Eminence and Goodco entered into a subscription agreement in respect of the issue by Eminence of its 2017 (May) Convertible Note to Goodco in the principal amount of HK\$16,000,000 (“**2017 CN1**”). On 7 August 2017, Eminence and Goodco entered into a subscription agreement in respect of the issue by Eminence of its 2017 (September) Convertible Note to Goodco in the principal amount of HK\$28,200,000 (“**2017 CN2**”). On 17 June 2019, Eminence and Goodco entered into a subscription agreement in respect of the issue by Eminence of its 2019 Convertible Note to Goodco in the principal amount of HK\$70,000,000 (“**2019 CN**”).

During the Period, no exercise of the conversion rights under the aforesaid convertible notes held by Goodco was made and the outstanding principal amount of the aforesaid three notes as at 30 September 2020 was HK\$97,280,000 (the outstanding principal amount of 2017 CN1, 2017 CN2 and 2019 CN was HK\$16,000,000, HK\$11,280,000 and HK\$70,000,000 respectively). The aggregate fair value of the three notes was approximately HK\$74,110,000 as at 30 September 2020 (31 March 2020: approximately HK\$85,914,000). During the Period, an unrealised fair value loss of approximately HK\$10,345,000 was recognised and the Group received a total interest income of approximately HK\$1,459,000 from such convertible notes.

On 18 September 2020, Eminence and Goodco entered into three deeds of amendment in respect of the proposed alteration of the terms of the aforesaid convertible notes (“**Proposed Alteration**”), pursuant to which both parties agreed that the conversion price of such convertible notes will be revised to HK\$0.25 per Eminence Share (subject to adjustment) and, the maturity date of the notes will be extended to 28 August 2024 upon the deeds of amendment becoming unconditional. As a result of the Proposed Alteration, a total of 389,120,000 Eminence Shares would be allotted and issued upon full conversion of the aforesaid convertible notes at the revised conversion price of HK\$0.25.

(b) 認購高山可換股票據

於2017年3月1日，高山及佳豪訂立一份認購協議，內容有關高山發行其本金金額為16,000,000港元之2017年(5月)可換股票據予佳豪(「**2017票據1**」)。於2017年8月7日，高山及佳豪訂立一份認購協議，內容有關高山發行其本金金額為28,200,000港元之2017年(9月)可換股票據予佳豪(「**2017票據2**」)。於2019年6月17日，高山及佳豪訂立一份認購協議，內容有關高山發行其本金金額為70,000,000港元之2019年可換股票據予佳豪(「**2019票據**」)。

於本期間內，佳豪所持有之上述可換股票據之兌換權沒有被行使，因此截止2020年9月30日上述三隻票據之未償還本金金額為97,280,000港元(2017票據1、2017票據2及2019票據之未償還本金金額分別為16,000,000港元、11,280,000港元及70,000,000港元)。於2020年9月30日，三張票據的總公允價值約為74,110,000港元(2020年3月31日：約85,914,000港元)。於本期間，已確認未變現公平值虧損約10,345,000港元，及本集團從該等可換股票據獲得總利息收入約為1,459,000港元。

於2020年9月18日，高山及佳豪就建議修訂上述可換股票據之條款(「**建議修訂**」)訂立三份修訂契據，根據雙方同意，該等可換股票據之兌換價將調整為每股股份0.25港元(可予調整)，並在修訂契據變為無條件後，該等可換股票據到期日將延至2024年8月28日。由於建議修訂，將按經調整之兌換價0.25港元悉數兌換上述可換股票據的情況下配發和發行合共389,120,000股高山股份。

As at 30 September 2020, the Group's investment in equity securities listed in Hong Kong and the United States of America amounted to approximately HK\$165,075,000 (31 March 2020: approximately HK\$61,411,000). During the Period, there was (i) a conversion of equity-linked investments of approximately HK\$28,225,000; (ii) net disposal of securities of approximately HK\$20,265,000; (iii) net acquisition of securities of approximately HK\$97,051,000; and (iv) net decrease in market value of securities of approximately HK\$1,347,000. As at 30 September 2020, the Group's investment portfolio comprises 9 (31 March 2020: 6) equity securities which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and New York Stock Exchange.

The Group reported a segment loss of approximately HK\$16,177,000 (2019 Period: approximately HK\$8,406,000) during the Period. The Group received dividend income from the listed securities of approximately HK\$2,413,000 (2019 Period: HK\$2,233,000) during the Period.

The Group considers the prospects in respect of the listed shares investments are healthy. The Board understands that the performance of the investments may be affected by volatility in stock markets and subject to other external factors. Accordingly, the Group will continue to maintain a diversified portfolio of investments in different segments of markets to minimize the possible financial risks. The Group will also closely monitor the performance and progress of the investment portfolio from time to time.

於2020年9月30日，本集團投資於香港及美國上市之證券金額達165,075,000港元(2020年3月31日：約61,411,000元)。此乃源於(i)於本年度內股票掛鈎投資的轉換約28,225,000港元；(ii)出售證券淨額約為20,265,000港元；(iii)購入證券淨額約為97,051,000港元；及(iv)證券市值金額淨減少約1,347,000港元。於2020年9月30日，本集團之投資組合包括9隻(2020年3月31日：6隻)於香港聯合交易所有限公司(「聯交所」)及紐約交易所主板上市的證券。

於本期間，本集團錄得分部虧損約為16,177,000港元(2019期間：約為8,406,000港元)。於本期間內，本集團從上市證券中獲得股息收入約為2,413,000港元(2019期間：2,233,000港元)。

本集團認為有關上市證券投資的前景屬健康。董事會明白投資表現可能受到股市波動及其他外部因素影響。因此，本集團將繼續維持同市場分部的多元化投資組合，以盡量降低潛在的金融風險。本集團亦將不時密切監察投資組合的表現及進展。

(iv) Loan Financing

During the Period, the Group recorded an interest income from the loan financing business amounting to approximately HK\$6,927,000 (2019 Period: approximately HK\$12,391,000), representing approximately 29.2% of the total revenue of the Group. The decrease in interest income from loan financing was primarily due to the decrease in average level of loans receivable during the Period compared with 2019 Period. Profit derived from loan financing business for the Period was approximately HK\$1,204,000 (2019 Period: approximately HK\$933,000). The carrying amount of loans receivable as at 30 September 2020 was approximately HK\$211,097,000 (31 March 2020: approximately HK\$236,751,000). At 30 September 2020, the Group recognised an impairment allowance under expected credit loss model amounting to approximately HK\$2,482,000 in its loan financing business.

