THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Eminence Enterprise Limited, you should at once hand this circular and the relevant accompanying form of proxy to the purchaser or the transferee 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 or transferee.

EMINENCE ENTERPRISE LIMITED
高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

VERY SUBSTANTIAL ACQUISITION,
CONNECTED TRANSACTION,
ISSUE OF CONVERTIBLE NOTE
UNDER SPECIFIC MANDATE
AND
NOTICE OF THE SGM

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

AmCap
Ample Capital Limited
豐盛融資有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 6 to 38 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 Monday, 15 December 2025 at 9:30 a.m. is set out on pages N-1 to N-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, the 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 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.

Hong Kong, 25 November 2025

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Accompanying Document – Form of Proxy

In this circular, the following words and expressions have the meanings set out below unless the context requires otherwise:

"2023 Convertible Note"	the 5% per annum coupon rate convertible note issued to Goodco by the Company 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 Shares on the basis of a conversion price (subject to adjustments). Details of which were set out in the joint circular of Easyknit and the Company dated 21 January 2023, the circular of the Company dated 6 March 2024, the announcements of the Company dated 17 April 2024, 3 February 2025, and the joint announcement of Easyknit and the Company dated 4 June 2025
"2025 Convertible Note"	the 5% per annum coupon rate convertible note proposed to be issued by the Company for settling the Purchase Price in the maximum principal amount of HK$287,100,000 conferring rights to convert at any time before the fifth anniversary of the issue thereof the principal amount into 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
"Acquisition"	the acquisition by the Company of the Sale Shares at Completion
"affiliated company"	the meaning ascribed to it in the Listing Rules
"Announcement"	the announcement of the Company dated 10 October 2025 in relation to, among other things, the Sale and Purchase Agreement and transactions contemplated thereunder
"associate(s)"	the meaning ascribed thereto in the Listing Rules
"Bank Loans"	the total outstanding principal amounts together with interest accrued owing to a bank by Mark Profit, being approximately HK$302 million in aggregate as at 31 March 2025, which will be aggregated with an amount of approximately HK$120 million after the Debt Novation and before the Completion Date
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business

"BVI"	the British Virgin Islands
"Capital Distribution"	(without prejudice to the generality of that phrase) includes distributions in cash or specie
"Company"	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)
"Completion"	completion of the sale and purchase of Sale Shares under the Sale and Purchase Agreement
"Completion Date"	the date of Completion which will be ten Business Days after the fulfilment or waiver of the last of the Conditions Precedent, or such other date as the parties to the respective Sale and Purchase Agreement may agree in writing
"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
"Conversion Share(s)"	the Share(s) to be allotted and issued by the Company upon the exercise of the conversion rights attached to the 2025 Convertible Note
"Director(s)"	the director(s) of the Company
"Easyknit"	Easyknit International Holdings Limited (永義國際集團有限公司), 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: 1218)
"Easyknit Group"	Easyknit and its subsidiaries
"Easyknit Properties"	Easyknit Properties Holdings Limited, a company incorporated under the laws of the BVI with limited liability and a direct wholly-owned subsidiary of Easyknit, being the seller under the Sale and Purchase Agreement
"Easyknit Shareholder(s)"	holder(s) of Easyknit Share(s)
"Easyknit Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of Easyknit

"Goodco"	Goodco Development Limited (佳豪發展有限公司), a company incorporated in the BVI with limited liability, the holder of the 2023 Convertible Note, an indirect wholly-owned subsidiary of Easyknit and a Shareholder
"Group"	the Company and its subsidiaries
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	17 November 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors, established for the purposes of advising the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder and the terms of the 2025 Convertible Note
"Independent Financial Adviser"	Ample Capital Limited, a corporation licensed under the Securities and Futures Ordinance to conduct Type 6 regulated activity as defined in that Ordinance, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder and the terms of the 2025 Convertible Note
"Independent Shareholder(s)"	the Shareholder(s), other than Easyknit and certain of its subsidiaries
"Independent Third Party"	an entity that is independent of the Company and its connected persons
"Issue Date"	the date of issue of the 2025 Convertible Note, which will be the Completion Date
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2025 or such other date as the relevant parties may agree if additional time is needed for fulfilling the Condition Precedent

"Mark Profit"	Mark Profit Development Limited (卓益發展有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Easyknit
"Post-Transaction Group" or "Enlarged Group"	the Group immediately after Completion
"PRC"	The People's Republic of China
"Property"	the commercial property held by Mark Profit described in this circular
"Purchase Price"	the Sale Shares Consideration minus 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
"Sale and Purchase Agreement"	a conditional sale and purchase agreement dated 10 October 2025 between Easyknit Properties and the Company for, inter alia, the sale by Easyknit Properties and purchase by the Company of Sale Shares
"Sale Company"	Mark Profit
"Sale Shares"	the entire issued share capital of Mark Profit
"Sale Shares Consideration"	the amount payable by the Company for Sale Shares
"SGM"	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Sale and Purchase Agreement and the transaction contemplated thereunder and the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"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
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"sq.ft."	square feet
"%"	per cent.

EMINENCE ENTERPRISE LIMITED
高山企業有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 616)

Executive Directors:
Mr. Lai Law Kau
(Chairman and Chief Executive Officer)
Ms. Lui Yuk Chu *(Deputy Chairman)*
Mr. Kwong Jimmy Cheung Tim

Independent Non-executive Directors:
Mr. Kan Ka Hon
Mr. Lau Sin Ming
Mr. Wu Koon Yin Welly

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
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

25 November 2025

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION,
CONNECTED TRANSACTION,
ISSUE OF CONVERTIBLE NOTE
UNDER SPECIFIC MANDATE
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 Sale Company; (iii) financial information on the Post-Transaction Group; (iv) an independent property valuation report on the Property; (v) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (vi) a letter of recommendation to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser; (vii) a notice convening the SGM; and (viii) other information as required under the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement is dated 10 October 2025 and made between Easyknit Properties (as the seller) and the Company (as the buyer). Pursuant to the Sale and Purchase Agreement, amongst other things, the Company conditionally agreed to purchase, and Easyknit Properties conditionally agreed to sell all the Sale Shares. On Completion, Mark Profit will no longer be an indirect wholly-owned subsidiary of Easyknit. Instead, it will be a direct wholly-owned subsidiary of the Company.

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

Asset to be acquired of

Sale Shares : The entire issued share capital of Mark Profit.

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 gross area of the Property is 13,544 sq. ft. Other assets of Mark Profit mainly include equity securities listed in Hong Kong which include 42,308,000 shares of Best Food Holding Company Limited (stock code: 1488) and 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318) with a total fair value of approximately HK$46.3 million as at 31 March 2025. All shares of Best Food Holding Company Limited will be transferred to another wholly-owned subsidiary of Easyknit before the Completion (the "**Securities Transfer**").

The Property is subject to a tenancy in favour of an Independent Third Party (the "**Tenant**") as at the Latest Practicable Date for a term expiring on 17 April 2028, at a monthly rent of HK$925,000, exclusive of Government Rates, management fees and utility charges.

The Tenant is a long-established sports goods retail operator in Hong Kong, mainly engaged in the supply and retail of sports shoes, apparel, rackets and sports accessories, which has more than fifty years of sports goods retail industry experience and has maintained long-term cooperative relationships with a number of well-known sports brands and suppliers in the world.

The net profit/(loss) (both before and after taxation and extraordinary items) attributable to Mark Profit for the two years ended 31 March 2025 prepared under HKFRS were as follows:

	For the year ended 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
	(audited)	(audited)
Net assets	750,767	717,700
Net profit/(loss) (before taxation)	(41,453)	(41,452)
Net profit/(loss) (after taxation)	(41,571)	(33,067)

The amount of administrative expenses allocated by Easyknit to Mark Profit for the year ended 31 March 2025 was approximately HK$15.6 million which mainly represents staff costs. Such administrative expenses assigned by Easyknit to Mark Profit was not related to the operation of the Property and can be avoided after the Acquisition. Whether similar expense will be incurred after the Acquisition in the account of Mark Profit depends on how the Company allocates its expenses to its subsidiaries but such expense allocation has no effect on the total expense in the consolidated account of the Group. In addition, the loss arising from change in fair value of investment property and loss on change in fair value of financial assets held by Mark Profit amounted to approximately HK$18.2 million for the year ended 31 March 2025.

The Property was developed by Easyknit Group, which has been held by Easyknit Group for more than twenty years. In addition to the Bank Loans owed by Mark Profit, since the Property is also pledged for another bank loan of approximately HK$120 million by a fellow subsidiary of Mark Profit, the net asset value shown in the table above of approximately HK$717.7 million as at 31 March 2025 will be reduced by such amount after novating the debt to Mark Profit (the "**Debt Novation**") before the Completion Date.

Valuation

The value of the Property under Mark Profit in the books of Easyknit as at 31 March 2025, the date of its latest audited account, was HK$682 million.

According to the valuation report prepared by Knight Frank Petty Limited, an Independent Third Party and a property valuer, as at 31 March 2025, the value of the Property was HK$682 million. That valuation was determined on the basis of the "income approach", an approach that provides an indication of value by capitalizing the amount of net income receivable under the current terms of tenancies. The property valuer, who is an independent third party of Easyknit Group, was appointed by Easyknit for the preparation of its annual report for the year ended 31 March 2025 as the Property is owned by Easyknit. The valuation report of the Property was reviewed by the independent auditor (Deloitte Touche Tohmatsu, Certified Public Accountants) of Easyknit for preparing the annual report of Easyknit for the year ended 31 March 2025. As set out in the annual report, (i) the independent auditor believes that the audit evidence it obtained is sufficient and appropriate to provide a basis for its opinion; and (ii) the consolidated financial statements give a true and fair view of the consolidated financial position of Easyknit Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) in the opinion of the independent auditor. The rental income generated from the Property was approximately HK$11.1 million for each of the two years ended 31 March 2025 respectively.

Purchase Price

The Purchase Price for the sale and purchase of Sale Shares under the Sale and Purchase Agreement shall be apportioned as the consideration for the sale of Sale Shares which shall be the net asset value of Mark Profit as at the Completion Date (after taking into account the value of the Property based on the valuation report as disclosed in Appendix I to this circular prepared by a property valuer who is an Independent Third Party) after the adjustments in relation to the Securities Transfer and Debt Novation (the "**Sale Shares Consideration**") minus a sum equal to the expected total net amount due from Mark Profit's ultimate holding company and fellow subsidiaries to Mark Profit of approximately HK$272.5 million outstanding as at the Completion Date on a dollar-for-dollar basis (such amount will be eliminated in the book of Mark Profit upon Completion). As at the Latest Practicable Date, the Purchase Price is expected to be approximately HK$287.1 million. The additional amount (if any) in excess of the Purchase Price as a result of the aforesaid adjustments will be settled by cash on a dollar-for-dollar basis. Set out below is the reconciliation:

	HK$' million
Net asset value as at 31 August 2025	716.1
Debt Novation	(120.0)
Securities Transfer *(note)*	(36.5)
Consideration	559.6
Net amount due from Mark Profit's ultimate holding company and fellow subsidiaries as at 31 August 2025	(272.5)
Purchase Price	287.1

Note: The amount of Securities Transfer of approximately HK$36.5 million represents the 53,732,000 shares of Best Food Holding Company Limited (stock code: 1488) at the bid price of HK$0.68 as at 31 August 2025 in the book of Mark Profit.

Purchase Price was determined after arm's length negotiations between Easyknit and the Company, taking into account their respective perceptions of the property market and valuation of Property. The Company does not expect there will be material difference between the net asset value of Mark Profit as at the Completion Date and that as at 31 August 2025.

Mortgage

The Property is subject to mortgage(s) in favour of a bank, an Independent Third Party, to secure the Bank Loans. As at 31 March 2025, the total outstanding loan principal amount of the Bank Loans plus accrued interest owed by Mark Profit to the bank in relation to the Property was approximately HK$302 million which will be aggregated with the aforesaid amount of approximately HK$120 million after the Debt Novation and before the Completion Date. Arrangements will be made for the Bank Loans after Completion by using the new financing to be obtained by the Company. It is not uncommon to obtain bank loan to finance property acquisition and it is merely a mean of financing to minimize the amount of immediate cash outflows as a result of a property acquisition, and therefore the Company considers that the Bank Loans (together with the related interests) is not related to the determination of Sale Shares Consideration

The existing key terms of the Bank Loans and the key terms of the new financing are set out below.

Expected principal amount	**Duration**	**Repayment terms**	**Interest rate**
HK$162 million	new: 42 months existing: 60 months (note: the loan agreement was signed in May 2024 and the new arrangement is viewed as continuation of the loan but taken by the Group)	new: 14 instalments on a quarterly basis existing: 18 instalments on a quarterly basis (note: the loan agreement was signed in May 2024 and the new arrangement is viewed as continuation of the loan but taken by the Group)	new: HIBOR + 1.55% existing: HIBOR + 1.55%
HK$52 million	new: subject to the bank's periodic review existing: subject to the bank's periodic review	new: yearly basis in 17 years (subject to the bank's periodic review) existing: yearly basis by the end of 30 September 2042 (subject to the bank's periodic review) (note: the new arrangement is viewed as continuation of the loan but taken by the Group)	new: HIBOR + 1.0% existing: HIBOR + 1.0%

Expected principal amount	Duration	Repayment terms	Interest rate
HK$84 million	new: 6 years (subject to the bank's periodic review) existing: 20 years (subject to the bank's periodic review) (note: the loan agreement was signed in August 2011 and the new arrangement is viewed as continuation of the loan but taken by the Group)	new:72 instalments on a monthly basis existing: 240 instalments on a monthly basis (note: the loan agreement was signed in August 2011 and the new arrangement is viewed as continuation of the loan but taken by the Group)	new: HIBOR + 1.0% existing: HIBOR + 1.0%
HK$120 million	new: 57 months existing: not applicable	new: 19 instalments on a quarterly basis existing: the facility amount shall be reduced by HK$8 million on 31 March 2025, HK$14 million on 30 September 2025 and HK$38 million on 30 September 2026 (the remaining amount was not specified and subject to review and overriding right of repayment on demand)	new: HIBOR + 1.8% existing: HIBOR + 1.0%

The Company is of the view that the terms of the new financing are not less favorable than the existing terms as shown above. Although the interest rate of the loan amount of HK$120 million will be increased, such loan will not be subject to periodic review and the term of which is fixed at 57 months under the new financing arrangement. Previously, periodic review was usually performed at least once a year. Time and cost had to be spent by a fellow subsidiary of Mark Profit for handling the loan renewal including preparing legal documents, and providing background check report and due diligence information to the bank. Such process needed around two months to complete and the historical cost incurred was around HK$200,000 for every renewal. The new financing arrangement, which is proposed by a bank as a result of the change of controlling shareholder of Mark Profit after the Acquisition, is considered a more convenient way to release the mortgage(s) securing the Bank Loans instead of obtaining cash from a new loan to repay the Bank Loans.

Completion

On Completion, Mark Profit will no longer be an indirect wholly-owned subsidiary of Easyknit, instead it will become a direct wholly-owned subsidiary of the Company.

OTHER SALIENT TERMS OF THE SALE AND PURCHASE AGREEMENT

Conditions Precedent

Completion of the Sale and Purchase Agreement is conditional upon the fulfilment of the following conditions:

1. the Company having completed its due diligence review on Mark Profit and the Property and being satisfied with the results thereof and the Company having satisfied Mark Profit is in a position to prove and give title to the relevant Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap.219 of the Laws of Hong Kong) subject to certain agreed encumbrances (if any);

2. the Company having obtained the requisite approval from the Shareholders in a general meeting in relation to (i) the purchase of the Sale Shares; and (ii) the issue of the 2025 Convertible Note and issue and allotment of the Conversion Shares on conversion of the 2025 Convertible Note (if required) in the manner required under the Listing Rules;

3. Easyknit having obtained the requisite approval from the Easyknit Shareholders in a general meeting in relation to the sale of the Sale Shares in the manner required under the Listing Rules;

4. the Stock Exchange having granted to the Company a listing of, and permission to deal in, the Conversion Shares on the exercise of the conversion rights attached to the 2025 Convertible Note;

5. the consents and approvals (if any) required under security arrangements affecting Mark Profit in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained in form and substance reasonably satisfactory to the Company; and

6. a contractual commitment from bank(s) to provide new financing to release the mortgage(s) securing the Bank Loans in favour of the bank which provides the Bank Loans in form and substance satisfactory to the Company.

Conditions 2, 3, 4, 5 and 6 above cannot be waived. In the event condition 1 above is not fulfilled (or waived by the Company) on or before the Long Stop Date, the Company may elect to terminate the Sale and Purchase Agreement in which case, all rights, obligations and liabilities of the parties under the Sale and Purchase Agreement shall terminate and neither of the parties shall have any claim against the other in respect of the Sale and Purchase Agreement but without prejudice to the accrued rights and obligations of the parties before that termination.

If any of the Conditions Precedent has not been fulfilled or, where applicable, waived on or before the Long Stop Date, the Sale and Purchase Agreement will lapse and the parties thereto will be released from all obligations therein, save for liabilities for any antecedent breaches of the Sale and Purchase Agreement. As at the Latest Practicable Date, none of the conditions have been fulfilled.

Purchase Price and settlement arrangement

The Purchase Price shall be paid by the Company to Easyknit Properties by issuing 2025 Convertible Note to Easyknit Properties or its nominee on the Completion Date. As at the Latest Practicable Date, the Purchase Price is expected to be approximately HK$287.1 million.

Miscellaneous

Under the Sale and Purchase Agreement, Easyknit Properties has agreed to give certain indemnities, including in respect of tax arising from the activities of Mark Profit prior to the completion of the Sale and Purchase Agreement which is not disclosed in the account of Mark Profit, which in aggregate shall not exceed a maximum amount equivalent to the Purchase Price.

2025 CONVERTIBLE NOTE

The principal terms of the 2025 Convertible Note are summarized below:

Issuer	:	The Company
Maximum principal amount	:	HK$287,100,000 (expected as at the Latest Practicable Date)
Maturity date	:	The fifth anniversary of the Issue Date, when the entire then-outstanding principal amount, together with all outstanding accrued interest, of the 2025 Convertible Note will become due and payable by the Company to the holder of the 2025 Convertible Note.
Redemption price at maturity	:	100% of the principal amount of the 2025 Convertible Note outstanding on the maturity date, together with all unpaid interest accrued on it.
Redemption	:	Any amount of the 2025 Convertible Note which remains outstanding on the maturity date shall be redeemed in full. Any amount of the 2025 Convertible Note which is redeemed will be cancelled forthwith.
Early redemption	:	Allowed at any time at election of the holder (with the approval of the Company) or the Company.

Interest : The 2025 Convertible Note will bear interest on the outstanding principal amount thereof from the Issue Date at a rate of 5% per annum. Interest will be payable semi-yearly in arrears.

The interest rate was determined by the parties after arm's length negotiations and with reference to (i) the prevailing market conditions; and (ii) the indicative costs of unsecured mid-term/long-term debt finance preliminarily quoted to the Company by its bank(s) upon enquiry.

Conversion rights : The holder of the 2025 Convertible Note will have the right to convert the whole or part of the outstanding principal amount of the 2025 Convertible Note (in amounts of not less than an integral multiple of HK$1,000,000 on each conversion, unless the outstanding principal amount of the 2025 Convertible Note is less than HK$1,000,000 in which case the whole (but not part only) of that amount shall be converted) into the Conversion Shares at any time during the conversion period (as detailed below) at the conversion price of HK$0.169 per Conversion Share (subject to adjustments).

The Company will not be obliged to issue any Conversion Shares if immediately following the conversion, (i) the Company will be unable to meet the minimum public float requirement under the Listing Rules; or (ii) there will be a change in control of the Company under the Takeovers Code.

Conversion period : The period from the date falling on the Issue Date up to and including the date falling on the seventh last Business Day prior to the maturity date.

Conversion price : Upon issue of the 2025 Convertible Note, the initial conversion price will be HK$0.169 per Conversion Share (subject to adjustments) on the occurrence of the following:

(i) If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation or subdivision, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such alteration by the fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after alteration; and

B is the nominal amount of one Share immediately before alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(ii) (1) If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves, other than Shares issued in lieu of the whole or any part of a cash dividend (the "**Relevant Cash Dividend**"), being a dividend which the Shareholders concerned would or could otherwise have received in cash ("**Scrip Dividend**"), the conversion price shall be adjusted in the case of an issue of Shares other than by way of Scrip Dividend by multiplying the conversion price in force immediately before such issue by the fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall be effective (if appropriate, retrospectively) from the commencement of the day following the record date for such issue.

(2) in case of an issue of Shares by way of a Scrip Dividend the current market price of which Shares exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, by multiplying the conversion price in force immediately before the issue of such Shares by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount per Share of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the current market price of the number of Shares issued in respect of each existing Share in lieu of the whole, or the relevant part of the Relevant Cash Dividend; and

C is the aggregate nominal amount of Shares issued by way of such Script Dividend;

or by making such other adjustment as an approved merchant bank shall certify to the Company is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares.

(iii) If and whenever the Company shall pay or make any Capital Distribution to the Shareholders (except where the conversion price falls to be adjusted under sub-paragraph (ii) above (or falls within sub-paragraph (ii) above but no adjustment falls to be made), the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such Capital Distribution by the fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the dealing day last preceding the date on which the Capital Distribution is publicly announced; and

B is the fair market value on the date of such announcement, as determined by an approved merchant bank, of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made.

(iv) If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95 per cent. of the current market price per Share on the last trading day preceding the date of the announcement of the terms of the issue or grant, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such issue or grant by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would purchase at such current market price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

(v) If and whenever the Company shall issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights of any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such issue or grant by the fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the last trading day preceding the date on which such issue or grant is publicly announced; and

B is the fair market value on the date of such announcement as determined in good faith by an approved merchant bank, of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

(vi) If and whenever the Company shall issue (otherwise than as mentioned in sub-paragraph (iv) above) wholly for cash any Shares (other than Shares issued on the exercise of conversion rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or on the issue or grant of (otherwise than as mentioned in sub-paragraph (iv) above) options, warrants or other rights to subscribe for or purchase Shares in each case at a price per Share which is less than 95 per cent. of the current market price on the trading day last preceding the date of announcement of the terms of such issue, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such issue or grant by the fraction:

$$\frac{A + B}{C}$$

where:

A is the number of Shares in issue immediately before the issue of such additional Shares or the issue or grant of such options, warrants or other rights to subscribe for or purchase any Shares;

B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such current market price per Share; and

C is the number of Share in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue or grant by the Company of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such Shares or, as the case maybe, the issue or grant of such options, warrants or other rights.

(vii) Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this sub-paragraph (vii), if and whenever the Company or any of its subsidiary (otherwise than as mentioned in sub-paragraphs (iv), (v) or (vi) above), or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiary) any other person shall issue wholly for cash any securities (other than the 2025 Convertible Note) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares (or grant any such rights in respect of any existing securities so issued) to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the current market price per Share on the trading day last preceding the date of announcement of the terms of issue of such securities, the conversion price shall be adjusted, by multiplying the conversion price in force immediately prior to such issue (or grant) by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such issue (or grant);

B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion or subscription for or exchange of or upon exercise of the right of subscription attached to such securities would purchase at such current market price per Share; and

C is the maximum number of Shares to be issued upon conversion into or subscription for exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue (or grant) of such securities.

(viii) If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in sub-paragraph (vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the current market price per Share on the trading day last preceding the date of announcement of the proposals for such modification, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such modification by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such modification;

B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion or exchange or upon exercise of the right of subscription attached to the securities so modified would purchase at such current market price per Share or, if lower, the existing conversion, exchange or subscription price; and

C is the maximum number of Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

(ix) If and whenever the Company or any of its subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiary) any other person issues, sells or distributes any securities in connection with an offer by or on behalf of the Company or any of its subsidiary or such other person pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 60 per cent. of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the conversion price falls to be adjusted under sub-paragraphs (iv) to (vii) above), the conversion price shall be adjusted by, multiplying the conversion price in force immediately prior to such issue by the fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the last trading day preceding the date on which such issue is publicly announced; and

B is the fair market value on the date of such announcement, as determined in good faith by an approved merchant bank, of the portion of the relevant offer attributable to one Share.

Such adjustment shall become effective on the date of issue of such securities.

(x) If the Company considers that it would be appropriate for an adjustment to be made to the conversion price as a result of one or more events or circumstances not referred to above, the Company shall request an approved merchant bank to determine what adjustment (if any) to the conversion price is fair and reasonable to take account thereof. Any adjustment under this provision is limited to downward adjustment. The Board considers that this is fair and reasonable and consistent with market norms and that holder of the 2025 Convertible Note generally would not agree to any upward adjustment, except on a consolidation, given that the matters that may give rise to adjustment are in the control of the Company.

		If any adjustment event other than a sub-division occurs which leads the number of Conversion Shares issuable under the 2025 Convertible Note to exceed 1,698,816,568, then the holder of the 2025 Convertible Note shall be entitled to select to convert the 2025 Convertible Note into up to 1,698,816,568 Conversion Shares based on the adjusted conversion price and any outstanding remaining principal amount of the 2025 Convertible Note shall be redeemed by the Company on the maturity date in accordance with its terms.
Ranking of the Conversion Shares	:	The Conversion Shares, if and when allotted and issued, shall rank pari passu in all respects with all other Shares in issue as at the date of the relevant conversion notice and shall be entitled to all dividends and other distributions the record date of which falls on or after the date of the relevant conversion notice.
Transferability	:	No assignment or transfer (whether in whole or in part) of the 2025 Convertible Note except with prior written consent of the Company, provided that no such consent is required in respect of a transfer by a holder of the 2025 Convertible Note to (i) the holding company or (ii) the subsidiaries or affiliated companies of the holder of the 2025 Convertible Note or the fellow subsidiaries or fellow affiliated companies of the holder of the 2025 Convertible Note.
Voting	:	The holder of the 2025 Convertible Note will not be entitled to attend or vote at any meetings of the Company by reason only of being the holder of the 2025 Convertible Note.
Others	:	The conversion rights attaching to the 2025 Convertible Note shall not be exercisable if and to the extent that immediately after such exercise the number of Shares required to be held by the public as required by Rule 8.08 of the Listing Rules would be contravened.
		The Company will not be obliged to issue any Conversion Shares if immediately following the conversion there will be a change in control of the Company under the Takeovers Code.

The initial conversion price of HK$0.169 per Conversion Share (subject to adjustments) represents:

(i) a premium of approximately 4.32% over the closing price of HK$0.162 per Share as quoted on the Stock Exchange on 10 October 2025, being the date of Sale and Purchase Agreement;

(ii) a discount of approximately 16.34% to the average closing price of approximately HK$0.202 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of Sale and Purchase Agreement;

(iii) a discount of approximately 15.50% to the average closing price of approximately HK$0.200 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of Sale and Purchase Agreement;

(iv) a discount of approximately 18.75% to the average closing price of approximately HK$0.208 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the date of Sale and Purchase Agreement;

(v) a premium of approximately 42.02% over the average closing price of approximately HK$0.119 per Share as quoted on the Stock Exchange for the last ninety consecutive trading days up to and including the date of Sale and Purchase Agreement; and

(vi) a discount of approximately 93.90% to the audited net asset value per Share of approximately HK$2.77 as at 31 March 2025 based on the 1,014,444,348 Shares in issue as at the date of Sale and Purchase Agreement.

In determining the conversion price, the Directors have reviewed the closing prices of the Shares during the period from 1 January 2025 and up to and including 6 October 2025 (the "**Period**"). The Directors consider that the Period could reflect the most recent trend of the prevailing market price of the Shares and the closing prices of the Shares fluctuated within the range from HK$0.068 per Share to HK$0.350 per Share.

The average closing price of the Shares was approximately HK$0.110 during the Period. The conversion price of HK$0.169 represents a premium of approximately 53.64% over the average closing price of the Shares during the Period. It is noted that since 2 January 2025 (the first trading day of the Period), the closing price of the Shares continued to fluctuate upward to the closing price of HK$0.167 per Share on 19 February 2025 and then continued to fluctuate downward to the lowest closing price of HK$0.068 per Share on 3 July 2025 during the Period, representing a decrease of around 59.3%. The conversion price of HK$0.169 per Conversion Share represents a premium of around 148.53% over the aforesaid lowest closing price in the Period.