Below were the major transactions of the Group on loan financing business during the Period:

1. Co-lending Agreement

On 18 June 2019, Planetic International Limited (“**Planetic**”), a wholly-owned subsidiary of the Company, entered into a co-lending agreement with STI Partners Limited (“**STI**”) and China Yinsheng Finance Limited (“**China Yinsheng**”), pursuant to which, inter alia, Planetic, STI and China Yinsheng, as co-lenders, agreed to enter into a loan agreement with an independent third party, as borrower, and make available to the borrower, an aggregate loan of HK\$64,000,000 (of which HK\$45,000,000 was from Planetic) for a period of twelve (12) months from the drawdown date. The interest rate charged by Planetic was 8.50% per annum. Such loan was secured by charge on properties of the borrower. During the Period, the Group received a total interest income from such lending of approximately HK\$366,000. The loan was fully repaid in May 2020.

(iv) 貸款融資

於本期間，本集團錄得來自貸款融資業務之利息收入約6,927,000港元(2019期間：約12,391,000港元)，佔本集團總營業額約29.2%。來自貸款融資之利息收入減少，主要歸因於本期間之應收貸款平均水平較2019期間減少。本期間，來自貸款融資業務之溢利約為1,204,000港元(2019期間：約933,000港元)。應收貸款於2020年9月30日之金額約為211,097,000港元(2020年3月31日：約236,751,000港元)。於2020年9月30日，本集團的貸款融資業務確認預期信貸虧損模式下之減值撥備約2,482,000港元。

以下是本集團貸款融資業務於本期間的主要交易：

1. 共同借貸協議

於2019年6月18日，Planetic International Limited(「**Planetic**」)(本公司之全資附屬公司)與STI Partners Limited(「**STI**」)及中國銀盛財務有限公司(「**中國銀盛**」)訂立共同借貸協議，據此(其中包括)Planetic、STI及中國銀盛(為共同貸款人)同意與一名獨立第三方(為借款人)簽訂貸款協議並向借款人提供合共64,000,000港元之貸款(Planetic佔當中之45,000,000港元)，貸款期為自提取日期起計十二(12)個月。Planetic所收取之年利率為8.50厘。該貸款以借款人的物業作抵押。於本期間內，本集團從該貸款獲得總利息收入約366,000港元。該貸款已於2020年5月完全償還。

2. Sale of Junior Notes

Charming Flash Limited (“**Charming Flash**”), a wholly-owned subsidiary of the Company, as subscriber, entered into a junior notes subscription agreement dated 31 October 2018 with Golden Glow Limited (the “**Issuer**”), as issuer, pursuant to which Charming Flash subscribed for the fixed-rate unsecured junior notes (the “**Junior Notes**”) issued by the Issuer in the amount of US\$4,500,000 (equivalent to approximately HK\$35,100,000) at an interest rate of 14.65% per annum.

Charming Flash later entered into a tripartite agreement (the “**Tripartite Agreement**”) dated 20 February 2020 with Green Heyday Limited (“**Green Heyday**”) and the Issuer, under which Charming Flash agreed to sell and Green Heyday agreed to acquire, the Junior Notes at a consideration of US\$4,700,000 (equivalent to approximately HK\$36,660,000). The consideration will be paid by three (3) instalments. Charming Flash will have all rights attached or accruing to the Junior Notes, including the rights to receive all payments, dividends and distributions from the Junior Notes, until such time as it receives full payment of the consideration from Green Heyday and completes the sale and purchase of the Junior Notes under the Tripartite Agreement. As at 30 September 2020, US\$4,700,000 (equivalent to approximately HK\$36,480,000) of consideration had been received by the Company. The Company is expected to recognize a gain of approximately US\$200,000 (equivalent to approximately HK\$1,560,000) from the sale, which is calculated on the basis of the difference between the face value of the Junior Notes of US\$4,500,000 (equivalent to approximately HK\$35,100,000) as at 20 February 2020 and the consideration of US\$4,700,000 (equivalent to approximately HK\$36,660,000).

Further information can be found in the announcements of the Company dated 11 August 2017, 2 November 2018 and 20 February 2020 respectively.

2. 出售次級票據

Charming Flash Limited (「**Charming Flash**」) (本公司之全資附屬公司，作為認購方) 與 Golden Glow Limited (「**發行人**」) (作為發行人) 訂立日期為2018年10月31日之次級票據認購協議，據此，Charming Flash認購由發行人發行之價值4,500,000美元 (相當於約35,100,000港元) 之固定利率無抵押次級票據 (「**次級票據**」)，年利率為14.65厘。

Charming Flash其後與Green Heyday Limited (「**Green Heyday**」) 及發行人簽訂日期為2020年2月20日之三方協議 (「**三方協議**」)，據此，Charming Flash同意按代價4,700,000美元 (相當於約36,660,000港元) 出售而Green Heyday同意收購次級票據。代價將分三(3)期支付。Charming Flash將擁有次級票據之所有或應計權利，包括收取次級票據之所有款項、股息和紅利之權利，直到其從Green Heyday獲得全部代價的款項並根據三方協議完成買賣次級票據。截至2020年9月30日，本公司已收取4,700,000美元 (相當於約36,480,000港元) 之代價。本公司預期將從該出售錄得約200,000美元 (相當於約1,560,000港元) 之收益，金額乃按於2020年2月20日次級票據的面值約4,500,000美元 (相當於約35,100,000港元) 及代價4,700,000美元 (相當於約36,660,000港元) 之差額計算。

詳情請參閱本公司日期分別為2017年8月11日、2018年11月2日及2020年2月20日之公佈。

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group financed its operations through internally generated cash flow and bank borrowings. As at 30 September 2020, the bank balances (including cash and deposits) were HK\$57,236,000 (31 March 2020: approximately HK\$117,920,000), representing a decrease of HK\$60,684,000 compared to 31 March 2020. The Group's bank borrowings amounted to HK\$1,471,756,000 (31 March 2020: approximately HK\$1,428,186,000). The gearing ratio of the Group, calculated as a ratio of total borrowings to total equity, as at 30 September 2020 was 0.46 (31 March 2020: approximately 0.44).

As at 30 September 2020, the Group has net current assets of HK\$1,516,260,000 (31 March 2020: approximately HK\$1,549,088,000), exhibiting a decrease of HK\$32,828,000. Current ratio as at 30 September 2020 was 2.3 (31 March 2020: 2.5).

Capital Structure

As at 30 September 2020, the total number of issued ordinary shares of the Company was 91,320,403 shares (2019 Period: 91,320,403 shares).

Capital Expenditures

During the Period, the Group invested nil (2019 Period: HK\$32,000) on the acquisitions of property, plant and equipment and expended nil (2019 Period: HK\$3,077,000) on additions of investment properties.