After 3 July 2025, the closing price of the Shares fluctuated within a range from the aforesaid lowest closing price of HK$0.068 to HK$0.076 on 25 August 2025, and then it increased sharply to HK$0.350 per Share (which is the highest closing price of the Shares during the Period) on 4 September 2025 within eight trading days. After the sudden increase, the closing price of the Shares decreased significantly by around 41.14% to HK$0.192 on 18 September 2025 in ten trading days. The Directors considered that such sudden fluctuations in the closing price of the Shares within eighteen trading days from 26 August 2025 to 18 September 2025 should not be considered on a standalone basis for determining the conversion price because they are likely random and temporary, and therefore a longer period of observation is more reasonable. As set out above, the conversion price of HK0.169 per Conversion Share represents (i) a premium of approximately 42.02% over the average closing price of approximately HK$0.119 per Share for the last ninety consecutive trading days up to and including the date of Sale and Purchase Agreement; and (ii) a premium of approximately 53.64% to the average closing price of HK$0.110 of the Shares during the Period.

The Directors also noticed that, during the Period, the Shares have been being traded constantly at discounts to the then net asset value per Share. The discounts to the then net asset value per Share ranged from approximately 87.39% to 99.00%, with an average of approximately 96.30%. With respect to the conversion price, the discount of approximately 93.90% to the audited net asset value per Share of approximately HK$2.77 as at 31 March 2025 based on the 1,014,444,348 Shares in issue as at the date of Sale and Purchase Agreement is therefore slightly greater than the average and within the range of the discounts of the net asset value per Share during the Period.

In assessing the fairness and reasonableness of the discount of approximately 93.90% to the audited net asset value per Share of approximately HK$2.77 as at 31 March 2025 based on the conversion price, apart from the historical Share performance, the Directors have also reviewed the historical trading volume of the Shares. During the Period, the percentage of average daily trading volume to total number of Shares issued ranged from approximately 0.0% to 15.03%, with an average of approximately 0.76%. The average daily trading volume of the Share is considered to be relatively thin.

Having considered that the Shares were traded at the discount of approximately 93.90% to the audited net asset value per Share of HK$2.77 as at 31 March 2025 based on the 1,014,444,348 Shares in issue as at the date of the Sale and Purchase Agreement, the Directors are of the view that the prevailing market price is a more relevant factor in determining the fairness and reasonableness of the conversion price. Discount of conversion price to net asset value per Share should be taken as a reference only and the current market price of the Shares directly reflects the value of the Shares that is generally perceived by the market. In the stock market, the trading price is derived from the supply and demand which reflects the fair value and acceptable trading prices in the market. Given that the Shares were traded at a deep discount to the net asset value per Share throughout the Period, and the market price of the Shares has already reflected the expectation of the investors in respect of the Company (such as its financial results, and business development and decisions) and the recent market sentiment, the Directors are of the view that it is reasonable to make reference to the prevailing market price of the Shares, rather than the net asset value per Share in determining the conversion price. The Directors therefore consider the initial conversion price (subject to adjustments) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors have also considered alternative financing methods, including equity fund raising methods by way of a rights issue or an open offer to finance the Acquisition. With respect to equity fund raising methods by way of a rights issue or an open offer, the Directors are of the view that though it would not immediately dilute the interests of the Shareholders if all the Shareholders take up the offer, yet it is considered to be relatively costly as the Company will have to engage professional parties which would incur additional professional fees and administrative costs of an estimate of approximately HK$1.0 million. Furthermore, in view of the comparatively thin trading volume of the Shares, it would be difficult for the Company to pursue equity financing in the capital market without providing considerable discount to the prevailing market price of the Shares so as to attract potential investors and/or existing Shareholders, whereas having more dilution impact to the Shareholders as compared to the issue of the 2025 Convertible Note which will not cause any dilution unless and until it is converted to Conversion Shares.

In addition, a rights issue or an open offer of new Shares is subject to underwriting uncertainty and/or market risks whilst any arm's length underwriting arrangement is normally subject to standard force majeure clauses in favor of the underwriter and may generally incur higher transaction costs (i.e. underwriting commission and other related fees).

As regard asset realization, the Directors consider that such a step may have to go through a lengthy process and the timing of which may not match with that required for financing the Acquisition which was planned to be completed in November 2025. Besides, the disposal of the assets may not be favorable and justified in the very short term given the current market conditions although offering the completed projects for sale whether by en bloc or strata sale anytime is always a key option taken by the Group when opportunities arise and as long as there is favorable offer.

The Directors also consider that the ability to obtain further bank borrowing depends on the profitability and financial positions of Group as well as the prevailing market condition, and may be subject to lengthy due diligence procedures and internal risk assessment by and negotiations with banks. Moreover, as discussed with the bank, the new financing for the Bank Loans of HK$418 million is related to the Property, representing over 60% of the expected sale value of the Property and hence the Company is unable to obtain further financing from bank to finance the Acquisition. As a result, the Purchase Price has to be supported by the proposed issue of 2025 Convertible Note although the effective interest rate which could be quoted from the potential bank(s) in Hong Kong for a five-year bank loan is around 4.7% to 5.0%. The Directors are of the view that the settlement of consideration for the Acquisition by issuing the 2025 Convertible Note is a more viable option to the Company.

Assuming that the conversion rights are exercised in full based on the maximum principal amount of HK$287,100,000 at the initial conversion price of HK$0.169 per Conversion Share (subject to adjustment), a maximum amount of 1,698,816,568 Conversion Shares will be allotted and issued, representing approximately 167.5% of the issued share capital of the Company at the Latest Practicable Date and approximately 62.6% of the issued share capital of the Company as enlarged by the allotment and issue of such Conversion Shares and assuming that save for the issue of Conversion Shares, there will be no change to the issued share capital of the Company from the Latest Practicable Date up to and including the date of issue of such Conversion Shares.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the 2025 Convertible Note on the Stock Exchange or any other stock exchange and no application will be made for the listing of the Conversion Shares on any other stock exchange.

SHAREHOLDING STRUCTURE

A maximum amount of 1,698,816,568 Conversion Shares will be allotted and issued upon full conversion of the 2025 Convertible Note based on the maximum principal amount of HK$287,100,000 at the initial conversion price of HK$0.169 per Conversion Share (subject to adjustments). The table below sets out the current shareholding structure of the Company and the structure as it will be on the assumptions that there is no change in the number of Shares in issue and the conversion rights attached to the 2025 Convertible Note have been fully exercised.

Shareholders	As at the Latest Practicable Date		Immediately upon the full exercise of the 2023 Convertible Note alone		Immediately upon the full exercise of the 2025 Convertible Note alone		Immediately upon the full exercise of the 2023 Convertible Note and 2025 Convertible Note	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Easyknit and certain of its subsidiaries	82,286,811	8.11	744,786,811	36.97	1,781,103,379	65.64	2,443,603,379	65.81
Substantial Shareholders/other holders of 2023 Convertible Note								
Chu Nin Yiu, Stephen	106,325,339	10.48	106,325,339	5.28	106,325,339	3.92	106,325,339	2.86
Hu Rong	122,681,000	12.09	122,681,000	6.09	122,681,000	4.52	122,681,000	3.30
Feng Shihua	0	0	175,000,000	8.69	0	0	175,000,000	4.71
Wu Mengmeng	0	0	162,500,000	8.07	0	0	162,500,000	4.38
Other public Shareholders	703,151,198	69.32	703,151,198	34.90	703,151,198	25.92	703,151,198	18.94
Total	**1,014,444,348**	**100.00**	**2,014,444,348**	**100.00**	**2,713,260,916**	**100.00**	**3,713,260,916**	**100.00**

In the event that Easyknit Group becomes obliged to make a general offer to the Shareholders in compliance with Rule 26 of the Takeovers Code as a result of a conversion of the outstanding principal amount of 2023 Convertible Note and/or 2025 Convertible Note, Easyknit Group will do so.

INFORMATION ABOUT EASYKNIT GROUP

The Easyknit Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses which property development and property investment are the core businesses. The Easyknit Group's portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in property development, property investment (comprising ownership and rental of investment properties), investment in securities and others and loan financing business which property development and property investment are the core businesses.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SALE AND PURCHASE AGREEMENT

The Acquisition is part of the Company's core business of property investment and the Directors believe that the Acquisition will enhance its portfolio of real estate assets at a reasonable price in view of the current market conditions. The Group remains prudently optimistic about the prospects of the property and securities markets in Hong Kong. The Acquisition is in line with the Company's investment strategy and policy and it will continue to identify appropriate investment and divestment opportunities that fit its objective and investment criteria (which include focusing on value appreciation over a relatively long period for property investment and investing in listed companies with good financial and share price performance, and future prospect), and will continue to seek quality opportunities to replenish its investment portfolio as an ongoing business exercise.

The terms of the Sale and Purchase Agreement has been determined after arm's lengths negotiations between the parties thereto and the Directors are of the view that the Sale and Purchase Agreement is on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The intention of the Acquisition is to earn a return on the property investment through rental income on the existing tenancy of the Property upon expiry and/or for future sale of the Property. As at the Latest Practicable Date, the Property is intended to be held for rental purpose and if opportunity arises when there is potential buyer(s) who proposes favorable offer(s) then future sale of the Property will be considered.

The Directors reviewed and assessed the potential cash flow impact of the Acquisition on the Group and the financial information of Mark Profit and they are of the view that the Acquisition is an opportunity to expand the portfolio of retail property assets without a material amount of immediate cash outflows through the issue of the 2025 Convertible Note, at a price that is reasonable. Although the historical cash outflows of Mark Profit related to the Property in total of approximately HK$42.7 million per annum exceed the cash inflows of approximately HK$11.1 million and will therefore reduce the cash resources of the Company, the Directors are of the view that the Group is able to finance the outflows for the foreseeable future having considered the sale of its completed property located at Causeway Bay (Project Matheson Street) which is expected to be completed in the last quarter of 2025 or in 2026 and other relevant factors that:

(i) the current outstanding amount of bank loan related to Project Matheson Street is around HK$449.2 million and the estimated net proceeds from the sale of Project Matheson Street at HK$600 million is around HK$150.8 million;

(ii) the role of tenant of a property is passive in respect of the transfer of property ownership. As long as the property buyer is well-informed and it accepts to be the new lessor of the property with the existing agreed rental terms, the tenant has no right to object the transfer of property ownership. Therefore, the Company is able to dispose the whole block of Project Matheson Street;

(iii) the Company received preliminary offers for the whole block of Project Matheson Street in the past few months and the proposed purchase price is approximately HK$600 million according to the latest preliminary offer letter;

(iv) the holder of 2023 Convertible Note may choose to exercise the attached conversion right on or before the maturity date as the conversion price was amended to HK$0.07 per Share although the Group will have sufficient working capital for its present requirements for the twelve months period from October 2025 to September 2026;

(v) although the secured bank loan under current liabilities of the Group amounted to approximately HK$1,575 million as at 31 March 2025, (a) the current assets of the Group amounted to approximately HK$3,767 million as at 31 March 2025; and (b) the Group's gearing ratio as at 31 March 2025, which is calculated as a ratio of total bank borrowings to Shareholders' equity, was approximately 0.7 which is equivalent to 0.7 as at 31 March 2024;

(vi) assuming the value of the Property of HK$693 million and the amount of bank loan of HK$418 million to be taken up by the Group in relation to the Property will remain unchanged, the net proceeds (without considering the relevant transaction and tax expenses) that can be generated at the time of maturity of 2025 Convertible Note in 2030 will be around HK$275 million by disposing the Property which is almost sufficient to cover the outstanding principal amount of 2025 Convertible Note of HK$287.1 million; and

(vii) proceeds will be generated from the sales of units of Project Kennedy Town (a commercial and/or residential mixed use development) with an attached construction loan of approximately HK$733.7 million and the occupation permit of which is expected to be received by the end of 2025, and the sales of around 60% of this project are expected to generate net proceeds of approximately HK$242.6 million (after considering the commission and marketing costs of approximately HK$45.4 million and the repayment of related loan of approximately HK$432.0 million) during the period from January to September 2026 according to the Company's latest marketing plan by reference to the sales progress of two single-block buildings located in the western district of Hong Kong Island, namely THE HIGHLINE and DES VOEUX W RESIDENCE of other property developers, with an estimated average price per square foot comparable to the average selling price per square foot of the recent transactions of newly developed residential projects of other property developers in the same district or other districts nearby.

As described above, there is a degree of flexibility for the Company to decide to settle the new financing for the Bank Loans and 2025 Convertible Note by disposing the Property (as a contingency plan) if it prefers to reduce its cash outflows in relation to its interest expense in the future. According to the latest draft valuation report prepared by an Independent Third Party based on market approach, the expected sale value of the Property is HK$693 million (representing an increase of HK$11 million or 1.6% as compared to the estimated sale value of HK$682 million as at 31 March 2025) which almost covers the aggregate amount of the Bank Loans and the principal amount of 2025 Convertible Note. The Company also believes that it will be able to enhance cash inflows by increasing the rental fee after the expiry of the tenancy agreement and enjoy capital gains over the longer term by disposing the Property later, at least five years from now (especially if the holder of 2025 Convertible Note decides to exercise all or some of the conversion rights), so that the Property can be held for a longer term to realise a greater capital gain. In addition, the historical value of the Property in 2019 was approximately HK$862 million according to the information received by the Company, which is around 24.4% higher than the recent expected sale value of the Property of HK$693 million, implying a growth potential as the Company considers the recent retail property market is at the bottom of the cycle. The Company is of the opinion that, taking into consideration the Group's present financial resources, the net proceeds to be received from the possible sales of Project Matheson Street and Project Kennedy Town units and the cash outflows to be caused by the Acquisition (such as the repayments and interest payments of the Bank Loans under new financing, and interest payments for the 2025 Convertible Note) as well as ordinary operation expenses and other loan repayments not related to the Acquisition, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

Assessment of potential capital gain on the Property

The Company has considered several scenarios for assessing the potential gain on the Property. In the assessment, relevant factors have been taken into account including the major expenses related to the Property, which comprise (i) the interest expense related to the new financing for the Bank Loans; (ii) the interest of 2025 Convertible Note; and (iii) expenses for maintaining the Property, the expected rental income to be generated from the Property and the potential capital gain on the Property.

The rental income is assumed to increase after the expiry of the tenancy agreement from the current monthly rent of HK$925,000 to HK$2,080,000 which is equivalent to the monthly rent of the Property during 2019 to 2022 according to the information received by the Company. The basis for such assumption is that (i) the reduction in rent in 2022 was due to the adverse impact of Covid-19 pandemic on the retail industry in Hong Kong; (ii) the recent retail property market is at the bottom of the cycle and the retail sector in Hong Kong is on the track of recovery; and (iii) the highest rental rate of the Property in the last seven years was HK$2,530,000 per month in 2019 according to the information received by the Company. The Company has also made reference to the historical rental rate of a retail property with three storeys located at Nathan Road, Mong Kok and according to the public information, there was a historical sharp increase in the rent of such property by over 200% as a result of tenancy renewal which implies a possibility that the value of the Property, which is located in the same district, will increase significantly to the historical highest level in future due to change in market conditions and recovery of retail industry in Hong Kong. Having considered that some of the retail segments in Hong Kong will progressively recover and the retail property leasing transactions are expected to gradually increase, which will in turn increase the rental rates and values of the retail properties located in the prime areas, it is reasonable to make such assumption for rent increment.

For the scenarios in the assessment, the value of Property is assumed to (i) increase to a level in five years that is the same as its value of HK$727 million in 2020; or (ii) increase at a compound annual growth rate of 1.6% which represents the increase in value of the Property from HK$682 million as at 31 March 2025 to HK$693 million as at 31 August 2025 in just five months. It is considered that such assumption is reasonable because the value of the Property in 2019 of HK$862 million disclosed in the valuation report as at 31 March 2019 received by the Company is even higher and the values of the retail properties located in the prime areas of Hong Kong are expected to increase as a result of the recovery of property market in the long term.

From the view of the Company, it is not uncommon that the rent and value of a retail property located at prime location in Hong Kong increases sharply when there is change in market conditions because the supply of retail properties in prime locations of core shopping districts such as Causeway Bay and Mong Kok is limited. When the tourism industry and domestic spending start to recover, the demand for quality retail properties would increase. It is observed that total retail sales of Hong Kong in July and August 2025 combined increased by approximately 2.8% on a year-to-year basis (mainly driven by a rebound in watch and jewellery sales which increased by approximately 12.8% on a year-to-year basis, the growth in medicine and cosmetics sales of approximately 9.0% on a year-to-year basis and the increase in clothing and footwear sales of approximately 1.3% on a year-to-year basis), which is the fastest increase since the fourth quarter of 2023 due to the growth in visitors arrivals in the same period. Visitors arrivals in July and August 2025 combined increased by approximately 13.9% on a year-to-year basis and increased by approximately 12.4% in the first eight months of 2025 on a year-to-year basis. Rental leasing momentum also improved in the third quarter of 2025 due to accelerating retail sales growth supported by the increase in visitor arrivals.

The rent and value of the Property were at the highest in around 2019 while the number of visitors from Mainland China amounted to approximately 50.8 million in 2018 according to the information published by the Census and Statistics Department, which was the highest in the last twenty years, and the Company considers that there is a certain degree of positive correlation between the rent and value of retail properties in Hong Kong and the number of Mainland Chinese visitors. It is observed that the number of Mainland Chinese visitors decreased significantly after 2019 due to the impact of Covid-19 pandemic but it started to improve after 2022. In 2024, the number of Mainland Chinese visitors amounted to approximately 34.0 million representing an increase of around 27.2% on a year-to-year basis. In the first eight months of 2025, the number of Mainland Chinese visitors amounted to approximately 25.5 million. If such figure is annualized, the expected number of Mainland Chinese visitors of 2025 would be approximately 38.3 million which is around 12.5% higher than the number of Mainland Chinese visitors in 2024.

Having considered (i) the recent data of Hong Kong retail industry; (ii) the improved leasing momentum as a result of the accelerating retail sales growth; (iii) the increasing trend of the number of Mainland Chinese visitors; and (iv) the delayed effect of retail sales and Mainland Chinese visitors increment on retail property market in Hong Kong, the Company is of the view that it is reasonable to assume the rent and value of the Property will increase to the aforesaid levels in the scenarios.

The time frames of the scenarios in the assessment include five-year period and ten-year period. Based on the aforesaid factors and an assumption that the conversion rights attached the 2025 Convertible Note will be fully exercised in the third year after issuance (since the 2025 Convertible Note is transferrable and the conversion rights attached is exercisable as long as immediately following the conversion there will be no change in control of the Company under the Takeovers Code) and no further interest expense will be incurred, the results of the scenarios show that the potential capital gain of the Property will be able to outweigh the purchase cost of the Property and the net expense related to the Property.

Expectation on retail property market in Hong Kong

While the retail sector in Hong Kong is facing a slower-than-expected recovery due to the persistent economic challenges affecting overall consumer spending, the Directors believe that the retail sector in Hong Kong is on the track of recovery 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. It is noted that the sales of medicines and cosmetics showed resilience with a 5.1% increase for the first eleven months of 2024 as compared to the same period in 2023, reflecting the changing consumer spending patterns.

Though the luxury retailers remain cautious about expansion, opportunities for other service providers to establish street-level visibility has been increasing. For instance, a Singapore-based online securities trading platform, Longbridge, opened its flagship store in Tsim Sha Tsui in 2024 with a store area of around 8,500 sq. ft. It is also observed that the PRC brands, such as Luckin Coffee which has opened sixteen stores in Hong Kong since late 2024, are trying to increase their presence in Hong Kong with an aim to prepare for overseas expansion by making use of the international status of Hong Kong and they are expected to continue their interest to expand to Hong Kong.

Moreover, as a result of the reinstatement of the multiple-entry scheme for Shenzhen residents and the scheduling of world-class mega-events, the number of visitor arrivals to Hong Kong in 2024 reached approximately 45 million. With the aid of the Hong Kong government, such as organizing a series of international conventions and exhibitions, the Directors believe that some of the retail segments in Hong Kong will progressively recover and the retail property leasing transactions are expected to gradually increase, which will in turn increase the rental rates and values of the retail properties which are located in the prime areas in the long term (at least five years from now). The Directors also consider that the wide-ranging stimulus measures intended to stimulate consumption and revive capital markets by the PRC government will boost the purchasing power of Chinese consumers, including the visitors to Hong Kong.

While strengthening the financial position of the Group is one of the key objectives, replenishing its property portfolio via acquisition of quality real estate assets and capturing opportunities to realize capital gain in the long term is also important.

The Company believes that the Hong Kong retail property market is experiencing a period of adjustment with a mix of challenges and opportunities. While it is observed that high street and shopping center vacancy rates have slightly increased in general, leasing activity in core areas, particularly for some business segments, is comparatively robust. Rents are generally under pressure but some prime areas are seeing very mild rental growth due to increased occupancy. Although there was write-down on the Group's properties, the Company is of the view that the value of Property will not materially drop further and may even increase in the long term (at least five years from now) having considered (i) its observation and belief about the recent trends of the retail property market and economy of Hong Kong; and (ii) the quality of the Property.

The Property is located at Fa Yuen Plaza (a prime area in Mong Kok) which is within five minutes walking distance from the nearest exit of the MTR station in Mong Kok, with a quality tenant which is a long-established sports goods retail operator in Hong Kong. Therefore, the Company considers that the Acquisition is an opportunity to replenish its property portfolio. Since the Company is able to settle the Purchase Price by issuing 2025 Convertible Note, there will be no immediate cash outflows for the settlement. Although the Company has considered other quality retail properties in the market, potential seller usually prefers cash settlement which requires the Company to use alternative financing methods, including equity fund raising methods by way of a rights issue or an open offer to finance the acquisition.

The Company is of the view that the Property has its own characteristics that make it a unique property in the areas nearby and the most special is that the Property has three floors with a built- in elevator which can enhance accessibility for customers and staff, and improve operational efficiency by quickly transporting goods and people, and hence it is value adding to the Property by contributing good impression and comfortable environment to visitors as well as accessible amenity. The Company believes that there is no property available for sale nearby with the same prominent features as that of the Property in the market at the moment and it also considers that purchasing property at the trough of the property market cycle before the recovery phase could be advantageous because the price is comparatively low and hence the buyer may have a greater potential to be benefited from higher returns when the property market expands with price inflation. As long as the cash flow effect caused by the Acquisition is manageable and a contingency plan is in place, it is reasonable to invest in quality retail property at the moment.

It is also observed that the Hong Kong Monetary Authority ("**HKMA**") has been coordinating with commercial banks on the financing needs of the small and medium-sized enterprises ("**SMEs**"), including those in retail sector, with an aim to offer credit relief to help SMEs overcome challenges in the current business environment while also helping SMEs upgrade and transform. According to HKMA, over 52,000 SME cases have benefited from the measures, involving an aggregate credit limit of over HK$130 billion following the announcement of three rounds of SME support measures since March 2024. Moreover, the 18 banks participating in SME lending, established jointly by the HKMA and the Hong Kong Association of Banks in August 2024, have set aside more than HK$390 billion for loans to SMEs. The Company believes that the aforesaid funds together with various measures implemented by the Hong Kong government to support the economy will allow SMEs (including those retail sector players) to access necessary financing for coping with the evolving business environment which would in turn increase the demand for renting retail properties in Hong Kong, especially those located in the prime areas. It is also noted that the Hong Kong economy expanded solidly in the first quarter of 2025, mainly supported by visible increases in exports of goods and services, as well as the resumption of moderate growth in overall investment expenditure. Real GDP increased by 3.1% on a year-to-year basis in the first quarter of 2025, picking up from the 2.5% growth in the preceding quarter.

The 268,000 shares of Ping An Insurance (Group) Company of China, Ltd.

The inclusion of the 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (the "**Ping An Share(s)**") in the Acquisition is requested by the bank to facilitate the assessment, including financial ratio analysis, for the new financing arrangement. From the view of the Company, as long as the Ping An Shares will be taken up at market price and the purchase of Ping An Shares aligns with its investment purpose and objectives, it is fair and reasonable to do so because (i) Ping An Insurance (Group) Company of China, Ltd. is a sizeable and reputable company in the market and its shares have relatively high liquidity which can be quickly and easily sold at a stable price in return for cash in the stock market; and (ii) taking up the Ping An Shares by issuing the 2025 Convertible Note to settle the Purchase Price will not cause immediate cash outflows to the Group although there is an interest rate of 5% per annum for the 2025 Convertible Note.

The Company holds positive views towards the financial performance and future prospect of Ping An Insurance (Group) Company of China, Ltd. and it intends to hold the Ping An Shares after the Acquisition for at least around three to twelve months to capture potential capital gain having consider the recent closing prices of Ping An Shares and the relevant information disclosed in its latest annual report for the year ended 31 December 2024 and interim report for the six months ended 30 June 2025.

The Company reviewed the closing prices of the Ping An Shares during the period from 31 March 2025 and up to and including 29 September 2025. The closing prices of Ping An Shares fluctuated within the range from HK$40.80 to HK$58.65 per Ping An Share during the review period. It is noted that since 7 April 2025, the closing price of Ping An Shares continued to fluctuate upward from the lowest of HK$40.80 to the highest of HK$58.65 on 25 August 2025 and then fluctuated downward to HK$53.50 on 29 September 2025 being the last day of the review period. It is considered that the closing prices of Ping An Shares show a general upward sloping trend over the past six months and the closing price of HK$53.5 as at the last day of the review period represents a significant increase of approximately 31.1% as compared to the aforesaid lowest closing price of HK$40.80. The Company is of the view that the potential capital gain on Ping An Shares will outweigh the interest expense.

According to the published financial information of Ping An Insurance (Group) Company of China, Ltd., its net profit after tax for the year ended 31 December 2024 amounted to approximately RMB146,733 million which represents an increase of approximately 34.3% on a year-to-year basis and its unaudited net asset value as at 30 June 2025 was around RMB1,343,100 million.

Having considered the above factors and the consideration of other financing methods, the Directors are of the view that the Acquisition and the proposed issue of 2025 Convertible Note are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Ms. Lui Yuk Chu (an executive director of Easyknit and a substantial Easyknit Shareholder and also an executive Director) abstained from voting on the Board resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. No other Director was required to abstain, from voting on the Board resolutions or is required to abstain from voting at the SGM.

EFFECTS OF THE ACQUISITION ON EARNINGS AND ASSETS AND LIABILITIES OF THE ENLARGED GROUP

As presented in the unaudited pro forma financial information of the Enlarged Group as set out in appendix IV to this circular, assuming the Completion took place, the Enlarged Group's loss for the year attributable to the Shareholders would increase from approximately HK$365.3 million to approximately HK$436.0 million; bank balances and cash would decrease by approximately HK$1.1 million; and total assets would increase from approximately HK$4,842.0 million to HK$5,535.5 million and total liabilities will increase from approximately HK$2,027.2 million to HK$2,637.0 million.

FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Date	Equity fund raising activity	Net proceeds raised *(approximately)*	Proposed use of net proceeds	Actual use of net proceeds
15 October 2024 and 3 February 2025 (announcements), 29 November 2024 (circular) and 8 January 2025 (prospectus)	Rights issue on the basis of two rights shares for every one existing share	HK$61.2million	For repayment of the Group's bank loan(s) and working capital	The net proceeds has been fully utilized as intended as at the Latest Practicable Date

Save as disclosed above, the Company has not conducted any fund-raising activities in the twelve months immediately before the Latest Practicable Date.

PUBLIC FLOAT

The 2025 Convertible Note will impose restrictions on conversions to the extent that the conversion would lead to the Company breaching the public float requirement under the Listing Rules.

At the Latest Practicable Date, Easyknit and certain of its subsidiaries hold 82,286,811 Shares in aggregate, representing approximately 8.11% of the total number of issued Shares.

Upon full conversion of the 2025 Convertible Note at the initial conversion price of HK$0.169 per Conversion Share (subject to adjustment), a total of 1,698,816,568 Conversion Shares would be issued, representing approximately 62.6% of the issued share capital of the Company as enlarged by that issue and assuming no other change in the number of issued Shares.

The table show in the sub-section headed "SHAREHOLDING STRUCTURE" of this circular illustrates the existing shareholdings of Easyknit and certain of its subsidiaries in the Company and the effect on their shareholdings in the Company assuming full exercise at the initial conversion price of HK$0.169 of conversion rights under the 2025 Convertible Note.

The Company is mindful of the public float requirement under the Listing Rules and the requirements of the Takeovers Code, and will comply with the relevant Listing Rules and the Takeovers Code, if and when necessary.

SPECIFIC MANDATE

The Conversion Shares will be allotted and issued under a mandate proposed to be granted to the Directors by a resolution passed at the SGM on which only the Independent Shareholders are entitled to vote.

LISTING RULES IMPLICATIONS

Chapter 14

As one or more of the percentage ratios applicable to the purchase of the Sale Company exceeds 100%, that purchase is a very substantial acquisition for the Company and the Sale and Purchase Agreement is subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The SGM will be convened for the Shareholders to consider and, if thought fit, approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note. To the best knowledge, information and believe of the Directors and having made reasonable enquiries, save for Easyknit and certain of its subsidiaries, no Shareholder is involved in or interested in (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note which requires him/her/it to abstain from voting on the respective proposed resolution(s) at the SGM.

Easyknit and certain of its subsidiaries hold 82,286,811 Shares in total (which together controlled or were entitled to exercise control over voting rights of 8.11% of the total number of issued Shares at the Latest Practicable Date) will abstain from voting, at the SGM on the resolution(s) approving (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note.

Chapter 14A

As at the Latest Practicable Date, Goodco holds an amount of HK$46,375,000 of the 2023 Convertible Note. In the event that it is fully converted into conversion Shares, Easyknit and certain of its subsidiaries will control the voting rights of 36.97% of the total number of issued Shares as disclosed in the sub-section headed "SHAREHOLDING STRUCTURE" of this circular. As such, Easyknit is a connected person of the Company and the purchase of the Sale Company is a connected transaction for the Company, and hence the Sale and Purchase Agreement is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE SGM

The SGM will be convened and held to consider and, if thought fit, approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note 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 Monday, 15 December 2025 at 9:30 a.m. is set out on pages N-1 to N-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.

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 Shareholders to attend and vote at the SGM (the "**Entitlement to SGM**"), the register of members of the Company will be closed from Wednesday, 10 December 2025 to Monday, 15 December 2025, 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 Tuesday, 9 December 2025. The record date for Entitlement to SGM will be Monday, 15 December 2025.

RECOMMENDATION

The Board (including the Independent Board Committee, who has considered, among other matters, the factors and reasons considered by, and the opinion of, the Independent Financial Adviser) is of the opinion that the Sale and Purchase Agreement and the transactions contemplated thereunder and the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note are fair and reasonable and in the best interests of the Company and the Shareholders as a whole and the Board recommends the Shareholders to vote in favour of the resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note 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.

Whether and when the Company will proceed with the Acquisition or not will depend on a number of factors including without limitation the prevailing market sentiments and market conditions at the proposed time of executing the Acquisition. There is no assurance that the Company will proceed with the Acquisition. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Yours faithfully,
By order of the Board
EMINENCE ENTERPRISE LIMITED
Lai Law Kau
Chairman and Chief Executive Officer

EMINENCE ENTERPRISE LIMITED
高山企業有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 616)

25 November 2025

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION,
CONNECTED TRANSACTION
AND
ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE

We refer to the circular of Company dated 25 November 2025 (the "**Circular**") and have been appointed as members of the Independent Board Committee to advise you in respect of the Acquisition, details of which are set out in the letter from the Board in the Circular, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages 40 to 79 of the Circular, which contains its advice and recommendations to the Independent Board Committee as to whether or not the Sale and Purchase Agreement and the transactions contemplated thereunder and the terms of the 2025 Convertible Note are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, as well as the principal factors and reasons for its advice and recommendations.

Having considered, among other matters, the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as stated in its aforementioned letter, we are of the opinion that the Sale and Purchase Agreement and the transactions contemplated thereunder and the terms of the 2025 Convertible Note are fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We, therefore, recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the issue of the Conversion Shares as a result of the exercise of the convertible rights attached to the 2025 Convertible Note.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Kan Ka Hon	**Lau Sin Ming**	**Wu Koon Yin Welly**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition contemplated thereunder for the purpose of incorporation into this Circular.

AmCap
Ample Capital Limited
豐盛融資有限公司

Ample Capital Limited
Room 903, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

25 November 2025

To the Independent Board Committee and
the Independent Shareholders of
Eminence Enterprise Limited

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION,
CONNECTED TRANSACTION
AND
ISSUE OF CONVERTIBLE NOTE
UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to (i) advise the Independent Board Committee and the Independent Shareholders whether the Sale and Purchase Agreement and the transactions contemplated thereunder and the terms of the 2025 Convertible Note are fair and reasonable as far as the Independent Shareholders are concerned and in the interest of the Company and the Independent Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote at the SGM. Details of the Acquisition, the issue of the 2025 Convertible Note and the grant of the Specific Mandate are set out in the section headed "Letter from the Board" (the "**Letter from the Board**") contained in the circular (the "**Circular**") of the Company to the Shareholders dated 25 November 2025, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless the context requires otherwise.

The Sale and Purchase Agreement is dated 10 October 2025 and made between Easyknit Properties (as the seller) and the Company (as the buyer). Pursuant to the Sale and Purchase Agreement, amongst other things, the Company conditionally agreed to purchase, and Easyknit Properties conditionally agreed to sell all the Sale Shares. On Completion, Mark Profit will no longer be an indirect wholly-owned subsidiary of Easyknit. Instead, it will be a direct wholly-owned subsidiary of the Company.

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 sq. ft. Other assets of Mark Profit mainly include equity securities listed in Hong Kong which include 42,308,000 shares of Best Food Holding Company Limited (stock code: 1488) and 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318) with a total fair value of approximately HK$46.3 million as at 31 March 2025. The 42,308,000 shares of Best Food Holding Company Limited will be transferred to another wholly-owned subsidiary of Easyknit before the Completion (the "**Securities Transfer**").

The Property is subject to a tenancy in favour of an Independent Third Party (the "**Tenant**") as at the Latest Practicable Date for a term expiring on 17 April 2028, at a monthly rent of HK$925,000, exclusive of Government Rates, management fees and utility charges.

The Purchase Price for the sale and purchase of Sale Shares under the Sale and Purchase Agreement shall be apportioned as the consideration for the sale of Sale Shares which shall be the net asset value of Mark Profit as at the Completion Date after the (i) adjustments in relation to the Securities Transfer and Debt Novation; (ii) adjustment (if any) to the value of the Property based on the valuation report prepared by a property valuer who is an Independent Third Party; and (iii) adjustment (if any) to the value of the 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (the "**Sale Shares Consideration**") minus a sum equal to the expected total net amount due from Mark Profit's ultimate holding company and fellow subsidiaries to Mark Profit of approximately HK$272.5 million outstanding as at the Completion Date on a dollar-for-dollar basis (such amount will be eliminated in the book of Mark Profit upon Completion). As at the Latest Practicable Date, the Purchase Price is expected to be approximately HK$287.1 million.

LISTING RULES IMPLICATION

As one or more of the percentage ratios applicable to the purchase of the Sale Company exceeds 100%, the Sale and Purchase Agreement is a very substantial acquisition for the Company and is subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, Goodco holds an amount of HK$46,375,000 of the 2023 Convertible Note. In the event that it is fully converted into conversion Shares, Easyknit Group and its subsidiaries will control the voting rights of 36.97% of the total number of issued Shares as disclosed in the paragraph headed "Shareholding Structure" in the Letter from the Board of this Circular. As such, Easyknit is deemed to be a connected person of the Company and the Sale and Purchase Agreement constitute to a connected transaction for the Company, and hence is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The SGM will be convened for the Shareholders to consider and, if thought fit, approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note. To the best knowledge, information and believe of the Directors and having made reasonable enquiries, save for Easyknit, no Shareholder is involved in or interested in (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note which requires him/her/it to abstain from voting on the respective proposed resolution(s) at the SGM.

The Easyknit Group and certain of its subsidiaries hold 82,286,811 Shares in total (which together controlled or were entitled to exercise control over voting rights of 8.11% of the total number of issued Shares at the Latest Practicable Date) will abstain from voting, at the SGM on the resolutions approving (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly, has been established to advise the Independent Shareholders as to whether the terms of the Acquisition, the issue of the Convertible Note and the grant of the Specific Mandate and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the SGM.

OUR INDEPENDENCE

During the last two years, we were engaged as an independent financial adviser to the Company in respect of the right issues and the transactions contemplated thereunder (details can be referred to the circular of the Company dated 28 November 2024). As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial shareholders, directors or chief executives, or any of their respective associates that could reasonably be regarded as relevant to our independence. As at the Latest Practicable Date, apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser and the engagement as stated above, no other arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence as pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the "**Management**"); and (iv) our review of the relevant public information.

We have assumed that all the information provided, and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon and continue to be so up to the date of the SGM. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and continue to be so up to the date of the SGM and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the SGM. Independent Shareholders will be informed of any material change of information and the representations made or referred to in the Circular as soon as possible up to the date of the SGM.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made, or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Sale and Purchase Agreement and the transactions contemplated thereunder and the terms of the 2025 Convertible Note, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Background information of the parties

1.1 Background information and financial overview of the Group

As stated in the Letter from the Board, the Group is principally engaged in property development, property investment (comprising ownership and rental of investment properties), investment in securities and others and loan financing businesses which property development and property investment are the core businesses.

1.2 Financial information of the Group

Set out below is a summary of the audited consolidated financial results of the Group for the three years ended 31 March 2023, 2024 and 2025 ("**FY2023**", "**FY2024**" and "**FY2025**", respectively) as extracted from the 2024 Annual Report and the 2025 Annual Report:

	For the year ended 31 March		
	2023	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Revenue	27,194	30,693	44,857
Gross profit	24,225	27,173	26,834
(Loss) profit attributable to owners of the Company	63,572	(213,149)	(365,299)

	As at 31 March		
	2023	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Cash and cash equivalents	354,002	299,717	57,266
Current assets	3,816,027	4,074,899	3,767,200
Net current assets	3,318,221	2,797,639	2,108,989
Total assets	5,624,267	5,408,807	4,842,030
Current liabilities	867,920	1,277,260	1,658,211
Total liabilities	2,389,101	2,361,611	2,027,245
Net assets attributable to owners of the Company	3,235,166	3,047,196	2,814,785

FY2025 vs FY2024

The Group's consolidated revenue increased from approximately HK$30.7 million for FY2024 to approximately HK$44.9 million for FY2025, representing an increase of approximately HK$14.2 million or 46.2%. The Group further recorded a loss attributable to owners of the Company increased from approximately HK$213.4 million for FY2024 to approximately HK$365.3 million for FY2025, representing an increase of approximately HK$152.2 million or 71.4%. The increase in the loss attributable to owners of the Company for FY2025 was mainly attributable to, among other things, (i) the increase in loss on changes in fair value of investment properties; (ii) the increase in loss on disposal of investment properties; (iii) the increase in write-down on properties held for development for sale and properties held for sale; (iv) the increase in the net loss on changes in fair value of financial assets at fair value through profit or loss; (v) the increase in loss on modification of terms of convertible note; and (vi) the increase in finance costs, which were partially offset by the decrease in taxation expenses.

As at 31 March, 2025, the Group recorded cash and cash equivalents amounting to approximately HK$57.3 million (31 March 2024: approximately HK$299.7 million) and the net current asset value was approximately HK$2,109.0 million (31 March 2024: approximately HK$2,797.6 million).

As at 31 March 2025, the Group has total bank borrowings of approximately HK$1,892.3million (31 March 2024: approximately HK$2,066.7 million). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to shareholders' equity, was approximately 0.7 (31 March 2024: approximately 0.7). As at 31 March 2025, the Group's current ratio was approximately 2.3. (31 March 2024: approximately 3.2).

FY2024 vs FY2023

The Group's consolidated revenue increased from approximately HK$27.2 million for FY2023 to approximately HK$30.7 million for FY2024, representing an increase of approximately HK$3.5 million or 12.9%. For FY2024, the Group recorded a loss attributable to owners of the Company of approximately HK$213.1 million as compared to a profit attributable to owners of the Company of approximately HK$63.6 million for FY2023. The loss during the year was mainly attributed to (i) recorded a write-down on properties held for development for sale, net of approximately HK$102.9 million in FY2024 compared to a write-back on properties held for development for sale, net of approximately HK$40.4 million in FY2023; (ii) increased in administrative expenses from continuing operations of the Group by approximately HK$11.4 million; and (iii) increased in finance costs of approximately HK$32.1 million.

As at 31 March, 2024, the Group recorded cash and cash equivalents amounting to approximately HK$299.7 million (31 March 2023: approximately HK$354.0 million) and the net current asset value was approximately HK$2,797.6 million (31 March 2023: approximately HK$3,318.2 million).

As at 31 March 2024, the Group has total bank borrowings of approximately HK$2,066.7 million (31 March 2023: approximately HK$1,871.9 million). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to shareholders' equity, was approximately 0.7 (31 March 2023: approximately 0.6). As at 31 March 2024, the Group's current ratio was approximately 3.2 (31 March 2023: approximately 4.8).

1.3 Information of the Sale Company

Mark Profit Development Limited is a limited liability company incorporated in Hong Kong, and an indirectly wholly-owned subsidiary of the seller.

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 sq. ft.. Other assets of Mark Profit mainly include equity securities listed in Hong Kong which include 42,308,000 shares of Best Food Holding Company Limited (stock code: 1488) and 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318) with a total fair value of approximately HK$46.3 million as at 31 March 2025. The 42,308,000 shares of Best Food Holding Company Limited will be transferred to another wholly-owned subsidiary of Easyknit before the Completion (the "**Securities Transfer**").

The Property is subject to a tenancy in favour of an Independent Third Party (the "**Tenant**") as at the Latest Practicable Date for a term expiring on 17 April 2028, at a monthly rent of HK$925,000, exclusive of Government Rates, management fees and utility charges.

The Tenant is a long-established sports goods retail operator in Hong Kong, mainly engaged in the supply and retail of sports shoes, apparel, rackets and sports accessories, which has more than fifty years of sports goods retail industry experience and has maintained long-term cooperative relationships with a number of well-known sports brands and suppliers in the world.

1.4 Financial Information of the Sale Company

Set out below is a summary of the key combined financial information of the Sale Company for the two financial years ended 31 March 2025, which has been prepared in accordance with the HKFRS were as follows:

	For the year ended 31 March	
	2024	**2025**
	HK$'000	*HK$'000*
	(audited)	(audited)
Net assets	750,767	717,700
Net loss before taxation	(41,453)	(41,452)
Net loss after taxation	(41,571)	(33,067)

For further details of the Sale Company, please refer to the paragraphs headed "THE SALE AND PURCHASE AGREEMENT" in the Letter from the Board.

1.5 Information of the Easyknit Group

The Easyknit Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses which property development and property investment are the core businesses. The Easyknit Group's portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong.

2. The Sale and Purchase Agreement

2.1 Background of the Sale and Purchase Agreement

As disclosed in the Letter from the Board, the principal terms of the Sale and Purchase Agreement are set out below:

Date

10 October 2025

Parties

(i) Easyknit Properties; and

(ii) the Company.

Asset to be acquired

Sale Shares: The entire issued share capital of Mark Profit.

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 gross area of the Property is 13,544 sq. ft. Other assets of Mark Profit mainly include equity securities listed in Hong Kong which include 42,308,000 shares of Best Food Holding Company Limited (stock code: 1488) and 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318) with a total fair value of approximately HK$46.3 million as at 31 March 2025. The 42,308,000 shares of Best Food Holding Company Limited will be transferred to another wholly-owned subsidiary of Easyknit before the Completion (the "**Securities Transfer**").

Purchase Price and settlement

The Purchase Price for the sale and purchase of Sale Shares under the Sale and Purchase Agreement shall be apportioned as the consideration for the sale of Sale Shares which shall be the net asset value of Mark Profit as at the Completion Date after the (i) adjustments in relation to the Securities Transfer and Debt Novation; (ii) adjustment (if any) to the value of the Property based on the valuation report prepared by a property valuer who is an Independent Third Party; and (iii) adjustment(if any) to the value of the 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (the "**Sale Shares Consideration**") minus a sum equal to the expected total net amount due from Mark Profit's ultimate holding company and fellow subsidiaries to Mark Profit of approximately HK$272.5 million outstanding as at the Completion Date on a dollar-for-dollar basis (such amount will be eliminated in the book of Mark Profit upon Completion). As at the Latest Practicable Date, the Purchase Price is expected to be approximately HK$287.1 million. The addition amount (if any) in excess of the Purchase Price as a result of the aforesaid adjustments will be settled by cash on a dollar-for-dollar basis. According to the Letter of the Board, set out below is the reconciliation:

	HK$' million
Net asset value as at 31 August 2025	716.1
Debt Novation	(120.0)
Securities Transfer	(36.5)
Consideration	559.6
Net amount due from the Mark Profit's ultimate holding company and the fellow subsidiaries as at 31 August 2025	(272.5)
Purchase Price	287.1

The Purchase Price was determined after arm's length negotiations between Easyknit and the Company, taking into account their respective perceptions of the property market and valuation of Property. The Company does not expect there will be material difference between the net asset value of Mark Profit as at the Completion Date and that as at 31 August 2025.

The Purchase Price shall be paid by the Company to Easyknit Properties by issuing 2025 Convertible Note to Easyknit Properties or its nominee on the Completion Date.

Mortgage

The Property is subject to mortgage(s) in favour of a bank, an Independent Third Party, to secure the Bank Loans. As at 31 March 2025, the total outstanding loan principal amount of the Bank Loans plus accrued interest owed by Mark Profit to the bank in relation to the Property was approximately HK$302 million which will be aggregated with the aforesaid amount of approximately HK$120 million after the Debt Novation and before the Completion Date. Arrangements will be made for the Bank Loans after Completion by using the new financing to be obtained by the Company. It is not uncommon to obtain bank loan to finance property acquisition and it is merely a mean of financing to minimize the amount of immediate cash outflows as a result of a property acquisition, and therefore the Company considers that the Bank Loans (together with the related interests) is not related to the determination of Sale Shares Consideration.

Conditions Precedent

Completion of the Sale and Purchase Agreement is conditional upon the fulfilment of the following conditions:

1. the Company having completed its due diligence review on Mark Profit and the Property and being satisfied with the results thereof and the Company having satisfied Mark Profit is in a position to prove and give title to the relevant Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) subject to certain agreed encumbrances (if any);

2. the Company having obtained the requisite approval from the Shareholders in a general meeting in relation to (i) the purchase of the Sale Shares; and (ii) the issue of the 2025 Convertible Note and issue and allotment of the Conversion Shares on conversion of the 2025 Convertible Note (if required) in the manner required under the Listing Rules;

3. Easyknit having obtained the requisite approval from the Easyknit Shareholders in a general meeting in relation to the sale of the Sale Shares in the manner required under the Listing Rules;

4. the Stock Exchange having granted to the Company a listing of, and permission to deal in, the Conversion Shares on the exercise of the conversion rights attached to the 2025 Convertible Note;

5. the consents and approvals (if any) required under security arrangements affecting Mark Profit in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained in form and substance reasonably satisfactory to the Company; and

6. a contractual commitment from bank(s) to lend funds that is sufficient to repay the Bank Loans to release the mortgage securing the Bank Loans in favour of Hang Seng Bank Limited in form and substance satisfactory to the Company.

Conditions 2, 3, 4, 5 and 6 above cannot be waived. In the event condition 1 above is not fulfilled (or waived by the Company) on or before the Long Stop Date, the Company may elect to terminate the Sale and Purchase Agreement in which case, all rights, obligations and liabilities of the parties under the Sale and Purchase Agreement shall terminate and neither of the parties shall have any claim against the other in respect of the Sale and Purchase Agreement but without prejudice to the accrued rights and obligations of the parties before that termination.

If any of the Conditions Precedent has not been fulfilled or, where applicable, waived on or before the Long Stop Date, the Sale and Purchase Agreement will lapse and the parties thereto will be released from all obligations therein, save for liabilities for any antecedent breaches of the Sale and Purchase Agreement.

Completion

On Completion, Mark Profit will no longer be an indirect wholly-owned subsidiary of Easyknit, instead it will become a direct wholly-owned subsidiary of the Company.

The gain or loss arising from the Completion in the book of Easyknit will represent the difference between the Sale Shares Consideration and the adjusted net asset value of Mark Profit as at the Completion Date. For illustration, based on the information available up to the date of this Circular, it is expected to record no gain or loss (subject to the review to be performed by auditor) from the Completion since the consideration for the sale of Sale Shares shall be the adjusted net asset value of Mark Profit as at the Completion Date.

2.2 Principal terms of the 2025 Convertible Note under Specific Mandate

Set out below are the principal terms of the 2025 Convertible Note, details of which are set out in the Letter from the Board.

Issuer:	The Company
Maximum principal amount:	HK$287,100,000 (expected as at the Latest Practicable Date)
Maturity date:	The fifth (5th) anniversary of the issue date, when the entire then-outstanding principal amount, together with all outstanding accrued interest, of the 2025 Convertible Note will become due and payable by the Company to the holder of the 2025 Convertible Note.
Redemption price at maturity:	100% of the principal amount of the 2025 Convertible Note outstanding on the maturity date, together with all unpaid interest accrued on it.

Redemption:	Any amount of the 2025 Convertible Note which remains outstanding on the maturity date shall be redeemed in full. Any amount of the 2025 Convertible Note which is redeemed will be cancelled forthwith.
Early redemption:	Allowed at any time at election of the holder (with the approval of the Company) or the Company.
Interest:	The 2025 Convertible Note will bear interest on the outstanding principal amount thereof from the Issue Date at a rate of 5% per annum. Interest will be payable semi-yearly in arrears. The interest rate was determined by the parties after arm's length negotiations and with reference to (i) the prevailing market conditions; and (ii) the indicative costs of unsecured mid-term/long-term debt finance preliminarily quoted to the Company by its bank(s) upon enquiry.
Conversion rights:	The holder of the 2025 Convertible Note will have the right to convert the whole or part of the outstanding principal amount of the 2025 Convertible Note (in amounts of not less than an integral multiple of HK$1,000,000 on each conversion, unless the outstanding principal amount of the 2025 Convertible Note is less than HK$1,000,000 in which case the whole (but not part only) of that amount shall be converted) into the Conversion Shares at any time during the conversion period (as detailed below) at the conversion price of HK$0.169 per Conversion Share (subject to adjustments). The Company will not be obliged to issue any Conversion Shares if immediately following the conversion, (i) the Company will be unable to meet the minimum public float requirement under the Listing Rules; or (ii) there will be a change in control of the Company under the Takeovers Code.
Conversion period:	The period from the date falling on the issue date up to and including the date falling on the fifth (5th) last Business Day prior to the maturity date.

Conversion price:	Upon issue of the 2025 Convertible Note, the initial conversion price will be HK$0.169 per Conversion Share (subject to adjustments) on the occurrence of the scenarios detailed in the Letter from the Board. If any adjustment event other than a sub-division occurs which leads the number of Conversion Shares issuable under the 2025 Convertible Note to exceed 1,698,816,568, then the holder of the 2025 Convertible Note shall be entitled to select to convert the 2025 Convertible Note into up to 1,698,816,568 Conversion Shares based on the adjusted conversion price and any outstanding remaining principal amount of the 2025 Convertible Note shall be redeemed by the Company on the maturity date in accordance with its terms.
Ranking of the Conversion Shares:	The Conversion Shares, if and when allotted and issued, shall rank *pari passu* in all respects with all other Shares in issue as at the date of the relevant conversion notice and shall be entitled to all dividends and other distributions the record date of which falls on or after the date of the relevant conversion notice.
Transferability:	No assignment or transfer (whether in whole or in part) of the 2025 Convertible Note except with consent of the Company to (i) the holding company or (ii) the subsidiaries or affiliated companies of the holder of the 2025 Convertible Note or the fellow subsidiaries or fellow affiliated companies of the holder of the 2025 Convertible Note.
Voting:	The holder of the 2025 Convertible Note will not be entitled to attend or vote at any meetings of the Company by reason only of being the holder of the 2025 Convertible Note.
Others:	The conversion rights attaching to the 2025 Convertible Note shall not be exercisable if and to the extent that immediately after such exercise and the issue of the related Conversion Shares less than 25% of the issued Shares would be held by the public as required by Rule 8.08 of the Listing Rules.

The Company will not be obliged to issue any Conversion Shares if immediately following the conversion there will be a change in control of the Company under the Takeovers Code.

3. Reasons for and benefits of the Acquisition

As disclosed in the Letter from the Board, the Group is principally engaged in property development, property investment (comprising ownership and rental of investment properties), investment in securities and others and loan financing business which property development and property investment are the core businesses. With reference to the Letter from the Board, considering the material asset of the Sale Company is the Property with a tenancy in favour of an Independent Third Party for a term expiring on 17 April 2028, at a monthly rent of HK$925,000, exclusive of Government Rates, management fees and utility charges, the Acquisition will widen the Group's revenue base and extend its market presence by enriching its real estate assets portfolio, the Management believes that the entering into of the Sale and Purchase Agreement will provide rental income and potential for future sale when there is potential buyer(s) who proposes favorable offer(s).

The Acquisition as an investment decision

When evaluating an investment opportunity, the target's intrinsic potential and market timing are paramount. The Property–comprising Shops 1, 2, and 3 on the Ground Floor, including their street-front showcases, along with Shop 1 on the First Floor and Shop 1 on the Second Floor, interconnected by an observation lift in Fa Yuen Plaza, No. 19 Fa Yuen Street, Mong Kok, Kowloon–presents a compelling case on both fronts.

With a substantial gross floor area of approximately 13,544 square feet, the Property's most significant advantage is its unparalleled configuration. We have conducted independent market research on Centaline by means of desktop search, with selection criteria of area over 10,000 square feet with street-front showcases (and not within a shopping mall) and confirms a lack of comparable premises within prominent retail corridors of Mong Kok and Tsim Sha Tsui that offer a contiguous retail space spanning from a prominent Ground Floor presence up to the Second Floor, seamlessly connected by an observation lift.

While Mong Kok inherently benefits from immense pedestrian traffic as a premier tourist and local shopping hub, the extreme density of Hong Kong's retail market demands a point of differentiation to maximize both rental yield and capital appreciation. The Property transcends the conventional retail model. Its unique vertical integration, anchored by high-footfall ground-level units and enhanced by the experiential observation lift, creates a multi-Level flagship destination. This format is ideally suited for cultivating an immersive, brand-centric experience that appeals to today's savvy consumers, offering a respite from the typical transactional nature of the crowded Mong Kok street scene. Although potential anchor discount may be given, the Property being able to hold one single, large anchor tenant will generate a higher and more stable rental income as compared with multiple smaller tenants in fragmented shops, because there are large number of competitive small and fragmented shops available in the market, the Property justify a higher capital value.

Aside from the abovementioned special features, we understood from the Management that making an investment decision shall take into account of wide range of considerations including but not limited to the location, customer traffic, quality of the existing tenant (if any). Quality property shall enhance the potential of long term capital gain. The Property is currently tenanted by a major international fashion brand, its position is a core component of its value, available for other international fashion brand, sportswear megastore, or beauty and wellness emporium, allowing a single tenant to command a powerful brand presence in one of the world's most dynamic retail landscapes. The Acquisition is not merely a property purchase or investment; it is the acquisition of a scalable retail platform in one of the world's most profitable retail locations. Furthermore, beyond the immediate potential for rental yield and capital appreciation, strategic property investment also can enhance long-term wealth preservation and fiscal efficiency. A primary benefit is its innate function as a powerful hedge against inflation; as living costs rise, both rental income and property values typically appreciate in tandem, preserving and enhancing the real value of the capital. As such, we are of the view that the Acquisition is an invaluable opportunity for the Company and is in the interests of the Company and Shareholders as a whole.