Capital Commitments

As at 30 September 2020, the Group had no capital commitments in respect of capital expenditure contracted for but not provided (31 March 2020: nil).

財務回顧

流動資金及財務資源

本集團透過內部營運產生的現金流及銀行借貸提供資金。於2020年9月30日，銀行結餘(包括現金及存款)為57,236,000港元(2020年3月31日：約117,920,000港元)，較2020年3月31日減少60,684,000港元。本集團之銀行借貸為1,471,756,000港元(2020年3月31日：約1,428,186,000港元)。於本期間，本集團的資產負債比率(即借貸總額佔總資產之百分比)於2020年9月30日為0.46(2020年3月31日：0.44)。

於2020年9月30日，本集團之流動資產淨值為1,516,260,000港元(2020年3月31日：約1,549,088,000港元)，反映減少32,828,000港元。於2020年9月30日，流動比率為2.3(2020年3月31日：2.5)。

股本結構

於2020年9月30日，本公司已發行普通股股份總數為91,320,403股(2019期間：91,320,403股)。

資本開支

於本期間，本集團並無(2019期間：32,000港元)購買物業、廠房及設備及並無增置投資物業(2019期間：3,077,000港元)。

資本承擔

於2020年9月30日，本集團並無已訂約但未撥備之資本性開支的資本承擔(2020年3月31日：無)。

Material Acquisitions and Disposals

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the Period.

Charge on Assets

As at 30 September 2020, bank loans amounting to HK\$1,471,756,000 (31 March 2020: approximately HK\$1,428,186,000) were secured by the assets of the Group having a net book value of approximately HK\$3,644,525,000 (31 March 2020: approximately HK\$3,480,944,000).

Exposure on Foreign Exchange Fluctuations

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

Contingent Liabilities

The Group did not have significant contingent liabilities as at 30 September 2020 (31 March 2020: nil).

Changes in Fair Value of Investment Properties

As at 30 September 2020, there was a loss of HK\$58,840,000 arising from changes in fair value of investment properties (2019 Period: approximately HK\$2,427,000).

Finances Costs

Finance costs was HK\$8,867,000, decreased by HK\$2,415,000 from HK\$11,282,000 in 2019 Period.

Changes since 31 March 2020

There were no other significant changes in the Group's financial statements or from the information disclosed under Management Discussion and Analysis in 2020 Annual Report.

重大收購及出售

本集團於本期間並無有關附屬公司或聯營公司的重大收購或出售事項。

資產抵押

於2020年9月30日，銀行貸款1,471,756,000港元(2020年3月31日：1,428,186,000港元)有抵押以本集團賬面淨值為3,644,525,000港元(2020年3月31日：3,480,944,000港元)的資產作為抵押。

外匯波動之風險

本集團之收入與支出以港元為主。於本期間，本集團並無因兌換率波動而承受重大風險，因此並無運用任何金融工具作對沖用途。本集團認為承受兌換率波動之風險極微。

或然負債

於2020年9月30日，本集團並無任何重大或然負債(2020年3月31日：無)。

投資物業之公平值變動

於2020年9月30日，投資物業之公平值變動產生之虧損為58,840,000港元(2019期間：約2,427,000港元)。

融資成本

融資成本為8,867,000港元，較2019期間的11,282,000港元減少2,415,000港元。

自2020年3月31日起變動

本集團的財務報表或2020年年報中管理層討論及分析所披露的資料並無其他重大變動。

HUMAN RESOURCES

As at 30 September 2020, the Group has 30 employees (30 September 2019: 29). Staff costs (including directors' emoluments) amounted to HK\$14,014,000 for the Period (2019 Period: approximately HK\$15,140,000). The Group adopts competitive remuneration packages which are based on its employees' performance, experience and prevailing industry practice. The Group has also set out the Mandatory Provident Fund Scheme for its Hong Kong's employees.

The Company adopted a share option scheme (“**Share Option Scheme**”) in 2012 as an incentive to Directors and eligible employees. During the Period, no share option was outstanding, granted, exercised, cancelled or lapsed under the Share Option Scheme.

PROSPECTS

The Group will continue focusing its efforts in the development of its existing principal businesses: property development, property investment, securities investment, loan financing business while exploring other potential projects with a view to providing steady and favourable returns for the Shareholders and bring increased growth to the Group.

Despite the uncertainties on global economic outlook caused by the softening global economic growth and the outbreak of COVID-19, the Group is prudently optimistic about the prospects of the property and securities market in Hong Kong and believes these markets will continue to grow over the longer term.

In line with its investment strategy and policy, the Company will continue to identify appropriate investment and divestment opportunities that fit the objective and investment criteria of the Company, and will continue to seek opportunities to replenish its property portfolio as an ongoing business exercise. The Board would exercise utmost caution, so as to bring positive impact on the operating and financial results to the Company in the foreseeable future.

人力資源

於2020年9月30日，本集團共有30名僱員(2020年9月30日：29名)。於本期間，員工成本(包括董事袍金)為14,014,000港元(2019期間：15,140,000港元)。本集團提供具競爭力的薪酬待遇，乃基於其僱員的表現、經驗及現行業內慣例。本集團已為香港僱員設立強制性公積金計劃。

本公司已於2012年採納購股權計劃(「**購股權計劃**」)，以激勵董事及合資格僱員。於本期間，概無根據購股權計劃的購股權尚未行使、獲授出、行使、被註銷或已失效。

展望

本集團將繼續集中發展其現有主要業務：物業發展、物業投資、證券投資、貸款融資業務及開拓其他潛在項目，期望為股東提供穩定而有利的回報，並為本集團帶來有成果的增長。

儘管由於環球經濟增長放緩及2019冠狀病毒病爆發帶來環球經濟不明朗，但本集團對香港物業及證券市場之前景持審慎樂觀的態度，並認為該等市場長遠將持續增長。

根據其投資策略及政策，本公司將繼續物色合適的投資及撤資機會，以符合本公司之目標及投資標準，並將繼續尋找機會補充其作為一項持續業務活動之物業投資組合。董事會將審慎行事，以在可預見未來對本公司的經營及財務業績帶來積極影響。

THE AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive directors of the Company, namely Mr. Tsui Chun Kong (Chairman of the Audit Committee), Mr. Jong Koon Sang and Mr. Lau Chak Hang Charles. The Audit Committee has reviewed the accounting policies adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the Group’s unaudited condensed consolidated financial statements for the six months ended 30 September 2020 and the interim results announcement.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the Period, with the exception of the following deviation:

Code Provision A.2.1

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

Ms. Koon Ho Yan Candy (“**Ms. Koon**”) serves as president as well as chief executive officer of the Company. The Board considers this arrangement to be appropriate for the Company as it preserves the consistent leadership culture of the Company and allow more effective planning and better execution of long-term strategies. The Board is of the view that a balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high caliber individuals, with half of them being independent non-executive Directors of the Company. The Company will continue to review the existing structure when and as it becomes appropriate. The day-to-day management and operation of the Group are delegated to divisional management under the leadership and supervision of Ms. Koon in the role of president and chief executive officer who is supported by the executive Directors and senior management.