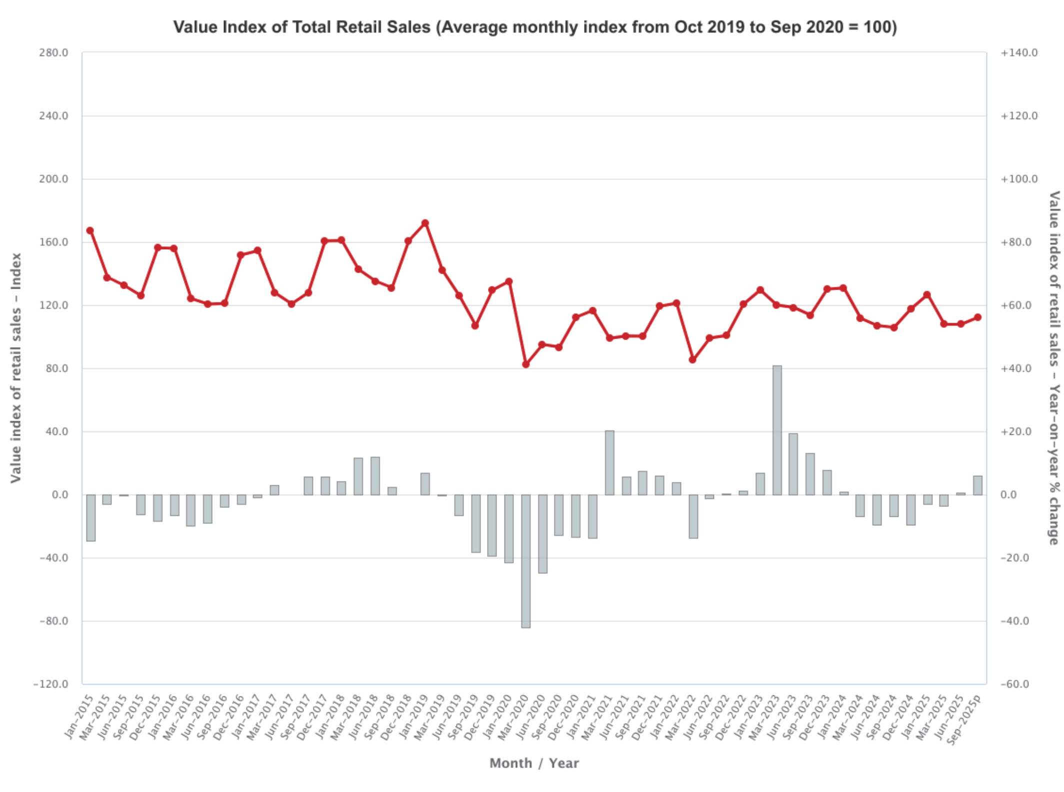
Capital gain

We understood from the Management on the potential cash flow impact of the Acquisition and the financial information of Mark Profit. We noted that the historical cash outflows of Mark Profit related to the Property in total of approximately HK$42.7 million per annum exceed the cash inflows of approximately HK$11.1 million. Taken into account that, as confirmed by the Directors, the Enlarged Group will have sufficient working capital for its present requirements for the twelve months period from October 2025 to September 2026, the Acquisition shall not affect daily operation of the Group. We acknowledged that investment opportunities should be grasped in time to enhance return to the Company and Shareholders. Should new financing for the Bank Loans and 2025 Convertible Note are required to be settled, the Company has continency plan to mitigate such possible risk by disposing the Property. We are of the view that the Directors and Management have made due and careful consideration to safeguard the interests of the Company and the Shareholders. Nonetheless, the cash flow impact and outflows of Mark Profit justified by the Property's rarity as a unique and irreplaceable retail platform, and potential to attract high-value tenants that smaller units cannot, leading to superior and more secure long-term returns, it is also a lever to acquire an asset and an opportunity that might not be available again.

Rental income

In assessing the potential gain on the Property, we noted the Company has assumed an increase of rental income after the expiry of the existing tenancy agreement from monthly rent of HK$925,000 to HK$2,080,000 which is equivalent to the monthly rent of the Property during 2019 to 2022 and the highest rental rate of the Property in the last seven years was HK$2,530,000 per month in 2019, according to the information provided by the Company. As mentioned in the Letter from the Board, the rental income has been reduced due to the adverse impact of Covid-19 pandemic on the retail industry in Hong Kong.

According to the value index of total retail sales[1] from the Census and Statistics Department of Hong Kong as shown below, the value index reached its peak in the last 10 years at 172.2 at the beginning of year 2019 and dropped to its lowest at 82.3 in year 2020 during the Covid-19 pandemic. As mentioned in the Letter from the Board, the number of visitors from Mainland China amounted to approximately 50.8 million in 2018 according to the information published by the Census and Statistics Department, which was the highest in the last twenty years. The 2nd lowest value index was 85.3 in March 2022, when the existing tenancy agreement with monthly rent of HK$925,000 was signed in May 2022. In 2024, the number of Mainland Chinese visitors amounted to approximately 34.0 million representing an increase of around 27.2% on a year-to-year basis. In the first eight months of 2025, the number of Mainland Chinese visitors amounted to approximately 25.5 million. We are of the view that tourism and retail sales are directly correlated with the market incentives on rental and sales of retail property. In January 2024 and 2025, the total retail sales picked up at 130.8 and 126.7, showing a significant improvement as compared with the time when the existing tenancy agreement was signed.



Based on the current rental income of the Property, rental yield of 1.6% would be generated. With reference to Colliers Quarterly Market Report for Q3 2025[2], "…high-street rents edged up 1.2% QoQ, led by Tsim Sha Tsui (+1.7%) and Central (+1.3%), reflecting improving sentiment in core districts. Leasing demand was driven by local brand expansions, new international entrants…" while "government initiatives aimed at promoting niche tourism are expected to attract high–spending visitors, further fueling the recovery and growth of the retail market". Looking ahead, the expected continued increase in employment earnings, buoyant local stock market, coupled with the Government's proactive efforts in promoting tourism and mega events and also enterprises' strenuous effort in providing more diversified experiences would provide support to the consumption sentiment in the domestic market and businesses of the retail sector.

Further as noted from a news coverage[3], great fluctuation of level of rents occurred on another multi-level retail store with over 10,000 square feet in Mong Kok that ranged from HK$335,000 to HK$2.3 million over the past 20 years. As an example reference, it shows that it is not uncommon or abnormal for such substantial leap in monthly rent in retail shops in Mong Kok. In view of the governmental support and signs of recovery of the retail sector in Hong Kong, we consider the rental income of the Property has potentials to generate more profitable returns in the long-run. We have obtained historical tenancy agreements from the Company and verified that the assumed rental of HK$2,080,000 is equivalent to the monthly rent of the Property during 2019 to 2022, we are of the view that the assumptions made by the Company is logical and reasonable.

Property value

Aside from rental income, value appreciation is also an important consideration in making an investment decision. The Company believes that there is no property available for sale nearby with the same prominent features as that of the Property in the market at the moment and it also considers that purchasing property at the trough of the property market cycle before the recovery phase could be advantageous because the price is comparatively low and hence the buyer may have a greater potential to be benefited from higher returns when the property market expands with price inflation. As long as the cash flow effect caused by the Acquisition is manageable and a contingency plan is in place, it is reasonable to invest in quality retail property at the moment.

1 Census and Statistics Department - Total Retail Sales, https://www.censtatd.gov.hk/en/web_table.html?id=620-67001#

2 Colliers Quarterly Market Report | Q3 2025: Investment Momentum Builds Amid Stabilising Leasing Demand https://www.colliers.com/en-hk/news/colliers-quarterly-report-q3-2025

3 News coverage
https://www.hkej.com/dailynews/property/article/3923495/%25E5%2585%25AD%25E7%25A6%258F60%25E8%2590%25AC%25E7%25A7%259F%25E5%259B%259E%25E5%25BD%258C%25E6%2595%25A6%25E9%2581%2593%25E5%25B7%25A8%25E8%2588%2596

We have conducted independent research on the Hong Kong retail property market and according to the publication[4] made by Savills in September 2025, " The Hong Kong investment market experienced a significant rebound in Q2/2025, fueled by strong equity market performance and a temporary reduction in funding costs, which collectively enhanced investor confidence and transaction activity. While end users continued to be the primary contributors, there was also a notable increase in cross-border capital, predominantly driven by Mainland funds". While Hong Kong "Retail market deals in the HK$30 million to HK$100 million band became more prevalent, typically yielding 4% to 6%. Activity has been boosted by tourism recovery and declining retail rents, with investors focusing on core-district shops and select trophy assets. While high-value deals above HK$50 million remain rare, competition for well tenanted retail properties with stable yields is increasing as capital seeks income-generating opportunities within the current cycle.".

We noted that scenario assessment prepared by the Company in relation to the assumed value of the Property reaching HK$727 million. We have obtained from the Company and noted the valuation of the Property in 2020 and 2019 of HK$727 million and HK$862 million according to the valuation report as at 31 March 2020 and 2019, and noted that the assumption of value of the Property made by the Company is based on the value in 2020. Based on the property market statistics[5] by the Census and Statistics Department of Hong Kong on private retail – price indices as shown below, the price index of retail properties reached its peak at 591.4 in year 2018 before the Covid-19 pandemic, and dropped to the lowest of 422.9 in 2024.

Year	**Prices**
2015	559.2
2016	526.9
2017	558.4
2018	591.4
2019	549.7
2020	518.9
2021	543.4
2022	523.0
2023	488.3
2024	422.9
2025 (up to September)	366.0

4 Hong Kong Research – Investment, September 2025 by Savills Research – https://pdf.savills.asia/asia-pacific-research/hong-kong-research/hong-kong-sales-and-investment/market-in-minutes-investment-sep-2025-e.pdf

5 Census and Statistics Department of Hong Kong – property market statistics https://www.rvd.gov.hk/tc/publications/property_market_statistics.html

Taking into account that the current property market is at its lowest in the past 10 years being a good timing and opportunity for investment, we are of the view that the Acquisition is taken place at a favourable time. While the retail market shows multiple signs of recovery and improvements, we are of the view that the property market is expected to recover at a positive trend following the improvements of the retail market. The price index is shown to have significant difference from the highest of 591.4 in year 2019 and 366 in year 2025 and the scenario assessment on the valuation of the Property (appreciation from currently HK$693 million to 2020's valuation at HK$727 million) made by the Company is considered to be within a conservative projection. We also consider that taking the historical valuation (2020, HK$727 million) is a valid and reasonable reference as an assumption and the assessment made by the Company and are fair and reasonable. Accordingly, we concur with the view of the Directors that the Acquisition is in the interests of the Company and the Shareholders as a whole. Nonetheless, the business of the Sale Company is complementary to the existing business of the Group, this presents an opportunity for the Group to generate synergies with.

The Synergies of the Acquisition

With reference to the annual report of the Company for the year ended 31 March 2025, the Group has the following major development projects in Hong Kong:

Projects	**Address**	**Area and description**
Project Matheson Street	No. 11 Matheson Street, Causeway Bay, Hong Kong. Named as "THE HEDON"	27-storeys brand new Ginza-style building, "The Hedon" – commercial and office use. Approximately 2,857 square feet with a gross floor area of approximately 42,854 square feet.
Project King Lam Street	No. 121 King Lam Street, Kowloon, Hong Kong, named as "One Two One".	Brand new grade-A industrial building 28-storeys with a total of 47 units. Total gross floor area of the property is approximately 7,326 square metres.
Project Kennedy Town	(i) Nos. 1B and 1C and Nos. 1D and 1E of Davis Street, Kennedy Town, Hong Kong ("**Davis Street**"); (ii) Nos. 93 and 95 Catchick Street, Hong Kong ("**Catchick Street**").	Commercial and/or residential mixed use development. Combined site area of Davis Street and Catchick Street is approximately 7,122 square feet.

Projects	Address	Area and description
Project Fung Wah	Nos. 646, 648 and 648A Castle Peak Road, Kowloon	Total site area is approximately 9,206 square feet. Expected to redevelop into a high-rise modern industrial building to maximize its usage.

The Acquisition strategically diversifies the Company's portfolio by introducing a mass-market, high-footfall retail asset in a core Kowloon location. This provides a crucial hedge against market cyclicality; for instance, during a downturn in the luxury segment prevalent in the Group's Causeway Bay asset, the more resilient mass-market and experiential spending in Mong Kok is poised to maintain stability (and vice-versa).

The Property is currently tenanted by the Wan Kee Group (trading as Nike), a premier retailer operating under the globally recognized brands. Wan Kee distinguishes itself as the most prestigious tenant within the Group's portfolio, which otherwise comprises local boutique firms. Public records[6] indicate Wan Kee operates over 12 international athletic brands including but not limited to NIKE, ADIDAS, NEW BALANCE, PUMA, CONVERSE, HOKA, ASICS across multiple districts in Hong Kong. The Acquisition established relationship with a large-scale, reputable retailer presents significant strategic value, unlocking potential for cross-portfolio collaboration and expansion of the Group's tenant base.

Furthermore, the scale and diversity of the Group's expanded portfolio unlock significant operational synergies. The Company can then pursue integrated tenant strategies, such as offering cross-portfolio packages or first-right-of-refusal opportunities, fostering tenant loyalty and maximizing occupancy. This consolidated scale also strengthens the Company's negotiating position, allowing the Company to secure more favorable terms and priority service from vendors and contractors, achieving efficiencies attainable for multiple-asset and multi-purpose property owners. Accordingly, we are of the view that the Acquisition can enhance strategic synergies to the Company and is in the interests of the Company and Shareholders as a whole.

4. Evaluation on the Principal Terms

4.1 Determination of the Purchase Price

As set out in the Letter from the Board, Purchase Price was determined with reference to, among other things, the valuation report prepared by the Valuer in respect of the Property. Accordingly, we have conducted the following assessment and analysis into the fairness and reasonableness of the Purchase Price.

6 Website of Wan Kee Group https://www.wankeegroup.com.hk/site/sports/home/location.html

(i) Our due diligence work on the Valuer's background, qualifications and experiences

We have interviewed the Valuer and conducted an enquiry into their qualifications and experiences. According to our interview and the information provided by the Valuer, we noted that Mr. Vincent Cheung, a managing director of the Valuer and the signor of the Valuation Report, is a fellow of 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, Agent People's Republic of China and a Certified ESG Planner CEP®. Mr. Vincent Cheung has over 28-year experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region. Mr. Kit Cheung, the executive director of the Valuer and signor of the Valuation Report, is a fellow of the Hong Kong Institute of Surveyors, a member 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 Institute of Real Estate Administrators, a Registered Valuer of the Royal Institution of Chartered Surveyors, a Registered Real Estate Appraiser People's Republic of China and a Certified ESG Planner CEP®. Mr. Kit Cheung has over 16 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

We have also obtained information on the Valuer's track records on other business valuations. As such, we are of the view that Mr. Vincent Cheung, Mr. Kit Cheung and the Valuer are qualified, experienced and competent in performing business valuations and providing a reliable opinion in respect of the valuation of the Sale Company. We have also enquired with the Valuer as to its independence from the Group and was given to understand that the Valuer is an Independent Third Party of the Group and its connected persons. The Independent Valuer also confirmed to us that it was not aware of any relationship or interest between itself and the Group or any other parties that would reasonably be considered to affect its independence to act as an independent valuer for the Company. The Valuer confirmed to us that apart from normal professional fees payable to it in connection with its engagement for the valuation, no arrangements exist whereby it will receive any fee or benefit from the Group and its associates.

Furthermore, we also noted from the engagement letter entered into between the Company and the Valuer that the scope of work was appropriate for the Valuer to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by the Valuer in the Valuation Report. In light of the above, we are not aware of any matters that would cause us to question the Valuer's expertise and independence and we consider that the Valuer has sufficient expertise and is independent to perform the valuation of the Property.

(ii) Basic and assumptions adopted in the Valuation Report

We have reviewed the Valuation Report and understand that the Valuation Report was prepared in compliance with the requirements of HKIS Valuation Standards 2024 and the Chapter 5 of the Listing Rule. We also noted that the conclusion of value therein relied on the assumptions that (i) 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 value of the property interests; (ii) 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; (iii) the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the value of the property interests; and (iv) the owner of the Property has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the leasehold interests.

(iii) Valuation methodology

We noted that the Valuer considered the application of three common approaches used to estimate the value of the Target Equity Interest, namely (i) the asset approach, (ii) the market approach and (iii) the income approach. We noted that the Valuer have adopted market approach as the principal approach. The valuation results have been cross-checked by Income Approach – Term and Reversion Analysis.

We have reviewed the methodology and basis and assumptions adopted by the Valuer in arriving at the Valuation. We understand from the Valuer that 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. Accordingly, we concur with the Valuer in adopting such market approach for the purposes of the Valuation.

Income Approach is a valuation approach commonly adopted for income producing properties such as industrial units, offices, shops and arcades. The technique used in this valuation by Income Approach is Term and Reversion Analysis.

Term and Reversion Analysis is a common and suitable technique for the valuation of the properties subject to existing tenancies. This technique is used when the passing rent of a property differs from the market rent. It estimates the capital value of a property by capitalising rental income on a fully leased basis having regard to the current passing rental income from existing tenancy and the potential reversionary rental income at market level.

We have reviewed the methodology and basis and assumptions adopted by the Valuer in arriving at the Valuation. The Valuer noted that such approach is a common valuation methodology and we have also reviewed similar valuations conducted by other listed companies on the Stock Exchange and noted that such approach is commonly adopted. Although the Property has the specific characteristics such as an observation lift, the market approach is still appropriate for valuation mainly due to the ground floor and upper floor can separate to provide valuation by market approach. In the valuation process, while the specific characteristics of the unit are one of the factors, they are not the primary consideration. We also understand from the Valuer that such separate valuation would not cause a material different and the different and the specific characteristics has already adjusted in the valuation. The Valuer also considered the market approach should be applied and afforded significant weight when there are frequent and/or recent observable transactions of comparable properties in the market. Accordingly, we concur with the Valuer in adopting such market approach for the purposes of the property valuation.

Based on our review of the work done by the Valuer, including our discussion with the Valuer understanding the basis and assumptions adopted, we are of the view that the basis and assumptions adopted in arriving at the property valuation, is fair and reasonable. We were not aware of any irregularities during our discussion with the Valuer or in our review of its qualification and works.

As the Property was located in Mong Kok, it comprises Showcase and Shops 1, 2 & 3 on Ground Floor, Shop 1 on 1st Floor, Shop 1 on 2nd Floor and Staircase & Observation Lift Areas of a 20-storey composite building. We noted that the Valuer has selected four sale comparables for each ground floor and upper floor, respectively, and the Valuer 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, size and so on.

Set out below are the details of the selection criteria and the comparable properties analysed by Valuer:

(a) the ground level comparables and the selection criteria:

The ground floor retail sale comparables have been collected on an exhaustive basis subject to the following selection criteria:-

Property Type:	Ground floor retail unit not situated within a tenement building
Location:	Located within Yau Tsim Mong District and along a major pedestrian street without disturbance of on-street stalls
Time:	Entered into Agreement for Sale & Purchase within 18 months from the valuation date
Building Age:	Completed after 1960

Based on the above selection criteria, a total of four relevant ground floor retail sale comparables with unit rates ranging from HK$143,704 to HK$218,121 per sq.ft. on the basis of saleable area as tabled below have been collected for the assessment of the ground floor portion of the property.

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Development	**Sayoy Mansions**	**Fook Tai Building**	**Bo Fung Building**	**106 Prince Edward Road West**
Address	49 Carnarvon Road	24-26 Soy Street	34 Haiphong Road	106 Prince Edward Road West
District	Yau Tsim Mong	Yau Tsim Mong	Yau Tsim Mong	Yau Tsim Mong
Year of Completion	1966	1978	1974	1974
Property Type	Retail	Retail	Retail	Retail
Floor	G/F	G/F	G/F	G/F
Unit	Unit C	Unit 3 & 4	Unit D	Portion A
Saleable Area *(sq.ft.)*	295.00	270.00	596.00	186.00
Nature	Agreement for Sale & Purchase	Agreement for Sale & Purchase	Agreement for Sale & Purchase	Agreement for Sale & Purchase
Date of Instrument	10 June 2025	6 March 2025	18 April 2024	19 March 2024
Consideration *(HK$)*	45,000,000	38,800,000	130,000,000	30,000,000
Saleable Unit Rate *(HK$/sq.ft.)*	**152,542**	**143,704**	**218,121**	**161,290**
Adjustment				
Time	(0.7%)	(3.2%)	(10.1%)	(10.8%)
Location	5.0%	Nil	Nil	10.0%
Building Age	7.4%	5.0%	5.8%	5.8%
Size	(2.9%)	(2.9%)	(2.6%)	(3.0%)
Total Adjustment	8.7%	(1.3%)	(7.4%)	0.7%
Adjusted Saleable Unit Rate *(HK$/sq.ft.)*	**165,774**	**141,775**	**202,087**	**162,354**

(b) the upper floor retail sale comparables and selection criteria:

The upper floor retail sale comparables have been collected on an exhaustive basis subject to the following selection criteria:-

Property Type:	1st floor retail unit not situated within a tenement building
Location:	Located within Yau Tsim Mong District and along a major pedestrian street without disturbance of on-street stalls
Time:	Entered into Agreement for Sale & Purchase within 6 months from the valuation date
Building Age:	Completed after 1960

Based on the above selection criteria, a total of three relevant first floor retail sale comparables with unit rates ranging from HK$21,127 to HK$23,256 per sq.ft. on the basis of SA as tabled below have been collected for the assessment of the first floor portion of the property.

	Comparable 1	**Comparable 2**	**Comparable 3**
Development	**The Capital Park Hotel**	**Sin Tat Square**	**Beverley Commercial Centre**
Address	61-65 Chatham Road South	83 Argyle Street	87-105 Chatham Road South
District	Yau Tsim Mong	Yau Tsim Mong	Yau Tsim Mong
Year of Completion	1961	1963	1982
Property Type	Retail	Retail	Retail
Floor	1/F	1/F	1/F
Unit	Unit F134	Unit F23	Unit 22 & 23
Saleable Area *(sq.ft.)*	43.00	71.00	178.00
Nature	Agreement for Sale & Purchase	Agreement for Sale & Purchase	Agreement for Sale & Purchase
Date of Instrument	4 July 2025	20 June 2025	11 April 2025
Consideration *(HK$)*	1,000,000	1,500,000	3,968,000
Saleable Unit Rate *(HK$/sq.ft.)*	**23,256**	**21,127**	**22,292**
Adjustment			
Time	0.0%	(0.7%)	(2.4%)
Location	Nil	6.0%	Nil
Building Age	8.4%	8.0%	4.2%
Floor Level	Nil	Nil	Nil
Size	(3.5%)	(3.5%)	(3.3%)
Total Adjustment	4.6%	9.7%	(1.7%)
Adjusted Saleable Unit Rate *(HK$/sq.ft.)*	**24,331**	**23,178**	**21,915**

In order to assess the fairness and representative of these sale comparables, we have obtained and reviewed the list of sale comparables and discussed with the Valuer on the selection criteria of such sale comparables. We are given to understand that the sale comparables were selected by the Valuer based on their respective locality, size, usage and condition which share the most similarities with the Property. For due diligence purpose, we have independently conducted desktop search to obtain the available information of the sale comparables identified by the Valuer for verification purpose and obtained similar result. From our review, we noted that the sale comparables are all located in the same district and of similar type with the Property which were transacted recently during the period from 2024 to 2025. We have discussed with the Valuer and understand that the Valuer have to refer to the comparables for the ground floor and upper floor with smaller sizes due to limited transaction of sizable retail units in the vicinity.

We further understand that appropriate adjustments and analysis have been considered and made by the Valuer taking into account factors such as differences in time, location, building age, floor level and size between the sale comparables and the Property, to arrive at an assumed unit rate. In order to assess the fairness and representative of the adjustments applied to the sale comparables, we have discussed with the Valuer on the adjustments made to reflect different attributes between the Property and the sale comparables. We are given to understand that the Valuer considered the different attributes between the Property and the sale comparables in terms of transaction time, location, floor level, size and other relevant factors and made adjustments accordingly. We have also obtained the underlying workings and reviewed the detailed calculations of the adjustments made by the Valuer to the unit rates of the sale comparables and consider the adjustments to be logical and able to reflect different attributes between the Property and the sale comparables.

According to the Valuation Report, the adjusted unit rates of the comparables arrive at a range of HK$141,775 to HK$202,087 per sq.ft. on the basis of saleable area. The adjusted unit rates of the sale comparables are weighted equally to derive an average of HK$167,998 per sq.ft. on the basis of saleable area, which has been applied to the valuation of the ground floor portion of the property.

The upper floor also applied adjustments and reference to the Valuation Report, the adjusted unit rates of the comparables arrive at a range of HK$21,915 to HK$24,331 per sq.ft. on the basis of saleable area. The adjusted unit rates of the sale comparables are weighted equally to derive an average of HK$23,141 per sq.ft. on the basis of saleable area, which has been applied to the valuation of the first floor portion of the property.

Since the second floor portion of the property has different floor level and size compared with the first floor portion, further adjustments in terms of floor level and size have been made to the unit rate of the first floor portion to derive the unit rate of HK$22,335 per sq.ft. on the basis of saleable area for the second floor portion. We discussed with the Valuer and understand that the adjustment which based on the higher floor level and larger size may provide a lower unit rate. We noted that the adjustment is in line with the market, as a result, the adjustment is fair and reasonable.

Based on the above, we are of view that the sale comparables chosen and the adjustments made are appropriate and relevant for providing a fair and reasonable basis for the Valuer's opinion.

Further, the Valuer has also cross-checked the results using the income approach, which estimates the capital value of a property by capitalising rental income at an appropriate capitalisation rate on a fully leased basis having regard to the current passing rental income from existing tenancy and the potential reversionary rental income at market level. According to the Valuer, the income approach is commonly adopted for valuation of income producing properties such as offices, shops and arcades subject to existing tenancies. We understand that as of the Valuation Date, the Ground Floor, 1st Floor and 2nd Floor of the property is currently tenanted for a term of 3 years commencing from 18 April 2025 to 17 April 2028 at a monthly rent of HK$925,000 exclusive of government rent, management fees and utility charges. For its assumptions on rental income, we noted that the has mainly made reference to the (i) existing lease for the retail portion of the Property; and (ii) market rental of retail units in the proximity of the Property with similar characteristics. In this regard, we noted that the Valuer has identified and analysed the lease information of (i) four comparables which are ground retail units in same district; and (ii) three comparables which are upper retail units in same district, and has made appropriate adjustments reflecting the differences in, including but not limited to location, age of the property and transaction time.

According to the Valuation Report, the adopted saleable unit rent for ground floor retail and upper floor retail is HK$535.1 per sq.ft. per month and HK$60.2 per sq.ft. per month respectively. We have discussed with the Valuer and understand that the passing rental income is considered as relatively low due to the potential anchor discount offered for the existing single enbloc tenancy when compared to the market rental income. We also discussed with the Management that is common to attract quality tenant to offer a low monthly rent.

As to the capitalisation rate, the Valuer has adopted a term yield of 3.25% (for existing rental income) and a reversionary yield of 3.50% (for reversionary rental income) respectively. We understand from the Valuer that such yields have taken into account its research and analysis of the property market in Hong Kong.

We have reviewed and discussed with the Valuer the aforesaid basis and assumptions adopted in the income approach together with the list of comparables referred to when making the relevant assumptions. We noted that the comparables share certain similarities with the Property in terms of location and unit size. Based on the above, we are of the view that the basis and assumptions made in the income approach by the Valuer are fair and reasonable.

We noted that the valuation from Income Approach – Term and Reversion Analysis is circa HK$693,000,000 which consistent with the result from market approach. As such, we concur with the Valuer that the valuation results from income approach, which is adopted to cross-check the valuation result from market approach, supports the valuation conclusion.

In addition, we noted the valuation on the Announcement is prepared by Knight Frank Petty Limited. The value of the Property under the Sale company in the books of Easyknit as at 31 March 2025, the date of its latest audited account, was HK$682 million. We obtained the valuation report which prepared by Knight Frank Petty Limited for review and discussed with the Valuer. As the valuation result prepared by Knight Frank Petty Limited is close to the Valuation Report (i.e. HK$693 million), we considered that is fair and reasonable.

4.2 Analysis on the Securities Transfer

With reference to the paragraphs headed "THE SALE AND PURCHASE AGREEMENT" in the Letter from the Board, the other assets of Mark Profit mainly include equity securities listed in Hong Kong which includes 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318) ("**Ping An Shares**") with a total fair value of approximately HK$12.4 million as at 31 March 2025 of the closing price which quoted from the Stock Exchange. Such securities will be part of the asset that transfer to the Group. The Purchase Price will be adjusted to the value of the Ping An Shares.

According to the latest annual report of the Ping An Insurance (Group) Company, Ping An Insurance (Group) Co of China Ltd is a China-based company primarily engaged in insurance business. It operates in six segments. Life and Health Insurance segment offers life insurance products to individual and corporate customers, including term, whole-life, endowment, annuity, investment-linked, universal life insurance, and others. Property and Casualty Insurance segment offers property insurance products, including auto insurance, property insurance, accident and health insurance, and others. Banking segment undertakes loans, intermediary business, wealth management, credit card services, and others. Asset Management segment provides trust products services, brokerage services, trading services, investment banking services, and other asset management services. Finance Enablement segment provides financial and daily-life services through the Internet platforms. The Other Businesses segment is engaged in other insurance related businesses.

After 31 March 2025, the price of Ping An Share starting an increasing trend and reaching to the peak at HK$58.65 on 25 August 2025. As Ping An Share is a constituent of the Hang Seng Indexes, such increasing was in line with the Hang Seng Indexes. As at the date of the Announcement, the Ping An Share had a total fair value of approximately HK$14.4 million. Furthermore, Ping An Share will declare an average dividend HK$2.7264 per share for the last five years. It will provide a stable dividend income to the Group. We understand from the Letter from the Board that the Company intends to hold the Ping An Shares after the Acquisition for at least around three to twelve months to capture potential capital gain after the Company conducted their fundamental analysis. Based on the above, we considered that the acquisition of Ping An Shares aligns with the Company's investment objectives as a prudent attitude in its well-diversified securities investment.

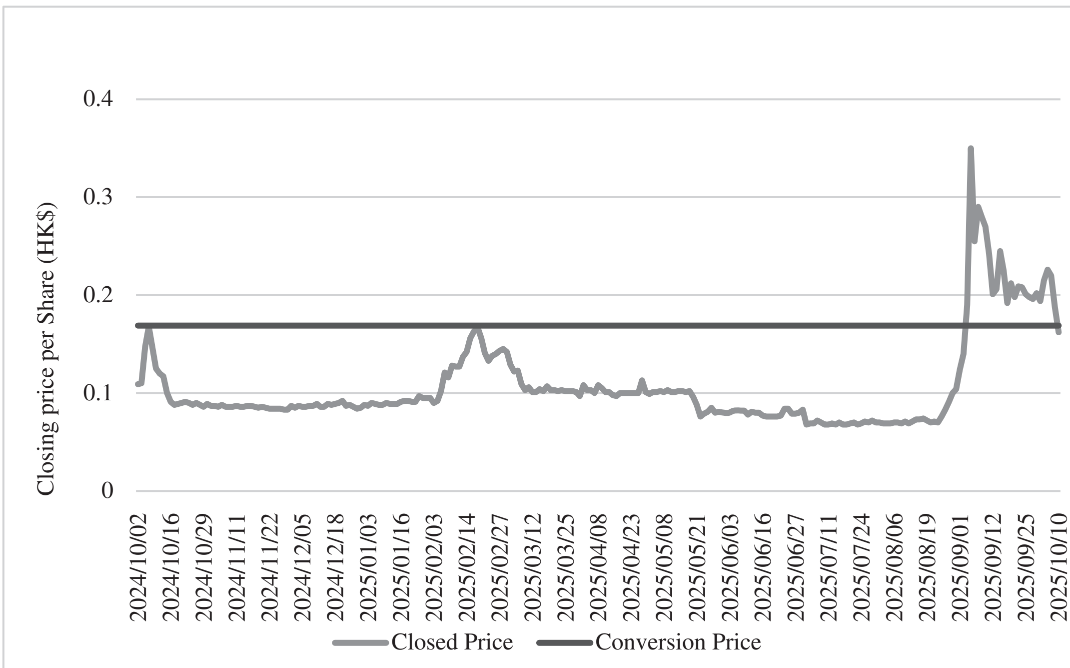
According to the 2025 Annual report, the Group recorded cash and cash equivalents of approximately HK$57.3 million. We understand that the market acquisition of the Ping An Shares will represent approximately 21.4% of the cash and cash equivalents if acquired as at 31 March, 2025. Such market acquisition may have sufficient financial impacts on the Group's daily operations as it used approximately 21.4% of the internal available funds. We have independently conducted desktop search to obtain the available information of the margin rate of the bank or brokerage firm. Compared with the margin rate, the 5% interest rate of the 2025 Convertible Note is within the range of the margin rate of the banks and the brokerage firms of our research (3.175% to 7.467%) and below of the average margin rate (6.125%). Based on the above, we concur the view of the Directors that the Group acquired the Ping An Shares by using the 2025 Convertible Note will not cause immediate cash outflows to the Group and the interest rate is fair and reasonable.

4.3 Issue of the Convertible Notes under Specific Mandate

With reference to the paragraphs headed "Principal Terms of the 2025 Convertible Note under Specific Mandate" in this letter, and the Letter from the Board, in assessing the fairness and reasonableness of the Issue Price, we have primarily made references to, among others, (i) the historical market prices of the Shares; (ii) the historical trading liquidity of the Shares; and (iii) the comparison with other comparable transactions in the market, details of which are set out below respectively.

(i) Analysis on the historical market price of the Share during the Review Period

In order to assess the fairness and reasonableness of the conversion price, we have performed a review on the daily closing prices and trading volume of the Shares from 2 October 2024 up to and including the Last Trading Day (the "**Review Period**") (being a period of 12 months prior to and including the Last Trading Day) as quoted from the Stock Exchange and compared with the conversion price. The chart below shows the daily closing prices of the Shares as quoted on the Stock Exchange from the Review Period and up to and including the Latest Practicable Date.



Source: the website of the Stock Exchange(www.hkex.com)

During the Review Period, the closing prices of the Shares were fluctuated between a low of HK$0.068 per Share and a high of HK$0.35 per Share, with an average closing price of approximately HK$0.107 per Share.

Starting from the Review Period, the Share price showed a stable fluctuation between HK$0.08 to HK$0.109 from 2 October 2024 to 16 May 2025. After that, the Company announced the disclosure transaction for disposal of listed securities on 16 May 2025, the Share prices dropped from HK$0.101 and reach to HK$0.076 on 22 May 2025. The Share price remain to same level until the Company announced the (i) the profit warning on 17 June 2025, and (ii) an annual result for FY2025 on 27 June 2025. The prices of the Shares had dropped to the lowest point of HK$0.068 on 3 July 2025. Since 22 August 2025, the Share price starting an increasing trend after the annual general meeting and the special general meeting and reached at peak which closed at HK$0.35 per Share. After reached the peak, the Share price dropped with a decreasing trend and dropped to HK$0.162 on the Last Trading Day.

As illustrated in the graph above, we note that the Conversion Price of HK$0.169 per Share is within the range of and in line with the closing price of the Shares throughout the Review Period.

(ii) Analysis on the historical trading liquidity of the Shares

The table below sets out the average daily trading volume of the Shares for each month during the Review Period.

Month/Period	Number of trading days	Average daily trading volume of the Shares during the month/period	Average daily trading volume as a percentage of the Shares during the month/period to the total number of issued Shares
2024			
October	21	10,315,958	3.05%
November	21	926,211	0.27%
December	20	656,293	0.19%
2025			
January	19	1,005,882	0.30%
February	20	2,255,017	0.22%
March	21	3,502,622	0.35%
April	19	1,177,632	0.12%
May	20	2,855,752	0.28%
June	21	3,728,811	0.37%
July	22	7,410,419	0.73%
August	21	10,646,439	1.05%
September	22	30,767,964	3.03%
October (up to and including the date of the Sale and Purchase Agreement)	6	21,460,888	2.12%

Source: website of the Stock Exchange

During the Review Period, the Company had increased the number of the Shares with a total of 676,296,232 Shares by right issues in February 2025, resulted in total of 1,014,444,348 issued shares.

During the Review Period, the average daily trading volume of the Shares in each month ranged from a low of approximately 0.12% and up to a maximum of 3.03% to the total number of issued Shares as at the Latest Practicable Date.

(iii) Comparison with other comparable transactions

In order to assess the fairness and reasonableness of the proposed terms of the convertible price, we have identified an exhaustive list of two companies (the "**Comparables**") listed on the Stock Exchange which (i) issuing issues of convertible bond(s) or convertible note(s) under specific mandate during six-month period; (ii) excluded the convertible bond(s) or convertible note(s) without interest rates prior to the date of the Announcement, i.e. 10 October 2025; and (iii) the purpose of issuing the convertible bond(s) or convertible note(s) was not debt settlement.

We consider that the adopted Review Period is reasonably recent and sufficient for providing a general reference to the market practice for the purpose of our assessment. It is worth noting that the underlying issuers of the Comparables may or may not be identical to the Company in terms of principal activities, market capitalisations, profitability, operations and financial positions, and that the circumstances leading to the Comparables to issue convertible notes or convertible bond may differ from that of the Company under the Acquisition, and we consider it to be one of the appropriate bases for assessing the fairness and reasonableness of the convertible price.

Date of initial announcement	Company name (Stock code)	Maturity *(year(s))*	Interest rate per annum *(%)*	Premium/ (discount) of issue price over/(to) the closing price on the date of the relevant agreement/last trading day	Premium/ (discount) of the issue price over/(to) the average closing price per share for the last five consecutive trading days up to and including the date of the relevant agreement/the last trading day	Connected transaction (Y/N)	Purpose of issuing the Convertible bonds
10 June 2025	Celestial Asia Securities Holdings Limited (1049.HK)	3	5.0	19.05%	19.05%	Y	Funds for operation
3 September 2025	China Rongzhong Financial Holdings Company Limited (3963.HK)	3	2.75	0.00%	(0.17%)	Y	Funds for operation

Date of initial announcement	Company name (Stock code)	Maturity *(year(s))*	Interest rate per annum *(%)*	Premium/(discount) of issue price over/(to) the closing price on the date of the relevant agreement/last trading day	Premium/(discount) of the issue price over/(to) the average closing price per share for the last five consecutive trading days up to and including the date of the relevant agreement/the last trading day	Connected transaction (Y/N)	Purpose of issuing the Convertible bonds
	Maximum interest rate		5.0				
	Minimum interest rate		2.75				
	Average interest rate		3.875				
	Maximum premium/(discount)			19.05%	19.05%		
	Minimum premium/(discount)			0.00%	(0.17%)		
	Average premium/(discount)			9.525%	9.44%		
	The Company	5	5.0	4.32%	(16.34%)		

Source: website of the Stock Exchange

(a) Maturity Date

As shown in the above table, the term to maturity of the Comparables ranged from approximately one year to three years with an average maturity of approximately three years. We note that the maturity of the 2025 Convertible Note of five years is higher than the range and the average maturity of the Comparables. The long maturity period provides the Company with more time before repayment is due, it is favourable to the Company with less repayment and cashflow pressure. As such, we are of the view that the maturity date of the 2025 Convertible Note is fair and reasonable and in the interests of the Company and Shareholders as a whole.

(b) Interest rate

As shown in the above table, the Comparables Issues carried interest of 2.75% to 5% per annum with an average interest rate of approximately 3.875%. We note that the 2025 Convertible Note carries interest of 5% per annum during the term of the 2025 Convertible Note, although higher than the average, it falls within the range of the Comparables.

(c) Conversion Price

In assessing the fairness and reasonableness of the conversion price, as set out below, we have primarily taken into account the market comparables in respect of recent transactions involving issuance of convertible bonds or convertible notes.

(i) conversion price to the closing price of the shares as at the last trading day prior to the issue of the announcement of the Comparables ranged from same as the closing price to a premium of approximately 19.05% (the "**LTD Range**") with an average premium of approximately 9.525% (the "**LTD Average**"); and

(ii) conversion price to the average closing price of the last 5 Trading Days prior to the last Trading Day of the Comparables ranged from a discount of approximately 0.17% to a premium of approximately 19.05% (the "**5-Days Range**") with an average premium of approximately 9.44% (the "**5-Days Average**").

The conversion price of HK$0.169 per Share of the 2025 Convertible Note represents (i) a premium of approximately 4.32% to the closing price per Share on the last Trading Date, which falls within the LTD Range and is comparable to the LTD Average; and (ii) a discount of approximately 16.34% to the average closing price of the last five Trading Days immediately prior to the last Trading Day, which has a deeper discount compared to the 5-Days Range and is comparable to the 5-Days Average mainly due to the decreasing trend of the share price for the last five consecutive trading days. Detail to the share price analysis, please refer to the sub-section headed "(i) Analysis on the historical market price of the Share during the Review Period" above in this section.

(d) Purpose of issuing the Convertible bonds

As shown in the above table, all the purpose of issuing the convertible bonds for the Comparables was funds for operation. The terms of the conversion price, maturity and interest rate for the funds for operation generally provided (i) a short maturity; (ii) interest rate is close to market interest rate; and (iii) a premium of the conversion price. Based on the above, the terms of the convertible bonds from the Comparables provides a comparable reference to the 2025 Convertible Note. We are of the view that the terms of the 2025 Convertible Note is fair and reasonable.

We understand that the common market practice for the consideration of the acquisition involves with cash and/or consideration shares. We considered that it will have material dilution effect if the Group acquire the Sale Company as at 31 March 2025 by the common market practice, based on (i) the cash level of the Group as at 31 March 2025 was low; and (ii) issuing the consideration shares to Easyknit. If the Group settled with consideration shares only, the Group may need to issue 1,772,222,222 consideration shares by reference to the closing price of the HK$0.162 per Share on the date of the entering into the Sale and Purchase Agreement (i.e. 10 October 2025) which causes a material dilution effect. As issuing consideration shares causes immediate and permanent dilution to existing shareholders, the convertible note delays this dilution until conversion. As a result, it suggested issuing the convertible bonds for the acquisition is the best financing method which can satisfy the consideration without cause immediate cash outflows and dilution effect to the Group. Details of the discussion on the financing method for the acquisition, please refer to the sub-section headed "(iv) Financing Method for the acquisition" below in this section.

(iv) Financing Method for the acquisition

With reference to the Letter from the Board, we understand from the Directors have considered alternative financing methods included (i) equity fund raising methods such as rights issue or an open offer; (ii) asset realization; and (iii) obtain bank loan.

We understand from the Letter from the Board that the Directors considered using equity fund raising methods by way of a rights issue or an open offer, the Directors are of the view that though it would not immediately dilute the interests of the Shareholders if all the Shareholders take up the offer. We understand from the Directors that they considered it will be costly to engage professional parties for the rights issue or an open offer and higher underwriting commission and other related fees due to underwriting uncertainty and/or market risks whilst any arm's length underwriting arrangement is normally subject to standard force majeure clauses in favor of the underwriter.

According to the table set out in the sub-section headed "Analysis on the historical trading liquidity of the Shares" in this letter, we concur the view of the Directors that thin trading volume of the Shares, it would be difficult for the Group to pursue equity financing in the capital market without providing considerable discount to the prevailing market price of the Shares so as to attract potential investors and/or existing Shareholders. Furthermore, we are in the view that the dilution effect on the rights issue or an open offer is uncertainty mainly due to (i) the market conditions can influence shareholder participation in the rights issue or open offer; (ii) the discount price of the Shares; and (iii) the subscription ratio of the new shares offered. Based on the above, we concur with the view of the Directors that the rights issue or an open offer may have more dilution impact to the Shareholders as compared to the issue of the 2025 Convertible Note which will not cause any dilution unless and until it is converted to Conversion Shares.

We understand from the Letter from the Board that the Directors also considered asset realization for the acquisition. The Company considers that asset realization may have to go through a lengthy process, the timing of which may not match with that required for financing the Acquisition which was planned to be completed in November 2025. Besides, the disposal of the assets may not be favourable and justified given the current market conditions. Offering the completed projects for sale whether by en bloc or strata sale anytime is always a key option taken by the Group when opportunities arise and as long as there is favourable offer. We concur the Company's view that the Company may not be able to dispose of the asset in a short time of period due to the Company mainly carrying properties which are an illiquid asset. We also consider that the Group may need to provide an unfavorable terms and prices if dispose the properties held for sale in shorten period of time based on the current market condition which is not favourable to the Group.

According to FY2025 annual report, the Company recorded properties held for sale and investment in equity securities listed in Hong Kong of approximately HK$1,846.6 million and HK$41.5 million as at 31 March 2025. During April 2024 to the Latest Practicable Date, the Company disposed properties and limited partnership interest reference to the related announcements dated 31 May 2024, 28 June 2024 and 24 July 2024 which required around at least a month to go through the disposal process. Also, the Company disposed listed securities reference to the related announcements dated 25 July 2025, 15 August 2025, 25 August 2025, 27 August 2025 and 17 September 2025 which required nearly two months to complete. We are in the view that asset realization to finance the acquisition may not be beneficial to the Company and the Shareholders as a whole base on the above factors. Issuing the 2025 Convertible Note as consideration can provide a shorten time process and less cost occurred which is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

We understand from the Letter from the Board that the Directors considered that the ability to obtain further bank borrowing depends on the profitability and financial positions of Group as well as the prevailing market condition, and may be subject to lengthy due diligence procedures and internal risk assessment by and negotiations with banks. Moreover, as discussed with the bank, the new financing for the Bank Loans of HK$418 million is related to the Property, representing over 60% of the expected sale value of the Property and hence the Company is unable to obtain further financing from any bank to finance the Acquisition. We have discussed with the Directors and conducted relevant market research. We understand that over the past year, there has been an increase in debt restructuring cases in the real estate industry, and banks have become more cautious in approving new loans and in their risk assessments.

As a result, we concur the view of the Director that the settlement of consideration for the Acquisition by issuing the 2025 Convertible Note is a more viable option to the Company.

(v) Conclusion

Taking into account of (i) the conversion price presenting a premium of the closing price of the Shares during the Review Period and the premium is within the LTD range; (ii) the thin trading liquidity of the Shares during the Review Period; (iii) the long maturity date of the 2025 Convertible Note provides longer repayment schedule and less repayment pressure to the Company; (iv) the interest rate is within range of the Comparables and in line with the recent market practice, we are of the view that the conversion price and the terms of the 2025 Convertible Note is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

5. Possible dilution effect on interests of other public Shareholders

As depicted by the shareholding table under the section headed "Shareholding structure" in the Letter from the Board, assuming that there will be no change in the issued share capital of the Company from the date of the Completion and up to the date of full conversion of the 2025 Convertible Note alone, for illustration purpose, shareholding interests of other public Shareholders would be diluted from approximately 69.32% as at the Latest Practicable Date to approximately 25.92%. We noted that in the event that Easyknit Group becomes obliged to make a general offer to the Shareholders in compliance with Rule 26 of the Takeovers Code as a result of a conversion of the outstanding principal amount of 2023 Convertible Note and/or 2025 Convertible Note, Easyknit Group will do so. We also noted that, under the 2025 Convertible Note, the Company will not be obliged to issue any Conversion Shares if immediately following the conversion there will be a change in control of the Company under the Takeovers Code. Apart from the conversion restriction attached to the 2025 Convertible Note, the dilution effect could be reduced when the Company repay the 2025 Convertible Note. As discussed in the Letter from the Board, we acknowledged that the Company has assessed the potential capital gain associated with the Property based on the assumption that the 2025 Convertible Note will be fully exercised in the third year following its issuance. The 2025 Convertible Note allows a prolonged conversion period and has reduced the immediate dilution effects as compared with the issuance of consideration shares. As previously discussed, due to the conversion restriction, should Easyknit Group fully convert the 2025 Convertible Note, it shall dispose its conversion shares to the public to maintain shareholding of below 30% and not triggering general offer obligation. Based on the above, we consider the dilution effects on the shareholdings of the public Independent Shareholders are minimized and is acceptable.

Having considered (i) the reasons and benefits as discussed in the above section headed "3. Reasons for and benefits of the Acquisition" of this letter; (ii) the terms of the Acquisition being fair and reasonable; and (iii) the potential financial impacts of the Acquisition on the Group which acquired the Sale Company without a material cash outflows through the issue of the 2025 Convertible Note, we are of the view that the aforesaid level of dilution to the shareholding interests of the Independent Shareholders are justifiable.

6. Financial effects of the Acquisition

Upon the Completion, the Group will be interested in the entire equity interests of the Sale Company, which will become wholly-owned subsidiary of the Company. Accordingly, the financial information of the Sale Company will be consolidated into the accounts of the Company upon the Completion.

When assessing the financial impacts of the Acquisition and the transactions contemplated thereunder, we have primarily taken into account the following aspects:

As presented in the unaudited pro forma financial information of the Post-Transaction Group as set out in Appendix IV to this circular, assuming the Completion took place, the Post-Transaction Group's loss for the year attributable to the Shareholders would increase from approximately HK$365.3 million to approximately HK$436.0 million; bank balances and cash would decrease by approximately HK$1.1 million; and total assets would increase from approximately HK$4,842.0 million to HK$5,535.5 million and total liabilities will increase from approximately HK$2,027.2 million to HK$2,637.0 million.

RECOMMENDATION

We are of the opinion that the terms of the Acquisition, the issue of the 2025 Convertible Note and the grant of the Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Company, the Independent Shareholders and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition, the issue of the 2025 Convertible Note and the grant of the Specific Mandate and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
Ample Capital Limited

H.W. Tang — *President*
Jenny Law — *Vice President*

Mr. H.W. Tang is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Ample Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Mr. Tang has over 20 years' experience in the corporate finance industry.

Ms. Jenny Law is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Ample Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Law has over 10 years' experience in the corporate finance industry.

The following is the text of a letter 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 to be acquired 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

VINCORN
appraisal • brokerage • consulting

The Board of Directors
Eminence Enterprise Limited
Block A, 7th Floor,
Hong Kong Spinners Industrial Building Phase 6,
Nos. 481-483 Castle Peak Road,
Cheung Sha Wan, Kowloon, Hong Kong

25 November 2025

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 acquired by Eminence Enterprise 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 August 2025 (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

When valuing the property interests to be acquired by the Group, we have adopted Market Approach. The valuation results have been cross-checked by Income Approach – Term and Reversion Analysis.

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.

Income Approach is a valuation approach commonly adopted for income producing properties such as industrial units, offices, shops and arcades. The technique used in this valuation by Income Approach is Term and Reversion Analysis

Term and Reversion Analysis is a common and suitable technique for the valuation of the properties subject to existing tenancies. This technique is used when the passing rent of a property differs from the market rent. It estimates the capital value of a property by capitalising rental income on a fully leased basis having regard to the current passing rental income from existing tenancy and the potential reversionary rental income at market level.

In Term and Reversion Analysis, the total rental income of a property is divided into the current passing rental income over the existing lease term, namely the term income, and the potential reversionary rental income after the expiry of the existing lease term, known as the reversionary income. The term value involves the capitalisation of the term income over the existing lease term. The reversionary value involves the capitalisation of the reversionary income after the expiry of existing lease term and it is then discounted back to the valuation date.

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.

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 endeavored 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
BSc(Hons) FHKIS MRICS R.P.S.(GP)
MCIREA MHIREA
RICS Registered Valuer
Registered Real Estate Appraiser PRC
Certified ESG Planner CEP®
Executive Director

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®
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, Agent People's Republic of China and a Certified ESG Planner CEP®. He is suitably qualified to carry out the valuation and has over 28 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

Kit Cheung is a fellow of the Hong Kong Institute of Surveyors, a member 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 Institute of Real Estate Administrators, a Registered Valuer of the Royal Institution of Chartered Surveyors, a Registered Real Estate Appraiser People's Republic of China and a Certified ESG Planner CEP®. He is suitably qualified to carry out the valuation and has over 16 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

VALUATION CERTIFICATE

Property Interests to be Acquired by the Group for Investment in Hong Kong

Property	**Description and Tenure**	**Occupancy Particulars**	**Market Value in the Existing State as at 31 August 2025**
Showcase and Shops 1, 2 & 3 on Ground Floor, Shop 1 on 1st Floor, Shop 1 on 2nd Floor and Staircase & Observation Lift Areas, Fa Yuen Plaza, No 19 Fa Yuen Street, Kowloon, Hong Kong *(962/4,655 shares of and in subject lot)*	The property comprises Showcase and Shops 1, 2 & 3 on Ground Floor, Shop 1 on 1st Floor, Shop 1 on 2nd Floor and Staircase & Observation Lift Areas of a 20-storey composite building, namely Fa Yuen Plaza, located in Yau Tsim Mong District. As per our scale-off measurement on the assignment plans, the property has saleable area ("**SA**") of approximately 9,966.00 square feet ("**sq.ft.**"). As per the Occupation Permit No. KN6/2003(OP), it was completed in about 2003. The breakdown of the areas is as follows:– **Floor** — **SA** *(sq.ft.)* Ground Floor — 3,213.00 First Floor — 3,527.00 Second Floor — 3,226.00 Total — 9,966.00 The subject lot, Kowloon Inland No. 11123, is held under Conditions of Exchange No. UB12634 for a term of 50 years commencing 8 October 2002.	As per our on-site inspection and information provided by the Group, the Ground Floor, 1st Floor and 2nd Floor of the property is currently tenanted for a term of 3 years commencing from 18 April 2025 to 17 April 2028 at a monthly rent of HKD925,000 exclusive of government rates, management fees and utility charges.	HKD693,000,000 (HONG KONG DOLLARS SIX HUNDRED AND NINETY THREE MILLION)

Notes:

1. The property was inspected by Jeff Liu *BSc (Hons)* on 26 August 2025.

2. 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® and Iverson Chan BSc (Hons) MHKIS MRICS R.P.S.(GP) RICS Registered Valuer CAIA*.

3. The details of the land search records of the property dated 20 August 2025 are summarised below:-

Item	Details
Registered Owner:	Mark Profit Development Limited by Conditions of Exchange No. UB12634 of KIL 11123
Government Rent:	3% of rateable value
Major Encumbrances:	• Occupation Permit No. KN6/2003 (OP) dated 14 February 2003, registered vide Memorial No. UB8886904; • Certificate of Compliance dated 3 March 2003, registered vide Memorial No. UB8924155; • Deed of Mutual Covenant and Management Agreement with Plans in favour of Easyknit Properties Management Limited "Manager" dated 19 June 2003, registered vide Memorial No. UB8962820; • Mortgage in favour of Hang Seng Bank Limited for all moneys in respect of general banking facilities (pt.) dated 24 September 2015, registered vide Memorial No. 15101402420103; and • Second Mortgage in favour of Hang Seng Bank Limited for all moneys in respect of general banking facilities (pt.) dated 11 June 2020, registered vide Memorial No. 20061902460069.

4. The property is erected on Kowloon Inland Lot No. 11123, which is held under Conditions of Exchange No. UB12634. The salient conditions are summarised below:-

Item	Details
Lot Numbers:	Kowloon Inland Lot No. 11123
Lease Term:	50 years commencing 8 October 2002
Site Area:	About 4,830.88 sq.ft.

Major Special Conditions:	• Any building or any part of any building erected or to be erected on the lot shall not be used for any purpose other than the following:-
	  • The lowest three floors for non-industrial (excluding hotel, cinema, petrol filling station and godown) purposes.
	  • The remaining floors for private residential purposes.
	• Notwithstanding sub-clause (b)(i) of this Special Condition, any basement level or levels (if erected), shall not be used for any purpose other than for non-industrial (excluding residential, hotel, cinema, petrol filling station and godown) purposes.
	• Subject to sub-clause (d) of this Special Condition, each basement level (if erected) shall be counted as one of the lowest three floors referred to in sub-clause (b)(i) of this Special Condition.

5. The property falls within an area zoned "Other Specified Uses (Mixed Use)" under Kowloon Planning Area No. 3 – Approved Mong Kok Outline Zoning Plan No. S/K3/38 approved on 8 November 2024.

6. The general description and market information of the property are summarized below:-

Location:	The property is located at No. 19 Fa Yuen Street, Kowloon, Hong Kong.
Transportation:	Hong Kong International Airport and Mong Kok MTR Station are located approximately 31.8 kilometres and 350 metres away from the property respectively.
Nature of Surrounding Area:	The area is predominately a commercial and residential area in Yau Tsim Mong District.

7. In the course of our valuation of the property by Market Approach, we have considered and analysed the ground floor retail and upper floor retail sale comparables.

The ground floor retail sale comparables have been collected on an exhaustive basis subject to the following selection criteria:-

Property Type:	Ground floor retail unit not situated within a tenement building
Location:	Located within Yau Tsim Mong District and along a major pedestrian street without disturbance of on-street stalls
Time:	Entered into Agreement for Sale & Purchase within 18 months from the valuation date
Building Age:	Completed after 1960

Based on the above selection criteria, a total of four relevant ground floor retail sale comparables with unit rates ranging from HKD143,704 to HKD218,121 per sq.ft. on the basis of SA as tabled below have been collected for the assessment of the ground floor portion of the property.