審核委員會

本公司審核委員會(「**審核委員會**」)由本公司由三位獨立非執行董事組成，分別為徐震港先生(審核委員會主席)、莊冠生先生及劉澤恒先生。審核委員會已審議本集團採用之會計政策，並商討審計、內部監控及財務匯報事項，包括審議本集團截至2020年9月30日止六個月之未經審核簡明綜合財務報表及本中期業績公佈。

企業管治

於本期間，本公司一直遵守上市規則附錄14所載《企業管治守則》之原則及所有守則條文，惟下文所述的偏離情況除外：

守則條文第A.2.1條

主席與行政總裁之角色應有區分，並不應由一人同時兼任

官可欣女士(「**官女士**」)同時擔任本公司主席及首席行政總裁。董事會認為此安排對本公司而言是恰當的，既能繼續貫徹本公司之領導文化亦能提高長遠策略的有效規劃及執行表現。董事會認為董事會成員不乏經驗豐富及具才幹之人士(其中半數為本公司獨立非執行董事)，其營運及管治足以確保權力及職能平衡。本公司將繼續於適當時檢討現行架構。在主席及首席行政總裁官女士的領導及監督，與一眾執行董事及高層管理人員之輔助下，本集團日常管理及營運事宜均由各部門管理人員負責。

Code Provision C.2.5

The issuer should have an internal audit function

Code provision C.2.5 of the CG Code provides that the Group should have an internal audit function. The Group does not have an internal audit function. During the year ended 31 March 2020, the Board reviewed the effectiveness of the internal control system of the Group and there were no major issues but areas for improvement have been identified by the Audit Committee and appropriate measures have been taken. In addition, the Board was of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed annually.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the “**Model Code**”). Having made specific enquiries, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code.

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

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

守則條文第C.2.5條

發行人應設立內部審核功能

根據企業管治守則第C.2.5條守則條文之規定，本集團應設立內部審核功能。本集團沒有設立內部審核功能。於2020年3月31日之年度，董事會已對本集團內部監控制度的有效性進行了檢討，並沒有發現重大問題，但審核委員會已經確定有待改進的範疇，並採取了適當措施。此外，董事會認為，鑑於本集團業務規模、性質及複雜性，本集團目前並無設立內部審核功能的急切需要。本集團將每年審查上述情況。

董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則作為董事進行本公司證券交易之守則（「標準守則」）。經向作出具體查詢後，本公司確認，全體董事已遵守標準守則所載的規定守則。

購買、出售或贖回本公司之上市證券

於本期間，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

EVENT AFTER THE REPORTING PERIOD

Acquisition of Davis Street and Catchick Street Properties

On 5 November 2020 (as supplemented by a supplemental agreement dated 9 November 2020), the Company and Eminence entered into a sale and purchase agreement, pursuant to which, among other things, the Company conditionally agreed to purchase, and Eminence conditionally agreed to sell, the entire issued shares of Above Ace Limited (“**Above Ace**”) and Success Edge Limited (“**Success Edge**”), both being wholly-owned subsidiaries of Eminence, and Eminence agreed to procure the assignment to the Company of each of the shareholders’ loans owing by Above Ace and Success Edge to Eminence at completion, at an aggregate consideration of HK\$1,100,000,000 (subject to adjustments). The completion of the sale and purchase agreement is subject to the approval of Eminence’s independent shareholders and the Company’s shareholders, and is conditional on Eminence’s successful bid for Nos. 93 and 95 Catchick Street, Hong Kong in the public auction pursuant to the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong).

Further information can be found in the joint announcement of the Company and Eminence dated 9 November 2020.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORTS

This announcement has been published on the Company’s website at www.easyknit.com and the Stock Exchange’s website at www.hkexnews.hk. The 2020 Interim Report containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and publish on the respective websites of the Company and the Stock Exchange in late December 2020.

報告期後事項

收購爹核士街及吉席街物業

於2020年11月5日(及日期為2020年11月9日之補充協議所補充)，本公司及高山訂立買賣協議，據此(其中包括)，本公司有條件同意收購，而高山有條件同意出售Above Ace Limited(「**Above Ace**」)及Success Edge Limited(「**Success Edge**」)(均為高山之全資附屬公司)之全部已發行股份，高山同意促使於完成時Above Ace及Success Edge各自欠高山之股東貸款轉讓給本公司，總代價為1,100,000,000港元(可予調整)。買賣協議須待高山獨立股東及本公司股東批准後完成，以及高山按照香港法例第545章《土地(為重新發展而強制售賣)條例》在香港吉席街93及95號的公開拍賣中成功中標為條件。

詳細資料請參閱本公司及高山於日期為2020年11月9日的聯合公佈。

刊發中期業績及中期報告

本公佈已分別登載於本公司網站 www.easyknit.com 及聯交所網站 www.hkexnews.hk。2020年中期報告載有上市規則之所有適用資料，將於2020年12月下旬寄發予本公司股東及分別登載於本公司及聯交所之網站。

FORWARD-LOOKING STATEMENTS

Certain information in this announcement contains forward-looking statements relating to the Group. These statements are based on the current beliefs, predictions, assumptions, projections and expectations of the Board of the Company towards the industries and markets in which the Group operates. These forward-looking statements do not guarantee or assure future performance or development of the Group and are subject to risks and uncertainties which might cause deviations from those expressed or implied statements. Investors and shareholders are advised not to place reliance on any forward-looking statements.

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

Hong Kong, 27 November 2020

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

前瞻性陳述

本公佈中的若干資料載有與本集團有關的前瞻性陳述。該等陳述乃基於本公司董事會對本集團經營所在行業及市場的現有信念、預測、假設、預算及預期。該等前瞻性陳述不保證或確保本集團未來的業績或發展，並受可能導致偏離該等明示或暗示陳述的風險和不確定因素影響。投資者及股東不可依賴任何前瞻性陳述。

承董事會命
永義國際集團有限公司
主席兼首席行政總裁
官可欣

香港，2020年11月27日

於本公佈日期，董事會成員包括執行董事官可欣女士、雷玉珠女士及謝永超先生；及獨立非執行董事徐震港先生、莊冠生先生及劉澤恒先生。

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

For the six months ended 30 September 2020

簡明綜合損益及其他全面收益表

截至2020年9月30日止六個月

		Six months ended 30 September 截至9月30日止六個月	
		2020 HK\$'000 千港元 (Unaudited) (未經審核)	2019 HK\$'000 千港元 (Unaudited) (未經審核)
		NOTES 附註	
Revenue	營業額		
Rental income	租金收入		19,797
Interest income from loan financing	來自貸款融資之 利息收入		12,391
Building management	樓宇管理		594
			<hr/>
Total revenue	營業額總額	3	32,782
Cost of services rendered	提供服務成本		(1,141)
			<hr/>
Gross profit	毛利		31,641
Other income, gains and losses	其他收入，收益及虧損		5,296
Distribution and selling expenses	經銷成本		(6,412)
Administrative expenses	行政開支		(27,110)
Write-down on properties held for development for sale	持作出售發展物業之 減值		-
Write-down on properties held for sale	持作出售物業之減值		-
			<hr/>
Loss on changes in fair value of investment properties	投資物業之公平值 變動虧損		(2,427)
Loss on changes in fair value of financial assets at fair value through profit or loss ("FVTPL")	按公平值計入損益之 金融資產之公平值 變動虧損		(20,650)
Release on disposal of debt instruments at fair value through other comprehensive income ("FVTOCI")	解除出售按公平值計入 其他全面收益之 債務工具		-
			<hr/>
Reversal of (impairment loss) on financial assets:	金融資產之減值虧損 撥回(減值虧損)：		
- Debt instruments at FVTOCI	- 按公平值計入 其他全面收益之 債務工具		77
			<hr/>
- Other debt instruments at amortised cost	- 按攤銷成本計量之 其他債務工具		(1,762)
- Loans receivable, net	- 淨應收貸款		(3,899)
Share of result of associates	聯營公司分佔業績		(2,171)
Gain on bargain purchase of additional interests in associates	於收購額外聯營公司 權益時之議價收購收益		-
Loss on deemed partial disposal of equity interests in associates	於視為出售聯營公司部份 股權權益時之虧損		(130,957)
Share of result of a joint venture	一間合營公司分佔業績		(1)
Finance costs	融資成本		(11,282)
			<hr/>
Loss before taxation	除稅前虧損	4	(169,657)
Taxation	稅項	5	(1,230)
			<hr/>
Loss for the period	本期間虧損		(170,887)

Six months ended 30 September 截至9月30日止六個月	
2020 HK\$'000 千港元 (Unaudited) (未經審核)	2019 HK\$'000 千港元 (Unaudited) (未經審核)

Other comprehensive income (expense)	其他全面收入(開支)		
<i>Items that may be reclassified subsequently to profit or loss:</i>	隨後可能重新分類至 損益之項目：		
Share of other comprehensive income (expense) of associates:	分佔聯營公司之 其他全面收入 (開支)：		
Share of translation reserve of associates	分佔聯營公司之 匯兌儲備	6,569	(5,886)
Share of FVTOCI reserve of associates	分佔聯營公司之 按公平值計入 其他全面收益 儲備	849	(163)
Reclassification of translation reserve to profit or loss upon deemed partial disposal of interests in associates without loss of significant influence	於沒有失去重大 影響之視為出售 聯營公司部分 權益時重新分類 至損益之匯兌 儲備	-	1,350
Reclassification of FVTOCI reserve to profit or loss upon deemed partial disposal of interests in associates without loss of significant influence	於沒有失去重大影響 之視為出售聯營 公司部分權益時 重新分類至損益之 按公平值計入其他 全面收益儲備	-	(36)
		7,418	(4,735)
Release on disposal of debt instruments at FVTOCI	解除出售按公平值計入 其他全面收益之 債務工具	(685)	-
Change in fair value of debt instruments at FVTOCI	按公平值計入其他全面 收益之債務工具之 公平值變動	446	(218)
Impairment loss (reversal of impairment loss) on debt instruments at FVTOCI included in profit or loss, net	按公平值計入其他全面 收益之債務工具之 淨減值虧損(減值虧損 撥回)包括在損益中	236	(77)
Other comprehensive income (expense) for the period	本期間之其他全面收入 (開支)	7,415	(5,030)
Total comprehensive expense for the period	本期間之全面開支 總額	(66,579)	(175,917)

		Six months ended	
		30 September	
		截至9月30日止六個月	
		2020	2019
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Loss for the period attributable to:	本期間虧損分佔：		
Owners of the Company	本公司股東	(73,881)	(170,767)
Non-controlling interest	非控股權益	(113)	(120)
		<u>(73,994)</u>	<u>(170,887)</u>
Total comprehensive expense for the period attributable to:	本期間全面開支分佔：		
Owners of the Company	本公司股東	(66,466)	(175,797)
Non-controlling interest	非控股權益	(113)	(120)
		<u>(66,579)</u>	<u>(175,917)</u>
Basic and diluted loss per share	每股基本及攤薄虧損	<u>HK\$(0.81)港元</u>	<u>HK\$(1.87)港元</u>

NOTE
附註

6

**CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**

At 30 September 2020

簡明綜合財務狀況表

於2020年9月30日

		30 September 9月30日 2020 <i>NOTES</i> 附註 <i>HK\$'000</i> 千港元 (Unaudited) (未經審核)	31 March 3月31日 2020 <i>HK\$'000</i> 千港元 (Audited) (經審核)
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	76,919	79,146
Right-of-use assets	使用權資產	770	1,231
Investment properties	投資物業	1,206,200	1,265,040
Interests in associates	聯營公司權益	840,347	788,883
Interest in a joint venture	一間合營公司權益	57	62
Financial assets at FVTPL	按公平值計入 損益之金融資產	74,291	100,162
Debt instruments at FVTOCI	按公平值計入其他全面 收益之債務工具	7,946	25,700
Other debt instrument at amortised cost	按攤銷成本計量之 其他債務工具	15,212	15,215
Loans receivable	應收貸款	15,877	13,278
Intangible asset	無形資產	500	500
Deferred tax assets	遞延稅項資產	2,632	2,632
Deposits	按金	205	205
		2,240,956	2,292,054
Current assets	流動資產		
Properties held for development for sale	持作出售發展 物業	1,987,583	1,984,981
Properties held for sale	持作出售物業	118,503	118,603
Financial assets at FVTPL	按公平值計入 損益之金融資產	241,715	72,696
Debt instruments at FVTOCI	按公平值計入其他全面 收益之債務工具	3,810	3,843
Trade and other receivables	貿易及其他應收款項	41,435	9,199
Tax recoverable	可收回稅項	672	530
Loans receivable	應收貸款	195,220	223,473
Bank balances and cash	銀行結餘及現金	57,236	117,920
		2,646,174	2,531,245
Assets classified as held for sale	分類為持作出售之資產	-	34,830
		2,646,174	2,566,075