	Comparable 1	**Comparable 2**	**Comparable 3**	**Comparable 4**
Development	**Savoy Mansions**	**Fook Tai Building**	**Bo Fung Building**	**106 Prince Edward Road West**
Address	49 Carnarvon Road	24-26 Soy Street	34 Haiphong Road	106 Prince Edward Road West
District	Yau Tsim Mong	Yau Tsim Mong	Yau Tsim Mong	Yau Tsim Mong
Year of Completion	1966	1978	1974	1974
Property Type	Retail	Retail	Retail	Retail
Floor	G/F	G/F	G/F	G/F
Unit	Unit C	Unit 3 & 4	Unit D	Portion A
SA *(sq.ft.)*	295.00	270.00	596.00	186.00
Nature	Agreement for Sale & Purchase	Agreement for Sale & Purchase	Agreement for Sale & Purchase	Agreement for Sale & Purchase
Date of Instrument	10 June 2025	6 March 2025	18 April 2024	19 March 2024
Consideration *(HKD)*	45,000,000	38,800,000	130,000,000	30,000,000
Saleable Unit Rate *(HKD/sq.ft.)*	**152,542**	**143,704**	**218,121**	**161,290**
Adjustment				
Time	(0.7%)	(3.2%)	(10.1%)	(10.8%)
Location	5.0%	Nil	Nil	10.0%
Building Age	7.4%	5.0%	5.8%	5.8%
Size	(2.9%)	(2.9%)	(2.6%)	(3.0%)
Total Adjustment	8.7%	(1.3%)	(7.4%)	0.7%
Adjusted Saleable Unit Rate *(HKD/sq.ft.)*	**165,774**	**141,775**	**202,087**	**162,354**

The above comparables are considered relevant to the subject in terms of location since they are located within the same district as the property and both the comparables and the property are fronting major pedestrian streets without disturbance of on-street stalls. Due to limited transaction of sizable retail units and retail units completed after 2000 in the vicinity, we have to refer to the comparables with smaller sizes and higher building ages. In order to address the variances, appropriate adjustments in terms of size and building age have been applied to the comparables.

In addition to size and building age, adjustments in terms of other aspects, including time and location, have been made to the unit rates of the comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the comparables arrive at a range of HKD141,775 to HKD202,087 per sq.ft. on the basis of SA. The adjusted unit rates of the sale comparables are weighted equally to derive an average of HKD167,998 per sq.ft. on the basis of SA, which has been applied to the valuation of the ground floor portion of the property.

The upper floor retail sale comparables have been collected on an exhaustive basis subject to the following selection criteria:-

Property Type:	1st floor retail unit not situated within a tenement building
Location:	Located within Yau Tsim Mong District and along a major pedestrian street without disturbance of on-street stalls
Time:	Entered into Agreement for Sale & Purchase within 6 months from the valuation date
Building Age:	Completed after 1960

Based on the above selection criteria, a total of three relevant first floor retail sale comparables with unit rates ranging from HKD21,127 to HKD23,256 per sq.ft. on the basis of SA as tabled below have been collected for the assessment of the first floor portion of the property.

	Comparable 1	**Comparable 2**	**Comparable 3**
Development	**The Capital Park Hotel**	**Sin Tat Square**	**Beverley Commercial Centre**
Address	61-65 Chatham Road South	83 Argyle Street	87-105 Chatham Road South
District	Yau Tsim Mong	Yau Tsim Mong	Yau Tsim Mong
Year of Completion	1961	1963	1982
Property Type	Retail	Retail	Retail
Floor	1/F	1/F	1/F
Unit	Unit F134	Unit F23	Unit 22 & 23
SA *(sq.ft.)*	43.00	71.00	178.00
Nature	Agreement for Sale & Purchase	Agreement for Sale & Purchase	Agreement for Sale & Purchase
Date of Instrument	4 July 2025	20 June 2025	11 April 2025
Consideration *(HKD)*	1,000,000	1,500,000	3,968,000
Saleable Unit Rate *(HKD/sq.ft.)*	**23,256**	**21,127**	**22,292**
Adjustment			
Time	0.0%	(0.7%)	(2.4%)
Location	Nil	6.0%	Nil
Building Age	8.4%	8.0%	4.2%
Size	(3.5%)	(3.5%)	(3.3%)
Total Adjustment	4.6%	9.7%	(1.7%)
Adjusted Saleable Unit Rate *(HKD/sq.ft.)*	**24,331**	**23,178**	**21,915**

The above comparables are considered relevant to the subject in terms of location since they are located within the same district as the property and both the comparables and the property are fronting major pedestrian streets without disturbance of on-street stalls. Due to limited transaction of sizable retail units and retail units completed after 2000 in the vicinity, we have to refer to the comparables with smaller sizes and higher building ages. In order to address the variances, appropriate adjustments in terms of size and building age have been applied to the comparables.

In addition to size and building age, adjustments in terms of other aspects, including time and location, have been made to the unit rates of the comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the comparables arrive at a range of HKD21,915 to HKD24,331 per sq.ft. on the basis of SA. The adjusted unit rates of the sale comparables are weighted equally to derive an average of HKD23,141 per sq.ft. on the basis of SA, which has been applied to the valuation of the first floor portion of the property.

Since the second floor portion of the property has different floor level and size compared with the first floor portion, further adjustments in terms of floor level and size have been made to the unit rate of the first floor portion to derive the unit rate for the second floor portion as shown below:

Floor Level:	-4.0%
Size:	+0.3%
Saleable Unit Rate for Second Floor:	HKD22,282 per sq.ft. on the basis of SA

By applying the aforesaid unit rates to each floor of the property, we have arrived at the valuation of circa HKD693,000,000 by Market Approach.

8. In the course of our valuation of the property by Income Approach – Term and Reversion Analysis for cross-checking purposes, we have capitalized the passing rental incomes and market rental income by appropriate term yield and reversionary yield respectively. The parameters adopted in our valuation are listed below:

Reversionary Yield:	3.50%
Term Yield:	3.25%
Market Rent:	Ground Floor Retail: HKD546.4 per sq.ft. per month on the basis of SA
	Upper Floor Retail: HKD54.8 per sq.ft. per month on the basis of SA

The market rents have been derived by analyzing relevant leasing transactions in the vicinity, of which the ground floor and upper floor unit rents are fetched from HKD546.2 to HKD658.8 and HKD56.5 to HKD68.2 per sq.ft. per month on the basis of SA respectively. Compared to the market rental income, the passing rental income is considered as relatively low due to the potential anchor discount offered for the existing single enbloc tenancy.

The reversionary yield of 3.50% has been adopted by making reference to prevailing retail property market yields published by the Rating and Valuation Department of the Government of the Hong Kong Special Administrative Region. For the term yield, it has been derived by applying a downward adjustment of 25 basis points to the prevailing market yield to reflect the rental security during the term period with existing tenancy.

The valuation derived from Income Approach – Term and Reversion Analysis is circa HKD693,000,000. Since the valuation results from Income Approach – Term and Reversion Analysis is consistent with that from Market Approach, we consider that the valuation conclusion is fair and reasonable.

1. FINANCIAL SUMMARY OF THE GROUP

Further information about the Group is disclosed in the last three published annual reports, copies of which can be located at the hyperlinks below:

For the year ended	Hyperlink	Principal relevant pages
31 March 2025	https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0721/2025072100514.pdf	92–209
31 March 2024	https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0722/2024072200405.pdf	103–232
31 March 2023	https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0721/2023072100323.pdf	94–232

2. WORKING CAPITAL

The Directors are of the opinion that, taking into consideration the Enlarged Group's present financial resources, the net proceeds to be received from the possible sales of Project Matheson Street and Project Kennedy Town units and the cash outflows to be caused by the Acquisition (such as the repayments and interest payments of the Bank Loans under new financing, and interest payments for the 2025 Convertible Note) as well as ordinary operation expenses and other loan repayments not related to the Acquisition, the Enlarged Group will have 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 OF THE ENLARGED GROUP

As at 30 September 2025, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular, the Enlarged Group had outstanding indebtedness included the following:

(a) Borrowings

The Enlarged Group had outstanding bank borrowings of approximately HK$2,359,188,000, which were secured by the Enlarged Group's properties with an aggregate net book value of approximately HK$1,744,000,000 (investment properties), approximately HK$1,963,192,000 (properties held for development for sale), and approximately HK$1,699,557,000 (properties held for sale) respectively and all bank borrowings were guaranteed by the Company.

(b) 2023 Convertible Note

The Company in February 2023 entered into a subscription agreement in relation to the issue of a 5% per annum coupon rate convertible note to Goodco Development Limited in the principal amount of HK$209,000,000, conferring rights to convert at any time before 19 February 2028 the principal amount into the Shares at the adjusted conversion price of HK$0.18 per Share (subject to adjustments) (the "**2023 Convertible Note**"). Upon completion of the rights issue of the Company 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. Upon the passing of the ordinary resolution by the Shareholders on 21 August 2025, the conversion price of the 2023 Convertible Note was further amended from HK$0.14 to HK$0.07 per conversion share. The outstanding principal amount of 2023 Convertible Note as at the Latest Practicable Date was HK$70,000,000.

Apart from as disclosed above, the Enlarged 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 2025.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group will continue focusing its efforts on the development of its existing principal businesses, including property development, property investment, investment in securities and others and loan financing business while exploring other potential projects with a view to providing steady and favourable returns to the Shareholders and bringing increased values to the Group's stakeholders.

Despite the increasing uncertainties and volatilities on global economic landscape brought by high inflation and interest rates and geopolitical tensions which hinder the post-pandemic normalcy and recovery of Hong Kong, the Group continuously and closely monitors the current situation and remains prudently optimistic about the prospects of the property and securities markets in Hong Kong and the Group will stay abreast of the latest market movements, adopts flexible and cautious business strategies and continues to grow over the longer term of the Hong Kong markets.

In line with its investment strategy and policy, the Company will continue to identify appropriate investment and divestment opportunities during this challenging period that fit the objective and investment criteria of the Company, and will continue to seek quality opportunities to replenish its property portfolio as an ongoing business exercise. The Board would exercise utmost caution so as to bring long-term benefits to the operating and financial results of the Company in the foreseeable future.

For property development, the occupation permit of Project Kennedy Town is expected to be received by the end of 2025, and the sales of around 60% of this project are expected to generate net proceeds of approximately HK$242.6 million (after considering the commission and marketing costs of approximately HK$45.4 million and the repayment of related loan of approximately HK$432.0 million) during the period from January to September 2026 according to the Company's latest marketing plan.

For property investment in Hong Kong, the Group owns residential, commercial and industrial units, and land with attached structure with a total carrying amount of approximately HK$1,176,600,000 as at 31 March 2024 and approximately HK$1,057,900,000 as at 31 March 2025. While strengthening the financial position of the Group is one of the key objectives, replenishing its property portfolio via acquisition of quality real estate assets and capturing opportunities to realize capital gain in the long term is also important. The Company believes that the various measures implemented by the Hong Kong government are able to support the economy allowing SMEs (including those retail sector players) to access necessary financing for coping with the evolving business environment which would in turn increase the demand for renting retail properties in Hong Kong, especially those located in the prime areas.

For securities investment, the Group considers the prospects in respect of the investments in securities and others remain cautiously optimistic. The Group understands that the performance of the investments may be affected by global economic uncertainties and degree of volatility in the Hong Kong financial market and subject to other external factors. Accordingly, the Group will continuously maintain a diversified portfolio of investment of different segments of markets to minimise the possible financial risks. The Group will also closely monitor the performance progress of the investment portfolio in a prudent and balanced risk management approach from time to time.

For loan financing, 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.

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 2025, the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

The following is the text of a report received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular:

中汇
ZHONGHUI

25 November 2025

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF MARK PROFIT DEVELOPMENT LIMITED TO THE DIRECTORS OF EMINENCE ENTERPRISE LIMITED

INTRODUCTION

We report on the historical financial information of Mark Profit Development Limited ("**Mark Profit**") set out on pages III-4 to III-37, which comprises the statements of financial position of Mark Profit as at 31 March 2023, 2024, 2025 and 31 August 2025 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the three years ended 31 March 2023, 2024, and 2025 and five months ended 31 August 2025 (the "**Relevant Periods**") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of Eminence Enterprise Limited ("**Eminence**") dated 25 November 2025 in connection with the proposed acquisition of the entire equity interests in Mark Profit by Eminence.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of Mark Profit are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on the Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Mark Profit's financial position as at 31 March 2023, 2024, 2025 and 31 August 2025, and of Mark Profit's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of Mark Profit which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the five months ended 31 August 2025 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of Mark Profit are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page III-4 have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Pang Hon Chung
Audit Engagement Director
Practising Certificate Number P05988
Hong Kong, 25 November 2025

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

Mark Profit has adopted 31 March as the financial year end date.

The Historical Financial Information in this report was prepared based on previously issued financial statements of Mark Profit for the Relevant Periods. (i) The previously issued financial statements for the year ended 31 March 2023 were audited by Deloitte Touche Tohmatsu in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA, and (ii) the previously issued financial statement for each of the two years ended 31 March 2025, which were audited by us and have been prepared in accordance with HKFRS Accounting Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK$**").

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March			Five months ended 31 August	
		2023	2024	2025	2024	2025
	Notes	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
					(unaudited)	
Revenue	*8*	11,754,500	11,100,000	11,100,000	4,625,000	4,625,000
Other income	*9*	3,890,775	1,357,914	881,631	536,468	436,922
Gain/(loss) arising from change in fair value of investment properties	*15*	53,000,000	(27,000,000)	(11,000,000)	–	11,000,000
(Loss)/gain on change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")		(12,992,756)	7,478,840	(7,238,493)	(21,242,540)	(6,226,545)
(Impairment loss)/reversal of impairment loss on other debt instrument at amortised cost	*16*	(148,650)	716,800	–	–	–
Administrative expenses		(14,000,748)	(16,456,137)	(18,497,890)	(8,947,261)	(6,953,802)
Finance costs	*10*	(13,965,409)	(18,650,265)	(16,696,929)	(7,446,488)	(4,474,657)
Profit/(loss) before tax		27,537,712	(41,452,848)	(41,451,681)	(32,474,821)	(1,593,082)
Income tax credit/(expense)	*11*	24,527	(118,272)	8,384,460	–	–
Profit/(loss) and total comprehensive income/(expense) for the year/period	*12*	27,562,239	(41,571,120)	(33,067,221)	(32,474,821)	(1,593,082)

STATEMENTS OF FINANCIAL POSITION

		As at 31 March			As at 31 August
		2023	2024	2025	2025
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
Non-current assets					
Property, plant and equipment	*14*	–	–	–	–
Investment properties	*15*	720,000,000	693,000,000	682,000,000	693,000,000
Other debt instrument at amortised cost	*16*	12,083,200	–	–	–
Deferred tax assets	*23*	118,272	–	–	–
		732,201,472	693,000,000	682,000,000	693,000,000
Current assets					
Financial assets at FVTPL	*17*	63,996,660	71,475,500	46,254,800	51,626,160
Prepayments, deposits and other receivables	*18*	373,574	181,382	181,298	191,834
Amount due from the ultimate holding company	*19*	389,142,420	325,192,106	313,636,946	294,289,008
Amount due from a fellow subsidiary	*20*	999,874	901,073	946,109	959,874
Bank balances		833,391	860,081	14,211	10,339
		455,345,919	398,610,142	361,033,364	347,077,215

		As at 31 March			As at 31 August
		2023	2024	2025	2025
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
Current liabilities					
Rental deposits received and rental received in advance		3,146,121	3,146,121	3,146,121	3,098,820
Accruals and other payables		1,698,843	1,398,007	1,240,648	978,410
Amounts due to fellow subsidiaries	*21*	10,556,694	9,389,070	19,087,772	22,708,117
Tax payable		8,384,460	8,384,460	–	–
Secured bank borrowings	*22*	107,914,025	231,977,070	227,549,005	222,538,617
		131,700,143	254,294,728	251,023,546	249,323,964
Net current assets		323,645,776	144,315,414	110,009,818	97,753,251
Total assets less current liabilities		1,055,847,248	837,315,414	792,009,818	790,753,251
Non-current liabilities					
Secured bank borrowings	*22*	263,509,051	86,548,337	74,309,962	74,646,477
NET ASSETS		792,338,197	750,767,077	717,699,856	716,106,774
Capital and reserves					
Share capital	*24*	2	2	2	2
Retained earnings		792,338,195	750,767,075	717,699,854	716,106,772
TOTAL EQUITY		792,338,197	750,767,077	717,699,856	716,106,774

STATEMENTS OF CHANGES IN EQUITY

	Share capital *HK$*	Retained earnings *HK$*	Total *HK$*
At 1 April 2022	2	764,775,956	764,775,958
Profit and total comprehensive income for the year	–	27,562,239	27,562,239
At 31 March 2023 and 1 April 2023	2	792,338,195	792,338,197
Loss and total comprehensive expenses for the year	–	(41,571,120)	(41,571,120)
At 31 March 2024 and 1 April 2024	2	750,767,075	750,767,077
Loss and total comprehensive expenses for the year	–	(33,067,221)	(33,067,221)
At 31 March 2025 and 1 April 2025	2	717,699,854	717,699,856
Loss and total comprehensive expenses for the period	–	(1,593,082)	(1,593,082)
At 31 August 2025	2	716,106,772	716,106,774
At 1 April 2024	2	750,767,075	750,767,077
Loss and total comprehensive expenses for the period (unaudited)	–	(32,474,821)	(32,474,821)
At 31 August 2024 (unaudited)	2	718,292,254	718,292,256

STATEMENTS OF CASH FLOWS

	Year ended 31 March			Five months ended 31 August	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	27,537,712	(41,452,848)	(41,451,681)	(32,474,821)	(1,593,082)
Adjustments for:					
Dividend income from listed investments	(2,649,026)	(851,232)	(836,580)	(516,736)	(423,154)
Depreciation of property, plant and equipment	1,935	–	–	–	–
Interest income	(1,241,749)	(506,682)	(45,051)	(19,732)	(13,768)
Finance costs	13,965,409	18,650,265	16,696,929	7,446,488	4,474,657
(Gain)/loss arising from change in fair value of investment properties	(53,000,000)	27,000,000	11,000,000	–	(11,000,000)
Impairment loss/(reversal of impairment loss) on other debt instrument at amortised cost	148,650	(716,800)	–	–	–
Loss/(gain) on fair value change of financial assets at FVTPL	12,992,756	(7,478,840)	7,238,493	21,242,540	6,226,545
Operating cash flows before working capital changes	(2,244,313)	(5,356,137)	(7,397,890)	(4,322,261)	(2,328,802)
Change in prepayments, deposits and other receivables	4,258,955	7,293	84	(46,140)	(10,536)
Change in accruals and other payables	(592,999)	–	83,519	148,654	280,235
Change in rental deposits received and rental received in advance	(3,591,750)	–	–	–	(47,301)
Cash used in operations	(2,170,107)	(5,348,844)	(7,314,287)	(4,219,747)	(2,106,404)
Dividend received	2,649,026	851,232	836,580	516,736	423,154
Net cash generated from/(used in) operating activities	478,919	(4,497,612)	(6,477,707)	(3,703,011)	(1,683,250)

	Year ended 31 March			Five months ended 31 August	
	2023	2024	2025	2024	2025
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of financial assets at FVTPL	24,826,830	–	17,982,207	–	–
Proceeds from repayment of debt instruments at amortised cost	3,200,000	12,800,000	–	–	–
Acquisition of financial assets at FVTPL	(6,000,000)	–	–	–	(11,597,905)
Interest received	1,427,355	691,581	15	9	3
Repayment from a fellow subsidiary	13,654,970	98,801	–	–	–
Repayment from the ultimate holding company	25,779,824	63,950,314	11,555,160	12,666,580	19,347,938
Net cash generated from investing activities	62,888,979	77,540,696	29,537,382	12,666,589	7,750,036
CASH FLOWS FROM FINANCING ACTIVITIES					
Bank borrowings raised	6,000,000	–	–	–	–
Repayment to bank borrowings	(65,010,970)	(52,897,669)	(16,666,440)	(4,698,577)	(4,673,873)
Interest paid	(12,404,566)	(18,951,101)	(16,907,140)	(7,520,815)	(4,978,797)
Payment of loan arrangement fee	–	–	(30,667)	–	(38,333)
Advance from/(repayment to) fellow subsidiaries	8,811,316	(1,167,624)	9,698,702	4,606,130	3,620,345
Net cash used in financing activities	(62,604,220)	(73,016,394)	(23,905,545)	(7,613,262)	(6,070,658)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	763,678	26,690	(845,870)	1,350,316	(3,872)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	69,713	833,391	860,081	860,081	14,211
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, REPRESENTED BY BANK BALANCES	833,391	860,081	14,211	2,210,397	10,339

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Mark Profit was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. Its registered office and principal place of business is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

In the opinion of the directors of Mark Profit (the "**Directors**"), Easyknit Properties Holdings Limited, a company incorporated in the British Virgin Island, is the immediate holding company. Easyknit, an exempted company incorporated in Bermuda, is the ultimate holding company with its shares listed on The Stock Exchange of Hong Kong Limited (Stock code: 1218).

During the Relevant Periods, the principal activities of Mark Profit were properties investment in Hong Kong and securities investment, and the properties owned by Mark Profit is located at Shops 1, 2, 3 on Ground Floor together with showcase on Ground Floor, First Floor and Second Floor of Fa Yuen Plaza, No. 19 Fa Yuen Street, Mong Kok, Kowloon.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 below which conform with HKFRS Accounting Standards issued by the HKICPA. In addition, the financial statements includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information does not constitute Mark Profit's statutory annual Historical Financial Information for any of the financial years ended 31 March 2023, 2024 and 2025 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As Mark Profit is a private company, Mark Profit is not required to deliver its statutory financial statements to the Registrar of Companies, and has not done so.

Mark Profit's auditor has reported on these statutory financial statements for all three years. The independent auditor's reports for each of these three years was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis, and do not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current period, Mark Profit has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting periods beginning on or after 1 April 2024. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Company's accounting policies, presentation of the Historical Financial Information and amounts reported for the current year and prior years.

Mark Profit has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. Mark Profit has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. MATERIAL ACCOUNTING POLICY

The Historical Financial Information have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The Historical Financial Information have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at FVTPL, which are carried at their fair value.

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the Directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in note 5 to the Historical Financial Information.

The material accounting policy applied in the preparation of the Historical Financial Information are set out below.

Foreign currency translation

Functional and presentation currency

Items included in the Historical Financial Information are measured using the currency of the primary economic environment in which Mark Profit operates (the "**functional currency**"). The Historical Financial Information are presented in Hong Kong dollars ("**HK$**"), which is Mark Profit's functional and presentation currency.

Transactions and balances in Historical Financial Information

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Mark Profit and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Office equipment	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment properties are measured initially at its cost including all direct costs attributable to the properties.

After initial recognition, the investment properties are stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment properties are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment properties are the difference between the net sales proceeds and the carrying amount of the properties, and is recognised in profit or loss.

Leases

Mark Profit as lessor

Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when Mark Profit becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; Mark Profit transfers substantially all the risks and rewards of ownership of the assets; or Mark Profit neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of Mark Profit are classified under the following categories:

– Financial assets at amortised cost; and

– Financial assets at FVTPL.

(i) Financial assets at amortised cost

Financial assets (including other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses ("**ECL**").

(ii) Financial assets at FVTPL

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of financial assets at fair value through other comprehensive income ("**FVTOCI**") unless Mark Profit designates an investment that is not held for trading as at FVTOCI on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Loss allowances for ECLs

Mark Profit recognises loss allowances for ECLs on financial assets at amortised cost. ECLs are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, Mark Profit measures the loss allowance for a financial instrument at an amount equal to the ECLs that result from all possible default events over the expected life of that financial instrument ("**lifetime ECLs**") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, Mark Profit measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime ECLs that represents the ECLs that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of ECLs or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of Mark Profit's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of Mark Profit after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Mark Profit has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by Mark Profit are recorded at the proceeds received, net of direct issue costs.

Other revenue

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognised using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

Mark Profit contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by Mark Profit and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by Mark Profit to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, Mark Profit demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of Mark Profit that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Period. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Mark Profit's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where Mark Profit is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which Mark Profit expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties is depreciable and is held within a business model of Mark Profit whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Mark Profit intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to Mark Profit.

(A) A person or a close member of that person's family is related to Mark Profit if that person:

(i) has control or joint control over Mark Profit;

(ii) has significant influence over Mark Profit;

(iii) is a member of the key management personnel of Mark Profit or of a parent of Mark Profit.

(B) An entity is related to Mark Profit if any of the following conditions applies:

(i) The entity and Mark Profit are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either Mark Profit or an entity related to Mark Profit. If Mark Profit is itself such a plan, the sponsoring employers are also related to Mark Profit.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Mark Profit or to a parent of Mark Profit.

Impairment of assets

At the end of each reporting period, Mark Profit reviews the carrying amounts of its tangible and intangible assets except investments and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, Mark Profit estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Mark Profit has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about Mark Profit's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the Historical Financial Information.

Deferred tax for investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed Mark Profit's investment properties and concluded that while Mark Profit's investment properties located in Hong Kong is depreciable, it is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining Mark Profit's deferred taxation arising from this investment properties located in Hong Kong, the management determined that the presumption that investment properties measured using the fair value model is recovered through sale is not rebutted.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair values of investment properties

Mark Profit appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The Directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

Provision of ECL for amounts due from the ultimate holding company/a fellow subsidiary

Mark Profit individually calculates ECLs for its amounts due from the ultimate holding company/a fellow subsidiary. The measurement of ECL under HKFRS 9 for Mark Profit's amounts due from the ultimate holding company/a fellow subsidiary requires judgement on, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of any significant increase in credit risk.

Details on how ECL were measured should be consistent to the internal credit risk management of Mark Profit in note 6.

6. FINANCIAL RISK MANAGEMENT

Mark Profit's activities expose it to a variety of financial risks: foreign currency risk, credit risk, price risk, liquidity risk and interest rate risk. Mark Profit's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Mark Profit's financial performance.

Foreign currency risk

Mark Profit has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$.

Price risk

Mark Profit is exposed to equity price risk through its investments in listed equity securities measured at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risk profiles and Mark Profit has a team to monitor the price risk and will consider hedging the risk exposure should the need arise. Mark Profit's equity price risk is concentrated on equity securities listed in Hong Kong and these investments are diversified into several different industries.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to price risk at the end of the reporting period.

If the prices of the listed equity securities has been 10% higher or lower, pre-tax profit for the year ended 31 March 2023 would increase/decrease by approximately HK$6,400,000 as a result of the changes in fair value of financial assets at FVTPL.

If the prices of the listed equity securities has been 10% higher or lower, pre-tax loss for the year ended 31 March 2024 would decrease/increase by approximately HK$7,148,000 as a result of the changes in fair value of financial assets at FVTPL.

If the prices of the listed equity securities has been 10% higher or lower, pre-tax loss for the year ended 31 March 2025 would decrease/increase by approximately HK$4,625,000 as a result of the changes in fair value of financial assets at FVTPL.

If the prices of the listed equity securities has been 10% higher or lower, pre-tax loss for the period ended 31 August 2025 would decrease/increase by approximately HK$5,163,000 as a result of the changes in fair value of financial assets at FVTPL.

Credit risk and impairment assessment

As at 31 March 2023, 2024, 2025 and 31 August 2025, Mark Profit's maximum exposure to credit risk which will cause a financial loss to Mark Profit due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets expect for listed equity securities, as detailed in note 17. Mark Profit does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

Except for financial assets at FVTPL, Mark Profit performed impairment assessment for financial assets under ECL model. Information about Mark Profit's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Mark Profit's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and lease receivables	Financial assets other than trade and lease receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL-not credit-impaired	12 months ("**12m**") ECL
Medium risk	Debtor frequently repays but usually settles after due date	Lifetime ECL-not credit-impaired	12m ECL
High risk	There have been significant increase in credit risk since initial recognition through information	Lifetime ECL-not credit-impaired	Lifetime ECL-not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL-credit-impaired	Lifetime ECL-credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and Mark Profit has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below details the credit risk exposures of Mark Profit's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	Lifetime ECL	Loss rate range	Gross carrying amount
						HK$
At 31 March 2023						
Financial assets at amortised cost						
Other debt instrument at amortised cost	*16*	N/A	Low risk	12m ECL	5%	12,800,000
Deposits and other receivables	*18*	N/A	(note i)	12m ECL	N/A	360,049
Amount due from the ultimate holding company	*19*	N/A	Low risk	12m ECL	N/A	389,142,420
Amount due from a fellow subsidiary	*20*	N/A	Low risk	12m ECL	N/A	999,874
Bank balances	*N/A*	A1	N/A	12m ECL	N/A	833,391
At 31 March 2024						
Financial assets at amortised cost						
Deposits and other receivables	*18*	N/A	(note i)	12m ECL	N/A	175,150
Amount due from the ultimate holding company	*19*	N/A	Low risk	12m ECL	N/A	325,192,106
Amount due from a fellow subsidiary	*20*	N/A	Low risk	12m ECL	N/A	901,073
Bank balances	*N/A*	A1	N/A	12m ECL	N/A	860,081
At 31 March 2025						
Financial assets at amortised cost						
Deposits and other receivables	*18*	N/A	(note i)	12m ECL	N/A	175,150
Amount due from the ultimate holding company	*19*	N/A	Low risk	12m ECL	N/A	313,636,946
Amount due from a fellow subsidiary	*20*	N/A	Low risk	12m ECL	N/A	946,109
Bank balances	*N/A*	A1	N/A	12m ECL	N/A	14,211
At 31 August 2025						
Financial assets at amortised cost						
Deposits and other receivables	*18*	N/A	(note i)	12m ECL	N/A	175,150
Amount due from the ultimate holding company	*19*	N/A	Low risk	12m ECL	N/A	294,289,008
Amount due from a fellow subsidiary	*20*	N/A	Low risk	12m ECL	N/A	959,874
Bank balances	*N/A*	A1	N/A	12m ECL	N/A	10,339

Note:

(i) For the purpose of internal credit impairment assessment, the Company considers if there is any past due record or other relevant information available without undue cost or effort to assess whether credit risk has increased significantly since initial recognition.