			30 September 9月30日 2020 HK\$'000 千港元 (Unaudited) (未經審核)	31 March 3月31日 2020 HK\$'000 千港元 (Audited) (經審核)
		NOTE 附註		
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	10	36,547	52,162
Contract liabilities	合約負債		63,551	-
Amount due to non-controlling shareholder	應付非控股股東金額		94,314	90,348
Tax payable	應付稅項		50,924	50,351
Lease liabilities	租賃負債		386	851
Secured bank borrowings	有抵押銀行借貸		884,192	823,275
			<u>1,129,914</u>	<u>1,016,987</u>
Net current assets	流動資產淨值		<u>1,516,260</u>	<u>1,549,088</u>
Total assets less current liabilities	資產總額減流動負債		<u>3,757,216</u>	<u>3,841,142</u>
Non-current liabilities	非流動負債			
Secured bank borrowings	有抵押銀行借貸		587,564	604,911
Lease liabilities	租賃負債		410	410
			<u>587,974</u>	<u>605,321</u>
			<u><u>3,169,242</u></u>	<u><u>3,235,821</u></u>
Capital and reserves	資本及儲備			
Share capital	股本		9,132	9,132
Reserves	儲備		3,160,672	3,227,138
Equity attributable to owners of the Company	本公司之擁有人應佔權益		3,169,804	3,236,270
Non-controlling interest	非控股權益		(562)	(449)
			<u><u>3,169,242</u></u>	<u><u>3,235,821</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Easyknit International Holdings Limited (the “**Company**”; the Company and its subsidiaries are referred to as the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and application of an accounting policy which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

簡明綜合財務報表附註

截至2020年9月30日止六個月

1. 編製基準

永義國際集團有限公司(「**本公司**」；本公司及其附屬公司稱為「**本集團**」)之簡明綜合財務報表乃根據香港會計師公會(「**香港會計師公會**」)所頒佈之香港會計準則(「**香港會計準則**」)第34號「中期財務報告」及香港聯合交易所有限公司(「**聯交所**」)證券上市規則附錄16適用之披露規定而編製。

本公司於百慕達註冊成立之獲豁免有限公司而其股份於聯交所上市。

2. 主要會計政策

簡明綜合財務報表除投資物業及若干金融工具以公平值計量外(如適用)，乃根據歷史成本法編製。

除應用經修訂香港財務報告準則(「**香港財務報告準則**」)及與本集團有關之會計政策導致額外會計政策外，截至2020年9月30日止六個月之簡明綜合財務報表所採納之會計政策及計算方法與本集團編製截至2020年3月31日止年度之全年綜合財務報表所採用者相同。

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and accounting policies on application of Amendments to HKFRS 3 "Definition of a Business"

Accounting policies

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 April 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

應用經修訂香港財務報告準則

於本中期期間，本集團已首次應用下列由香港會計師公會所頒佈之有關對香港財務報告準則中概念框架之修訂及經修訂香港財務報告準則，就編製本集團之簡明綜合財務報表而言，該等準則及修訂乃於2020年4月1日或之後開始之年度期間強制生效：

香港會計準則第1號及香港會計準則第8號修訂本	重大性的定義
香港財務報告準則第3號	業務的定義
香港財務報告準則第9號，香港會計準則第39號及香港財務報告準則第7號之修訂本	利率基準改革

除下文所述者外，應用有關對香港財務報告準則中概念框架之修訂及經修訂香港財務報告準則並無對本集團於本期間及過往期間的財務表現及狀況及／或簡明綜合財務報表所載披露有任何重大影響。

對應用香港財務報告準則第3號「業務定義」之修訂的影響及會計政策

會計政策

業務合併或資產收購

可選的集中度測試

自2020年4月1日起，本集團可以選擇在逐筆交易的基礎上進行可選的集中度測試，其允許簡化對所收購的一系列活動和資產是否屬於業務的評估。若購入總資產的所有公平值大部分集中在單個可識別資產或一組類似可識別資產中，則符合集中度測試。評估中的總資產不包括現金和現金等價物，遞延所得稅資產和因遞延所得稅負債的影響而產生的商譽。若符合集中度測試，則確定該組活動和資產不屬於業務而不需要進一步評估。

Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group but the Group may elect to apply the optional concentration test on future acquisitions.

Accounting policy newly applied by the Group

The Group has applied the following accounting policy which became relevant to the Group in the current interim period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income, gains and losses”.

過渡性及影響之總結

該等修訂對本集團之簡明綜合財務報表並無影響，但本集團可選擇對日後收購應用可選的集中度測試。

本集團新採用的會計政策

本集團已採用以下與本集團在本中期期間相關的會計政策。

政府補助

除非有合理保證本集團將遵守政府補助所附條件，否則將不確認政府補助。

政府補助在本集團將補助擬補償的相關成本確認為費用的期間內，有系統地在損益中確認。

政府補助與應收收入有關，該收入應作為已發生的費用或損失的補償，或者是為了向本集團提供直接財務支持而沒有未來相關費用的目的，在應收款項的當期確認為損益。此類補助金列在「其他收入，收益及虧損」內。

3. SEGMENT INFORMATION

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

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

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

Segment revenue and results

Six months ended 30 September 2020

		Property investment 物業投資 HK\$'000 千港元 (Unaudited) (未經審核) (Note) (附註)	Property development 物業發展 HK\$'000 千港元 (Unaudited) (未經審核)	Investment in securities 證券投資 HK\$'000 千港元 (Unaudited) (未經審核)	Loan financing 貸款融資 HK\$'000 千港元 (Unaudited) (未經審核)	Total 總額 HK\$'000 千港元 (Unaudited) (未經審核)
Segment revenue	分部營業額					
External	外來	16,784	-	-	6,927	23,711
Segment results	分部業績	(51,583)	(35,914)	(16,177)	1,204	(102,470)
Unallocated corporate income	無分配之公司收入					271
Unallocated corporate expenses	無分配之公司開支					(1,338)
Gain on bargain purchase of additional interests in associates	於收購額外聯營公司權益時之議價收購收益					58,471
Share of result of associates	聯營公司分佔業績					(19,392)
Share of result of a joint venture	一間合營公司分佔業績					(5)
Finance costs	融資成本					(8,867)
Loss before taxation	除稅前虧損					(73,330)

3. 分部資料

就資源分配及分部表現評估而言，呈報給本集團之主要經營決策者首席行政總裁(「主要經營決策者」)之資料，乃集中於貨物送遞或服務提供之種類。此亦為組織之基準，管理層選擇以此組織本集團產品及服務之差異。

根據香港財務報告準則第8號「經營分部」，本集團之經營及呈報分部包括：(i)物業投資、(ii)物業發展、(iii)證券投資及(iv)貸款融資。

回顧本期間按經營及呈報分部劃分本集團之營業額及業績之分析如下：

分部營業額及業績

截至2020年9月30日止六個月

		Property investment 物業投資 HK\$'000 千港元 (Unaudited) (未經審核) (Note) (附註)	Property development 物業發展 HK\$'000 千港元 (Unaudited) (未經審核)	Investment in securities 證券投資 HK\$'000 千港元 (Unaudited) (未經審核)	Loan financing 貸款融資 HK\$'000 千港元 (Unaudited) (未經審核)	Total 總額 HK\$'000 千港元 (Unaudited) (未經審核)
Segment revenue	分部營業額					
External	外來	16,784	-	-	6,927	23,711
Segment results	分部業績	(51,583)	(35,914)	(16,177)	1,204	(102,470)
Unallocated corporate income	無分配之公司收入					271
Unallocated corporate expenses	無分配之公司開支					(1,338)
Gain on bargain purchase of additional interests in associates	於收購額外聯營公司權益時之議價收購收益					58,471
Share of result of associates	聯營公司分佔業績					(19,392)
Share of result of a joint venture	一間合營公司分佔業績					(5)
Finance costs	融資成本					(8,867)
Loss before taxation	除稅前虧損					(73,330)

Six months ended 30 September 2019

截至2019年9月30日止六個月

		Property investment 物業投資 HK\$'000 千港元 (Unaudited) (未經審核) (Note) (附註)	Property development 物業發展 HK\$'000 千港元 (Unaudited) (未經審核)	Investment in securities 證券投資 HK\$'000 千港元 (Unaudited) (未經審核)	Loan financing 貸款融資 HK\$'000 千港元 (Unaudited) (未經審核)	Total 總額 HK\$'000 千港元 (Unaudited) (未經審核)
Segment revenue	分部營業額					
External	外來	20,391	-	-	12,391	32,782
Segment results	分部業績	(2,793)	(13,433)	(8,406)	933	(23,699)
Unallocated corporate income	無分配之公司收入					98
Unallocated corporate expenses	無分配之公司開支					(1,645)
Loss on deemed partial disposal of equity interests in associates	於視為出售聯營公司部份股權權益時之虧損					(130,957)
Share of result of associates	聯營公司分佔業績					(2,171)
Share of result of a joint venture	一間合營公司分佔業績					(1)
Finance costs	融資成本					(11,282)
Loss before taxation	除稅前虧損					(169,657)

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

附註：來自持作出售發展物業(已包括在物業發展分部內)之租金收入已包括在物業投資之分部內。

Segment results represent the profit earned or loss incurred by each segment without allocation of share of result of associates and a joint venture, gain on bargain purchase of additional interests in associates, loss on deemed partial disposal of equity interests in associates, finance costs, and unallocated corporate income and expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

分部業績代表各分部賺取之溢利或虧損，當中沒有分配聯營公司分佔業績及一間合營公司分佔業績、於收購額外聯營公司權益時之議價收購收益、於視為出售聯營公司部份股權權益時之虧損、融資成本及無分配之公司收入及開支。以此計量向主要經營決策者呈報，作為資源分配及表現評估之參考。

Segment assets and liabilities

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

分部資產及負債

按經營及呈報分部分析本集團之資產及負債如下：

		30 September 9月30日 2020 HK\$'000 千港元 (Unaudited) (未經審核)	31 March 3月31日 2020 HK\$'000 千港元 (Audited) (經審核)
Segment assets	分部資產		
Property investment	物業投資	1,211,005	1,286,098
Property development	物業發展	2,143,325	2,108,506
Investment in securities	證券投資	306,083	166,770
Loan financing	貸款融資	230,137	289,930
		<hr/>	<hr/>
Total segment assets	分部資產總額	3,890,550	3,851,304
Interests in associates	聯營公司權益	840,347	788,883
Interest in a joint venture	一間合營公司權益	57	62
Tax recoverable	可收回稅項	672	530
Bank balances and cash	銀行結餘及現金	57,236	117,920
Unallocated corporate assets	無分配之公司資產	98,268	99,430
		<hr/>	<hr/>
Consolidated assets	綜合資產	4,887,130	4,858,129
		<hr/>	<hr/>
Segment liabilities	分部負債		
Property investment	物業投資	9,099	10,472
Property development	物業發展	181,485	112,198
Investment in securities	證券投資	1,228	1,884
Loan financing	貸款融資	2,551	18,026
		<hr/>	<hr/>
Total segment liabilities	分部負債總額	194,363	142,580
Secured bank borrowings	有抵押銀行借貸	1,471,756	1,428,186
Tax payable	應付稅項	50,924	50,351
Unallocated corporate liabilities	無分配之公司負債	845	1,191
		<hr/>	<hr/>
Consolidated liabilities	綜合負債	1,717,888	1,622,308
		<hr/>	<hr/>

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

- all assets are allocated to operating and reportable segments other than interests in associates, interest in a joint venture, tax recoverable, bank balances and cash and assets used jointly by operating and reportable segments.
- all liabilities are allocated to operating and reportable segments other than secured bank borrowings, tax payable and liabilities for which operating and reportable segments are jointly liable.

就分部表現監控及分部間之資源分配而言：

- 除聯營公司權益、一間合營公司權益、可收回稅項、銀行結餘及現金及經營及呈報分部共同使用之資產外，所有資產已分配至經營及呈報分部。
- 除有抵押銀行借貸、應付稅項以及經營及呈報分部共同承擔之負債外，所有負債已分配至經營及呈報分部。

4. LOSS BEFORE TAXATION

4. 除稅前虧損

		Six months ended 30 September 截至9月30日止六個月	
		2020	2019
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Loss before taxation has been arrived at after charging:	除稅前虧損已扣除：		
Interest on lease liabilities	租賃負債利息	29	58
Interest on bank borrowings	銀行借貸利息	19,187	23,520
Less: Amount capitalised in the cost of qualifying assets	減：於合資格資產之成本資本化之金額	(10,349)	(12,296)
		<u>8,867</u>	<u>11,282</u>
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	2,227	2,383
Depreciation of right-of-use assets	使用權資產之折舊	461	736
and after crediting to other income:	及已計入其他收入：		
Dividend income from listed investments	來自上市投資之股息收入	2,413	2,233
Government grant	政府補助	968	-
Interest income from Other debt instruments at amortised cost	利息收入來自按攤銷成本計量之其他債務工具	572	-
Debt instruments at FVTOCI	按公平值計入其他全面收益之債務工具	167	1,140
Bank and others	銀行及其他	157	1,345
		<u>896</u>	<u>2,485</u>