Other debt instrument at amortised cost

Mark Profit assess the credit risk of other debt instrument at amortised cost at the reporting date. Mark Profit has assessed the internal credit rating determined by financial condition of the issuer.

During the year ended 31 March 2023, an impairment loss on other debt instrument at amortised cost amounting to HK$148,650 was recognised in the profit or loss. At 31 March 2023, the impairment allowances for other debt instrument at amortised cost amounted to HK$716,800.

During the year ended 31 March 2024, a reversal of impairment loss on other debt instrument at amortised cost amounting to HK$716,800 was recognised in the profit or loss. At 31 March 2024, the impairment allowances for other debt instrument at amortised cost amounted to HK$Nil.

Other receivables

No allowance for impairment was made since the Directors of Mark Profit consider that the probability of default is minimal after assessing the counterparties' financial condition and creditability.

Amount due from the ultimate holding company

In determining the ECL for amount due from the ultimate holding company, the Directors considers the probability of default is negligible as the ultimate holding company has the capacity to meet its contractual cash flow obligations in the near term, and accordingly, no loss allowance was made in the Historical Financial Information.

Amount due from a fellow subsidiary

In determining the ECL for amount due from a fellow subsidiary, the Directors considers the probability of default is negligible as the fellow subsidiary has the capacity to meet its contractual cash flow obligations in the near term, and accordingly, no loss allowance was made in the Historical Financial Information.

Bank balances

No allowance for impairment was made since the Directors of the Company considers that the probability of default is negligible as such amounts are receivable from or placed in banks with good reputation.

Liquidity risk

Mark Profit's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of Mark Profit's financial liabilities is as follows:

	Weighted average interest rate	Less than 1 year or repayable on demand	Between 2 and 5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 31 March 2023						
Other payable	N/A	1,560,843	–	–	1,560,843	1,560,843
Rental deposits received	N/A	3,146,121	–	–	3,146,121	3,146,121
Amounts due to fellow subsidiaries	N/A	10,556,694	–	–	10,556,694	10,556,694
Bank borrowings	4.48	120,635,796	227,623,838	52,464,159	400,723,793	371,423,076
		135,899,454	227,623,838	52,464,159	415,987,451	386,686,734
At 31 March 2024						
Other payable	N/A	1,260,007	–	–	1,260,007	1,260,007
Rental deposits received	N/A	3,146,121	–	–	3,146,121	3,146,121
Amounts due to fellow subsidiaries	N/A	9,389,070	–	–	9,389,070	9,389,070
Bank borrowings	5.54	239,253,895	61,982,270	37,458,107	338,694,272	318,525,407
		253,049,093	61,982,270	37,458,107	352,489,470	332,320,605
At 31 March 2025						
Other payable	N/A	1,160,848	–	–	1,160,848	1,160,848
Rental deposits received	N/A	3,146,121	–	–	3,146,121	3,146,121
Amounts due to fellow subsidiaries	N/A	19,087,772	–	–	19,087,772	19,087,772
Bank borrowings	4.93	230,594,226	60,730,771	21,511,195	312,836,192	301,858,967
		253,988,967	60,730,771	21,511,195	336,230,933	325,253,708
At 31 August 2025						
Other payable	N/A	922,410	–	–	922,410	922,410
Rental deposits received	N/A	3,098,820	–	–	3,098,820	3,098,820
Amounts due to fellow subsidiaries	N/A	22,708,117	–	–	22,708,117	22,708,117
Bank borrowings	3.92	225,570,513	64,388,400	17,744,886	307,703,799	297,185,094
		252,299,860	64,388,400	17,744,886	334,433,146	323,914,441

Interest rate risk

Mark Profit's exposure to interest-rate risk arises from its amount bank borrowings. These borrowings bear interests at variable rate varied with the then prevailing market condition.

At 31 March 2023, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year ended 31 March 2023 would decrease/increase by approximately HK$1,550,000, arising mainly as a result of higher/lower interest expense on bank borrowings.

At 31 March 2024, 2025 and 31 August 2025, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, post-tax loss for the years ended 31 March 2024, 2025 and period ended 31 August 2025 would increase/decrease by approximately HK$1,330,000, HK$1,260,000 and HK$1,240,000 respectively, arising mainly as a result of higher/lower interest expense on bank borrowings.

Fair values

The carrying amounts of Mark Profit's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

Categories of financial instruments at the end of the reporting period

		As at 31 March		As at 31 August
	2023	**2024**	**2025**	**2025**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets:				
Financial assets at FVTPL	63,996,660	71,475,500	46,254,800	51,626,160
Financial assets at amortised cost (including cash and cash equivalents)	403,418,934	327,128,410	314,772,416	295,434,371
	467,415,594	398,603,910	361,027,216	347,060,531
Financial liabilities:				
Financial liabilities at amortised cost	386,686,734	332,320,605	325,206,407	323,914,441

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that Mark Profit can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

Mark Profit's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

	Fair value measurements using:			As at 31 March 2023
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Recurring fair value measurements:				
Financial assets at FVTPL				
Listed equity securities	63,999,660	–	–	63,999,660
Investment properties				
Commercial – Hong Kong	–	–	720,000,000	720,000,000
	63,999,660	–	720,000,000	783,999,660

	Fair value measurements using:			As at 31 March 2024
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Recurring fair value measurements:				
Financial assets at FVTPL				
Listed equity securities	71,475,500	–	–	71,475,500
Investment properties				
Commercial – Hong Kong	–	–	693,000,000	693,000,000
	71,475,500	–	693,000,000	764,475,500

	Fair value measurements using:			As at 31 March 2025
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Recurring fair value measurements:				
Financial assets at FVTPL				
Listed equity securities	46,254,800	–	–	46,254,800
Investment properties				
Commercial – Hong Kong	–	–	682,000,000	682,000,000
	46,254,800	–	682,000,000	728,254,800

	Fair value measurements using:			As at 31 August 2025
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Recurring fair value measurements:				
Financial assets at FVTPL				
Listed equity securities	51,626,160	–	–	51,626,160
Investment properties				
Commercial – Hong Kong	–	–	693,000,000	693,000,000
	51,626,160	–	693,000,000	744,626,160

During the Relevant Periods, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3. Mark Profit's policy is to recognise transfer between levels of fair value hierarchy as at the end of the Relevant Periods in which they occur.

(b) Reconciliation of assets measured at fair value based on level 3:

	Investment properties				
	Year ended 31 March			Five months ended 31 August	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
At the beginning of the financial year/period	667,000,000	720,000,000	693,000,000	693,000,000	682,000,000
Total gains/(losses) recognised in profit or loss (#)	53,000,000	(27,000,000)	(11,000,000)	–	11,000,000
At the end of the financial year/period	720,000,000	693,000,000	682,000,000	693,000,000	693,000,000
(#) include gains or losses for assets held at end of the Relevant Periods	53,000,000	(27,000,000)	(11,000,000)	–	11,000,000

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in gain/(losses) arising from change in fair value of investment properties in the statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by Mark Profit and valuation techniques and inputs used in fair value measurements:

Mark Profit's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and Directors at least twice a year.

For level 3 fair value measurements, Mark Profit will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

As at 31 March 2023, 2024 and 2025, Mark Profit has engaged an independent valuer, Knight Frank Petty Limited, to determine the fair values of the investment properties.

As at 31 August 2025, Mark Profit has engaged an independent valuer, Vincorn Consulting and Appraisal Limited, to determine the fair values of the investment properties.

Key unobservable inputs used in level 3 fair value measurements are mainly:

Investment properties held by Mark Profit	Fair value at	Fair value hierarchy	Valuation techniques key inputs	Significant unobservable inputs	Sensitivity
Commercial units	31 March 2023: HK$720,000,000 31 August 2025: HK$693,000,000	Level 3	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property	Price per square foot, using market direct comparable and taking into account of character location, age and other individual factors such as road frontage, size of property, etc., which is ranged from HK$35,367 to HK$145,364 per square foot and ranged from HK$22,644 to HK$167,998 per square foot as at 31 March 2023 and 31 August 2025 respectively	The higher the price per square foot, the higher the fair value
Commercial units	31 March 2024: HK$693,000,000 31 March 2025: HK$682,000,000	Level 3	Income approach-term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the condition of the building, which is 3.25% as at 31 March 2024 and 2025	The higher the term yield, the lower the fair value
			-reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, which is 3.25% as at 31 March 2024 and 2025	The higher the reversionary yield, the lower the fair value

Investment properties held by Mark Profit	Fair value at	Fair value hierarchy	Valuation techniques key inputs	Significant unobservable inputs	Sensitivity
			- monthly term rental	Monthly term rental for each unit is derived from the average of the rental as stated in the existing rental agreements, which is HK$93 per square foot as at 31 March 2024 and 2025	The higher the monthly term rental rate, the higher the fair value
			-reversionary market unit rate	Market monthly rental rate, which is HK$192 and HK$187 per square foot as at 31 March 2024 and 2025, respectively	The higher the reversionary market unit rate, the higher the fair value

During the year ended 31 March 2024, the valuation technique used for determining the fair value of the commercial units amounting to HK$693,000,000 as at 31 March 2024 was changed from direct comparison method to income approach as the management considers that there were limited market comparable for similar properties in 2024 that were appropriate to assess the fair value of the commercial units.

During the year ended 31 March 2025, there were no changes in the valuation techniques used.

During the period ended 31 August 2025, the valuation technique used for determining the fair value of the commercial units amounting to HK$693,000,000 as at 31 August 2025 was changed from income approach to direct comparison method as the management considers direct comparison method provide a more relevant and reliable fair value measurement given the increased availability market data.

In estimating the fair value of the investment properties, the highest and best use of the properties are their current use.

8. REVENUE

Revenue represents rental income received or receivable from properties leasing during the year/period which fall outside the scope of HKFRS 15.

9. OTHER INCOME

	Year ended 31 March			Five months ended 31 August	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Interest income from bank	10	40	15	9	3
Interest income from other debt instrument at amortised cost	1,093,775	457,499	–	–	–
Interest income from a fellow subsidiary (note 20)	147,964	49,143	45,036	19,723	13,765
Dividend income from listed investments	2,649,026	851,232	836,580	516,736	423,154
	3,890,775	1,357,914	881,631	536,468	436,922

10. FINANCE COSTS

	Year ended 31 March			Five months ended 31 August	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Interest on secured bank borrowings	13,965,409	18,650,265	16,666,262	7,446,488	4,436,324
Loan arrangement fee	–	–	30,667	–	38,333
	13,965,409	18,650,265	16,696,929	7,446,488	4,474,657

11. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 March			Five months ended 31 August	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Current tax					
– Over-provision in prior years	–	–	(8,384,460)	–	–
Deferred tax	(24,527)	118,272	–	–	–
	(24,527)	118,272	(8,384,460)	–	–

No provision for Hong Kong Profits Tax has been provided since Mark Profit did not generate any assessable profit during the Relevant Periods.

Reconciliation between income tax (credit)/expense and accounting profit/(loss) at Hong Kong Profits Tax rates:

	Year ended 31 March			Five months ended 31 August	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Profit/(loss) before tax	27,537,712	(41,452,848)	(41,451,681)	(32,474,821)	(1,593,082)
Tax at the statutory tax rate of 16.5%	4,543,722	(6,839,720)	(6,839,527)	(5,358,345)	(262,859)
Tax effect of expenses not deductible for tax purposes	749,028	5,584,875	3,536,210	613,100	711,522
Tax effect of income not taxable for tax purposes	(8,171,378)	(2,532,234)	(723,951)	(1,068,935)	(2,226,978)
Tax effect of tax losses not recognised	2,981,171	4,008,199	4,130,106	5,865,599	1,829,730
Others	(127,070)	(102,848)	(102,838)	(51,419)	(51,415)
Over-provision in prior years	–	–	(8,384,460)	–	–
Income tax (credit)/expense for the year/period	(24,527)	118,272	(8,384,460)	–	–

At 31 March 2023, 2024, 2025 and 31 August 2025, Mark Profit has unused tax losses of approximately HK$25,735,000, HK$51,791,000, HK$76,822,000 and HK$87,912,000 available for offset against future profits, respectively. The tax losses can be carried forward indefinitely. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams.

12. PROFIT/(LOSS) FOR THE YEAR/PERIOD

Mark Profit's profit/(loss) for the year/period is stated after charging/(crediting) the following:

	Year ended 31 March			Five months ended 31 August	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Depreciation of property, plant and equipment	1,935	–	–	–	–
Directors' emoluments					
– As directors	–	–	–	–	–
– For management	3,091,565	4,307,538	7,066,105	3,116,006	2,971,447
Staff costs including directors' emoluments					
– Salaries, bonus and allowances	10,173,021	11,866,846	14,488,113	6,750,529	6,098,869
– Retirement benefits scheme contributions	156,996	140,178	171,580	81,546	72,900
	10,330,017	12,007,024	14,659,693	6,832,075	6,171,769
Gross rental income from investment properties	(11,754,500)	(11,100,000)	(11,100,000)	(4,625,000)	(4,625,000)
Less: Direct operating expenses from investment properties that generated rental income during the year/period	360,000	338,400	338,400	141,000	169,200
	(11,394,500)	(10,761,600)	(10,761,600)	(4,484,000)	(4,455,800)
Auditor's remuneration					
– Current year	138,000	138,000	50,000	–	–
– Over-provision in prior year	–	–	(88,000)	–	–
	138,000	138,000	(38,000)	–	–

13. DIVIDENDS

The Directors of Mark Profit do not recommend the payment of any dividend for the Relevant Periods.

14. PROPERTY, PLANT AND EQUIPMENT

	Office equipment
	HK$
Cost	
At 1 April 2022, 31 March 2023, 31 March 2024, 31 March 2025, 31 August 2025	33,550
Accumulated depreciation	
At 1 April 2022	31,615
Provided for the year	1,935
At 31 March 2023, 31 March 2024, 31 March 2025 and 31 August 2025	33,550
Carrying amount	
At 31 August 2025	–
At 31 March 2025	–
At 31 March 2024	–
At 31 March 2023	–

15. INVESTMENT PROPERTIES

	As at 31 March			**As at 31 August**
	2023	**2024**	**2025**	**2025**
	HK$	*HK$*	*HK$*	*HK$*
At the beginning of the financial year/period	667,000,000	720,000,000	693,000,000	682,000,000
Fair value gains/(losses)	53,000,000	(27,000,000)	(11,000,000)	11,000,000
At the end of the financial year/period	720,000,000	693,000,000	682,000,000	693,000,000

Mark Profit leases out its investment properties under operating lease. The lease term is 3 years as at 31 March 2023, 2024, 2025 and 31 August 2025. The lease is on a fixed rental basis and do not include variable lease payments.

Management reviews the valuation performed by the independent valuer for financial reporting purposes. The review includes verification of all major inputs to the valuation, assessing properties valuation movements and discussions with the independent valuer. Management considers that the current use of the investment properties equates the best use.

For the fair value measurement of investment properties please refer to note 7.

16. OTHER DEBT INSTRUMENT AT AMORTISED COST

	As at 31 March			As at 31 August
	2023	2024	2025	2025
	HK$	*HK$*	*HK$*	*HK$*
Unlisted debt instrument in Hong Kong				
Fixed-rate secured note (the "**Secured Note**") (note)	12,800,000	–	–	–
Less: Impairment allowance	(716,800)	–	–	–
	12,083,200	–	–	–

Note: In January 2020, Mark Profit, entered into a subscription agreement with Reliance Global Holdings Limited (the "**Note Issuer**"), which its shares are listed on the Stock Exchange, pursuant to which Mark Profit subscribed the Secured Note issued by the Note Issuer in the principal amount of HK$16,000,000, with interest rate of 7.125% per annum, which HK$3,200,000 was repaid during the year ended 31 March 2023. In January 2023, Mark Profit entered into a supplemental agreement to extend the maturity date of the remaining principal amount of HK$12,800,000 to 16 January 2025, with interest rate unchanged. The remaining principal amount of HK$12,800,000 was fully repaid during the year ended 31 March 2024. The Secured Note is secured by a debenture incorporating by a first floating charge over all the undertaking, properties and assets of a wholly-owned subsidiary of the Note Issuer.

The Secured Note was measured at amortised cost since Mark Profit's business model to hold the debt instrument was to hold for collection of contractual cash flows, and the cash flats represented solely payments of principal and interest on the principal amount outstanding.

The Secured Note was measured at amortised cost since Mark Profit's business model to hold the debt instrument was to hold for collection of contractual cash flows, and the cash flats represented solely payments of principal and interest on the principal amount outstanding.

Mark Profit assessed the ECL with reference to the internal credit rating of the Note Issuer and its holding company. A impairment loss of HK$148,650 was recognised in profit or loss during the year ended 31 March 2023. A reversal of impairment loss of HK$716,800 was recognised in profit or loss during the year ended 31 March 2024.

Details of impairment assessment are set out in note 6.

17. FINANCIAL ASSETS AT FVTPL

	As at 31 March			As at 31 August
	2023	2024	2025	2025
	HK$	*HK$*	*HK$*	*HK$*
Listed investments, at fair value:				
– Equity securities in Hong Kong	63,996,660	71,475,500	46,254,800	51,626,160

The fair values of the listed equity securities were determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March			As at 31 August
	2023	2024	2025	2025
	HK$	*HK$*	*HK$*	*HK$*
Prepayments	13,525	6,232	6,148	16,684
Interest receivable	184,899	–	–	–
Other receivables and deposits	175,150	175,150	175,150	175,150
	373,574	181,382	181,298	191,834

The management closely monitors the credit quality of other receivables and considers other receivables that are neither past due nor impaired to be of good credit quality.

Details of impairment assessment of other receivables are set out in note 6.

19. AMOUNT DUE FROM THE ULTIMATE HOLDING COMPANY

The amount due was unsecured, non-interest bearing and repayable on demand.

20. AMOUNT DUE FROM A FELLOW SUBSIDIARY

The amount is unsecured, interest bearing ranging from the Hong Kong Inter-Bank Offered Rate ("**HIBOR**") plus 1% per annum and repayable on demand.

21. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts due were unsecured, non-interest bearing and repayable on demand.

22. SECURED BANK BORROWINGS

	As at 31 March			As at 31 August
	2023	2024	2025	2025
	HK$	*HK$*	*HK$*	*HK$*
The secured bank borrowings are repayable as follows:				
– within a period not exceeding one year or on demand	107,914,025	231,977,070	227,549,005	222,538,617
– within a period of more than one year but not exceeding two years	177,119,501	11,944,792	12,609,723	13,528,598
– within a period of more than two years but not exceeding five years	37,540,742	39,123,502	40,784,236	43,756,015
– within a period of more than five years	48,848,808	35,480,043	20,916,003	17,361,864
	371,423,076	318,525,407	301,858,967	297,185,094
Less: Amount due within one year shown under current liabilities	(107,914,025)	(231,977,070)	(227,549,005)	(222,538,617)
Amount due after one year shown under non-current liabilities (note)	263,509,051	86,548,337	74,309,962	74,646,477
Analysed as:				
– Secured	371,423,076	318,525,407	301,858,967	297,185,094

At 31 March 2023, 2024, 2025 and 31 August 2025, Mark Profit's bank borrowings carry interest at HIBOR plus 1% to HIBOR to 1.55% per annum, with effective interest ranging from 4.13% to 4.76%, 4.38% to 6.23%, 3.75% to 5.56% and 2.55% to 4.53% per annum, respectively. At 31 March 2023, 2024, 2025 and 31 August 2025, the loans are secured by investment properties of Mark Profit with carrying amount of HK$720,000,000, HK$693,000,000, HK$682,000,000 and HK$693,000,000, respectively.

Note: Regarding to the Mark Profit's banking facilities for secured bank borrowing classified as non-current liabilities are subject to the fulfilment of covenants. Some of those relating to Mark Profit's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If Mark Profit was to breach the covenants the related loans would become payable on demand. As at 31 August 2025, 31 March 2025, 2024 and 2023, none of these covenants had been breached.

As at 31 August 2025, 31 March 2025, 2024 and 2023, the covenants for Mark Profit's secured bank borrowings classified as non-current at the end of the reporting period are set out below:

Mark Profit's total outstanding of secured bank borrowings, at annually or any time upon request by the bank, shall not be higher than 60% of the current market value of the Mark Profit's investment properties.

23. DEFERRED TAXATION

The followings are the major deferred tax assets recognised and movements thereon during the Relevant Periods:

	ECL allowance
	HK$
At 1 April 2022	(93,745)
Credited to profit or loss	(24,527)
At 31 March 2023 and 1 April 2023	(118,272)
Charged to profit or loss	118,272
At 31 March 2024, 31 March 2025, 1 April 2025 and 31 August 2025	–

24. SHARE CAPITAL

	As at 31 March			**As at 31 August**
	2023	**2024**	**2025**	**2025**
	HK$	*HK$*	*HK$*	*HK$*
2 ordinary shares of HK$1 issued and fully paid	2	2	2	2

25. CAPITAL RISK MANAGEMENT

Mark Profit manages its capital to ensure Mark Profit will be able to continue as a going concern while maximising the return to sole shareholder through the optimisation of the debt and equity balances. Mark Profit's overall strategy remains unchanged from prior year/period.

The capital structure of Mark Profit consists of debts, which includes amounts due to fellow subsidiaries, secured bank borrowings and equity of Mark Profit, comprising issued share capital and retained earnings.

The Directors of Mark Profit reviews the capital structure periodically. Mark Profit considers the cost of capital and the risks associated with the capital, and will balance its overall capital structure through payment of dividends, issuance of new shares buy-backs as well as the raising of new debts if required.

26. NOTES TO THE STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

The following table shows Mark Profit's changes in liabilities arising from financing activities during the Relevant Periods:

	Interest payable	Amounts due to fellow subsidiaries	Bank borrowings	Total
	HK$	*HK$*	*HK$*	*HK$*
At 1 April 2022	–	1,745,378	430,434,046	432,179,424
Net changes in cash flows	(12,404,566)	8,811,316	(59,010,970)	(62,604,220)
Non-cash changes				
Interest expense	13,965,409	–	–	13,965,409
At 31 March 2023 and at 1 April 2023	1,560,843	10,556,694	371,423,076	383,540,613
Net changes in cash flows	(18,951,101)	(1,167,624)	(52,897,669)	(73,016,394)
Non-cash changes				
Interest expense	18,650,265	–	–	18,650,265
At 31 March 2024 and at 1 April 2024	1,260,007	9,389,070	318,525,407	329,174,484
Net changes in cash flows	(16,907,140)	9,698,702	(16,666,440)	(23,874,878)
Non-cash changes				
Interest expense	16,666,262	–	–	16,666,262
At 31 March 2025	1,019,129	19,087,772	301,858,967	321,965,868
Net changes in cash flows	(4,978,797)	3,620,345	(4,673,873)	(6,032,325)
Non-cash changes				
Interest expense	4,436,324	–	–	4,436,324
At 31 August 2025	476,656	22,708,117	297,185,094	320,369,867

27. PLEDGE OF ASSETS

At 31 March 2023, 2024, 2025 and 31 August 2025, investment properties of Mark Profit with carrying amount of HK$720,000,000, HK$693,000,000 and HK$682,000,000, HK$693,000,000 were pledged to a bank to secure credit facilities granted to Mark Profit and a fellow subsidiary, respectively. In addition, future sale proceeds and rentals in respect of these investment properties were also pledged to the bank.

28. OPERATING LEASE COMMITMENT

Mark Profit as lessor

Mark Profit leases out investment properties under operating lease. The future aggregate minimum lease rental receivable under non cancellable operating lease in respect of investment properties as follows:

	As at 31 March			As at 31 August
	2023	**2024**	**2025**	**2025**
	HK$	*HK$*	*HK$*	*HK$*
Within one year	11,100,000	11,100,000	524,167	11,100,000
In the second to fifth year inclusive	11,624,167	524,167	–	18,099,167
	22,724,167	11,624,167	524,167	29,199,167

Under the leases entered into by Mark Profit, the lease payments are fixed and no arrangements have been entered into for contingent rental payments. At 31 March 2023, 2024, 2025 and 31 August 2025, the investment properties have a committed tenant for a term of three years.

29. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in notes 9, 19, 20 and 21 to the Historical Financial Information, Mark Profit had the following transactions with its related parties during the Relevant Periods:

	Year ended 31 March			Five months ended 31 August	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Agency fee to a fellow subsidiary	293,863	277,500	277,500	–	–

(b) During the year ended 31 March 2023, Mark Profit paid HK$1,890,151 to Wing Yee Football Team Company Limited, a company controlled by Mr. Koon Wing Yee, who is the spouse of Ms. Lui Yuk Chu, a director of Mark Profit, which is recognised in profit or loss as "advertising expense".

(c) During the years ended 31 March 2024, 2025 and period ended 31 August 2025, Mark Profit paid HK$2,730,320, HK$1,906,886 and HK$191,901 to Wing Yee Football Team Company Limited, a company controlled by Mr. Koon Chun Ting, who is the son of Ms. Lui Yuk Chu, a director of Mark Profit, which is recognised in profit or loss as "advertising expense", respectively.

(d) Banking facilities

The ultimate holding company and a fellow subsidiary has provided a corporate guarantee to a bank to secure credit facilities granted to Mark Profit.

	Corporate guarantee amount			
		As at 31 March		**As at 31 August**
	2023	**2024**	**2025**	**2025**
	HK$	*HK$*	*HK$*	*HK$*
The ultimate holding company	527,700,000	527,700,000	527,700,000	527,700,000
A fellow subsidiary	300,000,000	300,000,000	300,000,000	300,000,000

30. SUBSEQUENT FINANCIAL STATEMENTS

No audited Historical Financial Information have been prepared by Mark Profit in respect of any period subsequent to 31 August 2025.

INTRODUCTION

The accompanying unaudited pro forma financial information of the Post-Transaction Group has been prepared to illustrate the effect of the acquisition of the entire issued share capital of Mark Profit subject to the terms and conditions of the Sale and Purchase Agreements (the "**Acquisition**") on the Group's financial position as at 31 March 2025, as if the Acquisition had been taken place on 31 March 2025, and on the Group's financial performance and cash flows for the year ended 31 March 2025, as if the Acquisition had been taken place on 1 April 2024.

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 2025 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 2025 as extracted from the annual report of the Group for the year ended 31 March 2025 and the audited statements of profit or loss and other comprehensive income and audited statements of cash flows of Mark Profit for the year ended 31 March 2025 as extracted from the accountants' reports set out in Appendix III to this circular as if the Acquisition had been completed on 1 April 2024.

The unaudited pro forma consolidated statement of financial position of the Post-Transaction Group as at 31 March 2025 is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2025 as extracted from the annual report of the Group for the year ended 31 March 2025 and the audited statements of financial position of Mark Profit as at 31 March 2025 as extracted from the accountants' reports set out in Appendix III to this circular as if the Acquisition had been completed on 31 March 2025.

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 Acquisition 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 Mark Profit as set out in Appendix III and other financial information included elsewhere in this circular.