5. TAXATION

5. 稅項

Six months ended 30 September 截至9月30日止六個月	
2020	2019
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

The charge (credit) comprises:	開支(計入)包含：		
Hong Kong Profits Tax	香港利得稅		
Charge for the period	本期間開支	665	1,196
(Over)underprovision in prior periods	前期(超額)不足撥備	(1)	34
		664	1,230

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

就兩個期間之香港利得稅乃根據估計應課稅溢利之16.5%計算。

6. BASIC AND DILUTED LOSS PER SHARE

6. 每股基本及攤薄虧損

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

本公司股東應佔之每股基本及攤薄虧損乃根據以下資料計算：

Six months ended 30 September 截至9月30日止六個月	
2020	2019
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

Loss for the purpose of calculating basic and diluted loss per share (loss for the period attributable to owners of the Company)	就計算每股基本及攤薄虧損而言之虧損 (本公司股東應佔 本期間虧損)	(73,881)	(170,767)
Number of shares	股份數目		
Number of shares for the purpose of calculating basic and diluted loss per share	就計算每股基本及攤薄虧損而言之股份數目	91,320,403	91,320,403

The computation of diluted loss per share for the six months ended 30 September 2020 and 2019 does not assume the conversion of the associates' outstanding convertible notes and share options since their exercise would result in decrease in loss per share for both periods.

就兩個期間於計算截至2020年9月30日及2019年9月30日止六個月之每股攤薄虧損時並沒有假設行使本公司尚未行使之購股權會因其行使導致每股虧損減少。

7. DIVIDEND

7. 股息

		Six months ended 30 September 截至9月30日止六個月	
		2020	2019
		<i>HK\$'000</i> 千港元	<i>HK\$'000</i> 千港元
		(Unaudited) (未經審核)	(Unaudited) (未經審核)
Dividend recognised as distribution during the period	於期內已確認派發之股息		
Final dividend paid for the year ended 31 March 2019 of HK\$0.05 per share on 91,320,403 shares (six months ended 30 September 2020: nil)	截至2019年3月31日止年度91,320,403股股份之已支付末期股息為每股0.05港元(截至2020年9月30日止六個月：無)	—	4,566

The directors have determined that no dividend will be paid in respect of both interim periods.

董事決定兩個中期期間均不派發股息。

8. LOANS RECEIVABLE

8. 應收貸款

		30 September 9月30日 2020 <i>HK\$'000</i> 千港元 (Unaudited) (未經審核)	31 March 3月31日 2020 <i>HK\$'000</i> 千港元 (Audited) (經審核)
Fixed-rate loans receivable	應收定息貸款	239,557	260,358
Variable-rate loans receivable	應收浮息貸款	7,008	9,379
		246,565	269,737
Less: Impairment allowance	減：減值撥備	(35,468)	(32,986)
		211,097	236,751
Analysed as:	分析為：		
Current portion	流動部分	195,220	223,473
Non-current portion	非流動部分	15,877	13,278
		211,097	236,751
Secured	有抵押	56,147	101,835
Unsecured	無抵押	154,950	134,916
		211,097	236,751

The movement of impairment allowance for loans receivable for the period is as follows:

本期之應收貸款之減值撥備之變動如下：

		Impairment allowance for loans receivable* 應收貸款之減值撥備 HK\$'000 千港元
At 1 April 2019 (audited)	於2019年4月1日(經審核)	<u>3,730</u>
Changes due to loans receivable recognised as at 1 April 2019	於2019年4月1日已確認應收貸款所致的變動	
– Impairment allowance recognised	– 已確認減值虧損	27,365
– Reversal	– 撥回	(1,229)
New loans granted	授出的新貸款	<u>3,120</u>
		<u>29,256</u>
At 31 March 2020 (audited)	於2020年3月31日(經審核)	<u>32,986</u>
Changes due to loans receivable recognised as at 31 March 2020	於2020年3月31日已確認應收貸款所致的變動	
– Impairment allowance recognised	– 已確認減值虧損	1,649
– Reversal	– 撥回	(175)
New loans granted	授出的新貸款	<u>1,008</u>
		<u>2,482</u>
At 30 September 2020 (unaudited)	於2020年9月30日(未經審核)	<u><u>35,468</u></u>

* Measured on 12-month expected credit losses (“ECL”) basis.

* 以12個月預期信貸虧損基準計量(「預期信貸虧損」)。

9. TRADE AND OTHER RECEIVABLES

9. 貿易及其他應收款項

		30 September 9月30日 2020 HK\$'000 千港元 (Unaudited) (未經審核)	31 March 3月31日 2020 HK\$'000 千港元 (Audited) (經審核)
Trade receivables:	貿易應收款項：		
0-60 days	0-60日	2,622	2,586
61-90 days	61-90日	-	213
		2,622	2,799
Prepayments	預付款	4,407	3,556
Interest receivable	應收利息	774	958
Dividend receivable	應收股息	-	2
Escrow deposits for properties held for development for sale	持作出售發展物業之 托管按金	31,809	-
Other receivables and deposits	其他應收款項及按金	1,823	1,884
		41,435	9,199

The Group did not grant any credit period to its tenants. The aged analysis of trade receivables is determined based on invoice date which approximate revenue recognition date.

本集團沒有給予其租戶任何信貸期。貿易應收款項之賬齡分析乃根據發票日期，並與收益確定日期相若，確定。

10. TRADE AND OTHER PAYABLES

10. 貿易及其他應付款項

		30 September 9月30日 2020 HK\$'000 千港元 (Unaudited) (未經審核)	31 March 3月31日 2020 HK\$'000 千港元 (Audited) (經審核)
Trade payables: 0–60 days	貿易應付款項： 0–60日	<u>9,962</u>	<u>5,508</u>
		9,962	5,508
Retention payable (Note)	應付保修金(附註)	9,323	11,460
Rental deposits received and rental received in advance	已收租金按金及預收 租金	9,119	9,944
Deposits received for disposal of Junior Note	出售初級票據之 已收按金	–	15,480
Interest payable	應付利息	717	419
Accruals and other payables	預提及其他應付款項	<u>7,426</u>	<u>9,351</u>
		<u>36,547</u>	<u>52,162</u>

Note: At 30 September 2020, retention payable of HK\$9,323,000 (31 March 2020: HK\$11,460,000) is expected to be settled within twelve months after the end of the reporting period.

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

附註：於2020年9月30日，應付保修金9,323,000港元(2020年3月31日：11,460,000港元)預期將於報告期末後十二個月內支付。

貿易應付款項之賬齡分析乃根據於報告期之發票日期確定。購貨之平均賒賬期為30日。