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE POST-TRANSACTION GROUP

	The Group as at 31 March 2025	Pro forma adjustments			Unaudited pro forma total for the Post-Transaction Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
NON-CURRENT ASSETS					
Property, plant and equipment	4,032	–	–	–	4,032
Right-of-use assets	3,372	–	–	–	3,372
Investment properties	1,057,900	682,000	2,356	(2,356)	1,739,900
Investment in a joint venture	582	–	–	–	582
Financial assets at at fair value through profit or loss ("**FVTPL**")	8,625	–	–	–	8,625
Deferred tax assets	319	–	–	–	319
Total non-current assets	1,074,830	682,000	2,356	(2,356)	1,756,830
CURRENT ASSETS					
Properties held for sale	1,712,654	–	–	–	1,712,654
Properties held for development for sale	1,846,612	–	–	–	1,846,612
Trade and other receivables	49,235	181	–	–	49,416
Loans receivables	29,578	–	–	–	29,578
Amount due from a joint venture	7,850	–	–	–	7,850
Financial assets at FVTPL	41,589	46,255	(33,846)	–	53,998
Debt instruments at fair value through other comprehensive income ("**FVTOCI**")	80	–	–	–	80
Debt instruments at amortised cost	22,336	–	–	–	22,336
Amount due from the ultimate holding company	–	313,637	(313,637)	–	–
Amount due from a fellow subsidiary	–	946	(946)	–	–
Cash and cash equivalents	57,266	14	(1,160)	–	56,120
Total current assets	3,767,200	361,033	(349,589)	–	3,778,644

	The Group as at 31 March 2025	Pro forma adjustments			Unaudited pro forma total for the Post-Transaction Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	
CURRENT LIABILITIES					
Trade and other payables	74,551	4,386	–	–	78,937
Contract liabilities	5,197	–	–	–	5,197
Amounts due to fellow subsidiaries	–	19,088	(19,088)	–	–
Tax payables	731	–	–	–	731
Secured bank borrowings	1,575,285	227,549	120,000	–	1,922,834
Lease liabilities	2,447	–	–	–	2,447
Total current liabilities	1,658,211	251,023	100,912	–	2,010,146
NET CURRENT ASSETS	2,108,989	110,010	(450,501)	–	1,768,498
TOTAL ASSETS LESS CURRENT LIABILITIES	3,183,819	792,010	(448,145)	(2,356)	3,525,328
NON-CURRENT LIABILITIES					
Deferred tax liabilities	3,756	–	–	–	3,756
Convertible note	47,226	–	183,506	–	230,732
Secured bank borrowings	316,975	74,310	–	–	391,285
Lease liabilities	1,077	–	–	–	1,077
Total non-current liabilities	369,034	74,310	183,506	–	626,850
NET ASSETS	2,814,785	717,700	(631,651)	(2,356)	2,898,478
Capital and reserves					
Share capital	10,144	–	–	–	10,144
Reserves	2,804,641	717,700	(631,651)	(2,356)	2,888,334
TOTAL EQUITY	2,814,785	717,700	(631,651)	(2,356)	2,898,478

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 2025 as set out in the annual report of the Group for the year ended 31 March 2025.

2. The adjustment represents the recognition of assets and liabilities of Mark Profit as at 31 March 2025, as if the Acquisition has taken place on 31 March 2025. The financial information of Mark Profit is extracted from the audited statement of financial position of Mark Profit as at 31 March 2025 as set out in the accountants' reports set out in Appendix III to this circular.

3. For pro forma purpose, it is assumed that, upon the Acquisition has been completed on 31 March 2025, the Group obtained control of Mark Profit and Mark Profit become the subsidiaries of the Group. The Purchase Price will be settled through the 2025 Convertible Note issued by the Company. The details of the calculation are set out as follows:

	HK$'000
Total identifiable net assets at fair value	
Net assets recognised from Mark Profit	717,700
Less:	
– Debt Novation to Mark Profit	(120,000)
– Securities Transfer	(33,846)
– Amounts due owed by Mark Profit to the Easyknit Group (being a net debit amount) disposed to the Company	(295,495)
	268,359
Less: Purchase Price	
– 2025 Convertible Note (fair value assumed as at 30 September 2025)*	(269,555)
Less: Estimated transaction costs directly attributable to the Acquisition	
– Stamp duty on transfer of shares	(718)
– Professional fees and other transaction costs	(442)
Loss on the Acquisition	(2,356)

* The valuation approach adopted on the 2025 Convertible Note is Black-Scholes model. The methodology adopted is consistent with 2023 Convertible Note. Management believes that determining the fair value of the 2025 Convertible Note with valuation dated as at 30 September 2025 (the last practical date) is more appropriate for pro forma purpose, which using latest available inputs such as spot stock price, risk-free rate and volatility to the valuation of the 2025 Convertible Note.

The adjustment represents:

(i) as set out in the Sale and Purchase Agreement, the Sale Shares Consideration (equal to the net asset value of Mark Profit as at 31 March 2025) of approximately HK$717,700,000 is subject to adjustment by way of deduction of a sum equal to (i) the Debt Novation to Mark Profit for another bank loan of approximately HK$120,000,000 from another wholly-owned subsidiary of Easyknit before the Acquisition; (ii) the 42,308,000 shares of Best Food Holding Company Limited will be transferred to another wholly-owned subsidiary of Easyknit before the Acquisition of approximately HK$33,846,000; and (iii) the amount due from Easyknit of approximately HK$313,637,000, the amount due from a subsidiary of Easyknit of approximately HK$946,000 and the amount due to other subsidiaries of Easyknit of approximately HK$19,088,000, amounting to an aggregate debit balance of approximately HK$295,495,000 as at 31 March 2025, are disposed of to the Company.

The Purchase Price after the adjustments above is approximately HK$268,359,000, which shall be settled through the 2025 Convertible Note issued by the Company;

(ii) the elimination of intercompany balance of approximately HK$295,495,000 after the amounts due disposed to the Company;

(iii) recognise the bank loan of approximately HK$120,000,000 after the Debt Novation;

(iv) the fair value of 2025 Convertible Note issued by the Company as the Purchase Price paid as at 31 March 2025. It is assumed to be the fair value of approximately HK$269,555,000 which carried out as at 30 September 2025 by the independent valuer, Fairdex Valuation Advisory Limited, for pro forma purpose (contains liability component of approximately HK$183,506,000 recorded as convertible note in the Group's non-current liabilities and equity component of approximately HK$86,049,000 recorded as convertible note equity reserve in the Group's reserves);

(v) the payment of the estimated transaction costs directly attributable to the Acquisition of approximately HK$1,160,000; and

(vi) the Acquisition did not constitute a business combination. The Acquisition is for the purpose of acquiring the Property held by Mark Profit. Therefore, the loss on the Acquisition of approximately HK$2,356,000 was allocated to the identifiable assets and liabilities of Mark Profit which is "Investment properties".

4. Reference to note 3, the adjustment represents the loss on changes in fair value of investment properties of approximately HK$2,356,000 related to the Property which the fair value of approximately HK$682,000,000 in aggregate as at 31 March 2025.

5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2025.

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 2025	Pro forma adjustments					Unaudited pro forma total for the Post-Transaction Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Continuing operations							
Revenue							
Sales of property	10,358	–	–	–	–	–	10,358
Rental income	32,354	11,100	–	–	–	–	43,454
Building management	816	–	–	–	–	–	816
Interest income from loan financing	1,329	–	–	–	–	–	1,329
	44,857	11,100	–	–	–	–	55,957
Cost of properties and services rendered	(18,023)	–	–	–	–	–	(18,023)
Gross profit	26,834	11,100	–	–	–	–	37,934
Other income	9,717	882	–	–	–	(45)	10,554
Other losses	(4,896)	–	–	–	–	–	(4,896)
Other expenses	(21)	–	–	–	–	–	(21)
Distribution and selling expenses	(2,619)	–	–	–	–	–	(2,619)
Administrative expenses	(48,680)	(18,498)	–	–	–	–	(67,178)
Finance costs	(92,555)	(16,697)	–	(32,182)	–	–	(141,434)
Share of result of a joint venture	327	–	–	–	–	–	327
Loss on changes in fair value of investment properties	(28,700)	(11,000)	(16,560)	–	–	–	(56,260)
Loss on disposal of investment properties	(29,211)	–	–	–	–	–	(29,211)
Loss on modification of terms of convertible note	(31,369)	–	–	–	–	–	(31,369)
Write-down on properties held for development for sale and properties held for sale, net	(149,428)	–	–	–	–	–	(149,428)
Net loss on changes in fair value of financial assets at FVTPL	(20,427)	(7,238)	–	–	11,155	–	(16,510)
Reversal of impairment loss on financial assets, net:							
– Loans receivable	55	–	–	–	–	–	55
Loss before taxation	(370,973)	(41,451)	(16,560)	(32,182)	11,155	(45)	(450,056)
Taxation credit	13,195	8,384	–	–	–	–	21,579

	The Group for the year ended 31 March 2025	Pro forma adjustments					Unaudited pro forma total for the Post-Transaction Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Loss for the year from continuing operations	(357,778)	(33,067)	(16,560)	(32,182)	11,155	(45)	(428,477)
Discontinued operation							
Loss for the year from discontinued operation	(7,521)	–	–	–	–	–	(7,521)
Loss for the year attributable to owners of the Company	(365,299)	(33,067)	(16,560)	(32,182)	11,155	(45)	(435,998)
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences arising on translation of financial statement of foreign operations	8,012	–	–	–	–	–	8,012
Change in fair value of debt instruments at FVTOCI	(20)	–	–	–	–	–	(20)
Other comprehensive income for the year	7,992	–	–	–	–	–	7,992
Total comprehensive expense for the year attributable to owners of the Company	(357,307)	(33,067)	(16,560)	(32,182)	11,155	(45)	(428,006)
Total comprehensive expense attributable to owners of the Company:							
– from continuing operation	(355,585)	(33,067)	(16,560)	(32,182)	11,155	(45)	(426,284)
– from discontinued operation	(1,722)	–	–	–	–	–	(1,722)
Total comprehensive expense for the year attributable to owners of the Company	(357,307)	(33,067)	(16,560)	(32,182)	11,155	(45)	(428,006)

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 2025 as set out in the annual report of the Group for the year ended 31 March 2025.

2. The adjustment represents the recognition of the results of Mark Profit for the year ended 31 March 2025, as if the Acquisition has taken place on 1 April 2024. The financial information of Mark Profit is extracted from the audited statement of profit or loss and other comprehensive income of Mark Profit for the year ended 31 March 2025 as set out in the accountants' reports on Mark Profit which is contained in Appendix III to this circular.

3. For pro forma purpose, it is assumed that, upon the Acquisition has been completed on 1 April 2024, the Group obtained control of Mark Profit and Mark Profit become the subsidiaries of the Group. The Purchase Price will be settled through the 2025 Convertible Note issued by the Company. The details of the calculation are set out as follows:

	HK$'000
Total identifiable net assets at fair value	
Net assets recognised from Mark Profit	750,767
Less:	
– Debt Novation to Mark Profit	(120,000)
– Securities Transfer	(59,908)
– Amounts due owed by Mark Profit to the Easyknit Group (being a net debit amount) disposed to the Company	(316,704)
	254,155
Less: Purchase Price	
– 2025 Convertible Note (fair value assumed as at 30 September 2025)	(269,555)
Less: Estimated transaction costs directly attributable to the Acquisition	(1,160)
Loss on the Acquisition	(16,560)
Net cash outflow arising on the Acquisition:	
Cash and cash equivalents acquired	860
Cash paid for estimated transaction costs directly attributable to the Acquisition	(1,160)
	(300)

The adjustment represents:

(i) as set out in the Sale and Purchase Agreement, the Sale Shares Consideration (equal to the net asset value of Mark Profit as at 1 April 2024) of approximately HK$750,767,000 is subject to adjustment by way of deduction of a sum equal to (i) the Debt Novation to Mark Profit for another bank loan of approximately HK$120,000,000 from another wholly-owned subsidiary of Easyknit before the Acquisition; (ii) the 59,908,000 shares of Best Food Holding Company Limited will be transferred to another wholly-owned subsidiary of Easyknit before the Acquisition of approximately HK$59,908,000; and (iii) the amount due from Easyknit of approximately HK$325,192,000, the amount due from a subsidiary of Easyknit of approximately HK$901,000 and the amount due to other subsidiaries of Easyknit of approximately HK$9,389,000, amounting to an aggregate debit balance of approximately HK$316,704,000 as at 1 April 2024, are disposed of to the Company;

(ii) the Purchase Price after the adjustments above is approximately HK$254,155,000, which shall be settled through the 2025 Convertible Note issued by the Company. It is assumed to be the fair value of approximately HK$269,555,000 which carried out as at 30 September 2025 by the independent valuer, Fairdex Valuation Advisory Limited, for pro forma purpose (contains liability component and equity component of approximately HK$183,506,000 and HK$86,049,000, respectively);

(iii) the net assets recognised from Mark Profit of approximately HK$750,767,000 and amounts due from (to) ultimate holding company/fellow subsidiaries to Mark Profit amounting to an aggregate debit balance of approximately HK$316,704,000 are extracted from the audited statement of financial position of Mark Profit as at 31 March 2024 as set out in the accountants' reports set out in Appendix III to this circular;

(iv) the Acquisition did not constitute a business combination. The Acquisition is for the purpose of acquiring the Property held by Mark Profit. Therefore, the loss on the Acquisition of approximately HK$16,560,000 was allocated to the identifiable assets and liabilities of Mark Profit which is "Investment properties"; and

(v) the loss on changes in fair value of investment properties of approximately HK$16,560,000 related to the Property which the fair value of approximately HK$693,000,000 in aggregate as at 1 April 2024.

4. When assuming the Acquisition took place on 1 April 2024, the issuance of the 2025 Convertible Note is also assumed to have occurred on 1 April 2024. The adjustment represents the interest expense of approximately HK$32,182,000 during the year ended 31 March 2025, which including (i) the effective interest expense of approximately HK$26,288,000 on the 2025 Convertible Note with the effective interest rate of the liability component (for pro forma purpose, the liability component of the 2025 Convertible Note assumed as HK$183,506,000) of the 2025 Convertible Note is 14.09% per annum at the date of initial recognition, which is calculated by backing out the implied interest rate using a present value table; and (ii) the interest expenses of approximately HK$5,894,000 on the Debt Novation to Mark Profit for another bank loan of approximately HK$120,000,000 recognised in profit or loss which is assumed carry interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 1% per annum, with effective interest rate at 4.91% per annum.

5. When assuming the Acquisition took place on 1 April 2024, the 59,908,000 shares of Best Food Holding Company Limited mentioned in note 3(i) are also assumed to have been transferred by that date. Reference to note 2, net loss on changes in fair value of financial assets at FVTPL includes the changes in fair value of the 59,908,000 shares of Best Food Holding Company Limited. This adjustment represents add-back the net loss on changes in fair value of financial assets at FVTPL of approximately HK$11,155,000, which related to the Securities Transfer of the 59,908,000 shares of Best Food Holding Company Limited.

6. When assuming the Acquisition took place on 1 April 2024, Mark profit is also assumed to be a subsidiary of the Group. Note 2 mentioned above included the loan interest income derived by Mark Profit. Therefore, this adjustment represents elimination of the loan interest income of approximately HK$45,000 related to the amount due from a subsidiary of Easyknit of approximately HK$901,000 which is disposed to the Company at the completion date.

7. All the adjustments have no continuing effect except for Note 4 above.

8. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2025.

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE POST-TRANSACTION GROUP

	The Group for the year ended 31 March 2025	Pro forma adjustments					Unaudited pro forma total for the Post-Transaction Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Operating activities							
Loss before taxation	(374,725)	(41,451)	(16,560)	(32,182)	11,155	(45)	(453,808)
Adjustments for:							
Bank and other interest income	(4,530)	(45)	–	–	–	45	(4,530)
Depreciation of property, plant and equipment	647	–	–	–	–	–	647
Depreciation of right-of-use assets	2,413	–	–	–	–	–	2,413
Dividend income from investments	(37)	(837)	–	–	–	–	(874)
Interest expense	92,555	16,697	–	32,182	–	–	141,434
Interest income from debt instruments at amortised cost	(1,869)	–	–	–	–	–	(1,869)
Interest income from loan financing	(1,329)	–	–	–	–	–	(1,329)
Loss on disposal of investment properties	29,211	–	–	–	–	–	29,211
Loss on changes in fair value of financial assets at FVTPL	20,427	7,238	–	–	(11,155)	–	16,510
Loss on changes in fair value of investment properties	28,700	11,000	16,560	–	–	–	56,260
Loss on modification of terms of convertible note	31,369	–	–	–	–	–	31,369
Reversal of impairment loss on loans receivable, net	(55)	–	–	–	–	–	(55)
Share of result of a joint venture	(327)	–	–	–	–	–	(327)
Written-down on PUD and PHS, net	149,428	–	–	–	–	–	149,428
Written-off of other payables	(2,998)	–	–	–	–	–	(2,998)
Operating cash flows before movements in working capital	(31,120)	(7,398)	–	–	–	–	(38,518)
Decrease in financial assets at FVTPL	39,838	17,982	–	–	(14,906)	–	42,914
Increase in PUD and PHS	(70,623)	–	–	–	–	–	(70,623)
Increase in trade and other receivables	(15,291)	–	–	–	–	–	(15,291)
Decrease in loans receivable	1,500	–	–	–	–	–	1,500
Decrease in trade and other payables	(16,201)	83	–	–	–	–	(16,118)
Increase in contract liabilities	5,197	–	–	–	–	–	5,197

	The Group for the year ended 31 March 2025	Pro forma adjustments					Unaudited pro forma total for the Post-Transaction Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Cash used in operations	(86,700)	10,667	–	–	(14,906)	–	(90,939)
Hong Kong Profits Tax paid	(60)	–	–	–	–	–	(60)
Hong Kong Profits Tax refunded	209	–	–	–	–	–	209
People's Republic of China Enterprise Income Tax paid	(15,797)	–	–	–	–	–	(15,797)
Dividend received from financial assets at FVTPL	37	837	–	–	–	–	874
Interest received from loan financing	952	–	–	–	–	–	952
Net cash used in operating activities	(101,359)	11,504	–	–	(14,906)	–	(104,761)
Investing activities							
Net proceeds from disposal of investment properties	135,017	–	–	–	–	–	135,017
Decrease in time deposit over three months	31,183	–	–	–	–	–	31,183
Interest received	6,399	–	–	–	–	–	6,399
Advance to a related party	(50,000)	–	–	–	–	–	(50,000)
Advance to a joint venture	(6,000)	–	–	–	–	–	(6,000)
Purchase of property, plant and equipment	(10)	–	–	–	–	–	(10)
Repayment from the ultimate holding company	–	11,555	–	–	–	(11,555)	–
Net cash outflow of the Acquisition	–	–	(300)	–	–	–	(300)
Net cash from investing activities	116,589	11,555	(300)	–	–	(11,555)	116,289

	The Group for the year ended 31 March 2025	Pro forma adjustments					Unaudited pro forma total for the Post-Transaction Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Financing activities							
Repayment of bank borrowings	(393,674)	(16,666)	–	–	–	–	(410,340)
Interest paid	(132,203)	(16,907)	–	(19,314)	–	–	(168,424)
Advance from fellow subsidiaries	–	9,699	–	(9,699)	–		
Partial redemption of convertible note	(59,000)	–	–	–	–	–	(59,000)
Repayment of lease liabilities	(2,353)	–	–	–	–	–	(2,353)
Payment of loan arrangement fee	(1,879)	(31)	–	–	–	–	(1,910)
Bank borrowings raised	221,079	–	–	–	–	–	221,079
Net proceeds from issue of shares upon placing	41,877	–	–	–	–	–	41,877
Net proceeds from rights issue of shares	62,219	–	–	–	–	–	62,219
Net cash used in financing activities	(263,934)	(23,905)	–	(19,314)	–	(9,699)	(316,852)
Net decrease in cash and cash equivalents	(248,704)	(846)	(300)	(19,314)	(14,906)	(21,254)	(305,324)
Cash and cash equivalents at beginning of the year	299,717	–	–	–	–	–	299,717
Effect of foreign exchange rate changes	6,253	–	–	–	–	–	6,253
Cash and cash equivalents at end of the year, represented by bank balances and cash	57,266	(846)	(300)	(19,314)	(14,906)	(21,254)	646

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 2025 as set out in the annual report of the Group for the year ended 31 March 2025.

2. The adjustment represents the recognition of the cash flows of Mark Profit for the year ended 31 March 2025, as if the Acquisition has taken place on 1 April 2024. The financial information of Mark Profit is extracted from the audited statement of cash flows of Mark Profit for the year ended 31 March 2025 as set out in the accountants' reports on Mark Profit which is contained in Appendix III to this circular.

3. Reference to note 3(iv) under unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the adjustment represents (i) recognised the loss on changes in fair value of investment properties of approximately HK$16,560,000 and (ii) net cash outflow of the Acquisition of approximately HK$300,000 for the payment of estimated transaction costs directly attributable to the Acquisition of approximately HK$1,160,000 and cash and cash equivalents of approximately HK$860,000 acquired from Mark Profit. Details are set out in Note 3 of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Post-Transaction Group.

4. Reference to note 4 under unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the adjustment represents:

   (i) the interest expense of approximately HK$32,182,000 during the year ended 31 March 2025, which including the effective interest expense of approximately HK$26,288,000 on the 2025 Convertible Note with the effective interest rate of the liability component (for pro forma purpose, the liability component of the 2025 Convertible Note assumed as HK$183,506,000) of the 2025 Convertible Note is 14.09% per annum at the date of initial recognition; and the interest expenses of approximately HK$5,894,000 on the Debt Novation to Mark Profit for another bank loan of approximately HK$120,000,000 recognised in profit or loss which is assumed carry interest at HIBOR plus 1% per annum, with effective interest rate at 4.91% per annum; and

   (ii) the interest paid of approximately HK$19,314,000 during the year ended 31 March 2025, which including the 5% coupon interest of the 2025 Convertible Note (for pro forma purpose, the principal amount of the 2025 Convertible Note assumed as HK$268,400,000) and bank loan interest of the Debt Novation of approximately HK$13,420,000 and HK$5,894,000, respectively.

5. Reference to note 5 under unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the adjustment represents (i) add-back "Loss on changes in fair value of financial assets at FVTPL" of approximately HK$11,155,000, which related to the Securities Transfer of the 59,908,000 shares of Best Food Holding Company Limited; and (ii) add-back "Decrease in financial assets at FVTPL" of HK$14,906,000, which related to the proceeds from the disposal of the shares of Best Food Holding Company Limited during the year ended 31 March 2025.

6. Reference to note 6 under unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the adjustment represents elimination of (i) "Bank and other interest income" of approximately HK$45,000; (ii) "Repayment from the ultimate holding company" of approximately HK$11,555,000; and (iii) "Advance from fellow subsidiaries" of approximately HK$9,699,000, which related to the amounts due from (to) ultimate holding company/fellow subsidiaries to Mark Profit disposed to the Company at the completion date.

7. All the adjustments have no continuing effect except for Note 4 above.

8. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2025.

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.

中汇 ZHONGHUI

25 November 2025

The Board of Directors
Eminence Enterprise Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Eminence Enterprise 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 2025, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2025, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2025 and related notes as set out on pages IV-2 to IV-13 of the circular issued by the Company dated 25 November 2025. 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 acquisition of the entire issued share capital of Mark Profit Development Limited subject to the terms and conditions of the sale and purchase agreements (the "**Acquisition**") on the Group's financial position as at 31 March 2025 and on the Group's financial performance and cash flows for the year ended 31 March 2025 as if the Acquisition had been taken place at 31 March 2025 and 1 April 2024 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 2025, 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 2025 and 1 April 2024 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 2025 ("**FY2025**"), 2024 ("**FY2024**") and 2023 ("**FY2023**"), respectively, as extracted from the audited consolidated financial statements of the Group for each of the FY2025, FY2024 and FY2023, respectively.

FOR THE YEAR ENDED 31 MARCH 2025

FINAL RESULTS

For the year ended 31 March 2025, the Group's consolidated loss attributable to the Shareholders was approximately HK$365,299,000 as compared with loss of approximately HK$213,149,000 last financial year (FY2024). The consolidated loss from continuing operations and discontinued operation for the year ended 31 March 2025 were approximately HK$357,778,000 and HK$7,521,000 respectively as compared with loss of approximately HK$218,804,000 and profit of approximately HK$5,655,000 last financial year (FY2024) respectively. The increase in consolidated loss for the financial year was mainly attributable to, among other things, (i) the increase in loss on changes in fair value of investment properties; (ii) the increase in loss on disposal of investment properties; (iii) the increase in write-down on properties held for development for sale and properties held for sale; (iv) the increase in the net loss on changes in fair value of financial assets at fair value through profit or loss; (v) the increase in loss on modification of terms of convertible note; and (vi) the increase in finance costs, which were partially offset by the decrease in taxation expenses.

For the year ended 31 March 2025, the Group's revenue from continuing operations amounted to approximately HK$44,857,000 as compared with last financial year (FY2024) of approximately HK$30,693,000, which represented an increase of approximately HK$14,164,000 or approximately 46.1% as compared with last financial year (FY2024). The Financial Year's gross profit margin was approximately 59.8% (FY2024: approximately 88.5%).

The basic and diluted loss per share of the Company from continuing and discontinued operations for the year ended 31 March 2025 were HK$0.81 and HK$0.81 (FY2024: restated basic and diluted loss per share of HK$2.42 and HK$2.42) respectively.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2025 (FY2024: nil).

BUSINESS REVIEW

During the financial year, the Group was principally engaged in property development, property investment (comprising ownership and rental of investment properties), investment in securities and others and loan financing business which property development and property investment are the core businesses of the Group. The review of each business segment of the Group is set out below.

(i) Property Development

One of the Group's core businesses is property development. The Group has extensive experience on property redevelopment, in particular, acquisition of old buildings for renewal and redevelopment. Below are the major projects of the Group.

(a) Project Matheson Street

As at 31 March 2025, the Group, through its indirect wholly-owned subsidiary, owned the property at No. 11 Matheson Street, Causeway Bay, Hong Kong, named as "THE HEDON". The total site area of the property is approximately 2,857 square feet with a gross floor area of approximately 42,854 square feet of 27-storeys brand new Ginza-style building. Occupation permit was obtained in February 2024.

(b) Project King Lam Street

As at 31 March 2025, the Group, through its indirect wholly-owned subsidiary, owned the property located at No. 121 King Lam Street, Kowloon, Hong Kong, named as "One Two One". The total gross floor area of the property is approximately 7,326 square metres. The property is a brand new grade-A industrial building 28-storeys with a total of 47 units. Occupation permit was obtained in May 2024.

(c) Project Kennedy Town

As at 31 March 2025, the Group, through its indirect wholly-owned subsidiaries, owned all the units of (i) Nos. 1B and 1C and Nos. 1D and 1E of Davis Street, Kennedy Town, Hong Kong ("**Davis Street**"); and (ii) Nos. 93 and 95 Catchick Street, Hong Kong ("**Catchick Street**"). The combined site area of Davis Street and Catchick Street is approximately 7,122 square feet which will be developed into a commercial and/or residential mixed use development to maximize its usage. Superstructure works have been commenced and the project is expected to complete in the last quarter of 2025.

(d) Project Fung Wah

As at 31 March 2025, the Group, through its indirect wholly-owned subsidiaries, owned the site at Nos. 646, 648 and 648A Castle Peak Road, Kowloon. The total site area is approximately 9,206 square feet. In light of the current market condition, a change of development plan may be considered.

(ii) Property Investment

The Group's other core business is property investment.

During the financial year, the total rental income of the Group recorded from continuing operations was approximately HK$32,354,000 (FY2024: approximately HK$28,751,000), representing an increase of approximately 12.5% over the last financial year.

Hong Kong

In Hong Kong, the Group owns residential, commercial and industrial units, and land with attached structure with a total carrying amount of approximately HK$1,057,900,000 as at 31 March 2025 (FY2024: approximately HK$1,176,600,000). For the year ended 31 March 2025, the Group recorded property rental income and building management fee income from continuing operations of approximately HK$31,558,000 (an increase of approximately 15.1% as compared with FY2024) and HK$816,000 respectively (FY2024: approximately HK$27,423,000 and HK$12,000 respectively), which is primarily attributable to the rental income from the Project Matheson Street.

Singapore

In Singapore, the Group owns nil (FY2024: one) residential unit with a carrying amount of nil as at 31 March 2025 (FY2024: approximately HK$73,843,000). For the year ended 31 March 2025, the Group received property rental income from continuing operations of approximately HK$796,000 (FY2024: approximately HK$1,328,000), representing a decrease of approximately 40.1% over the last financial year, due to the disposal of the sole remaining property in October 2024.

The People's Republic of China (the "PRC")

Pursuant to a land resumption agreement signed on 5 October 2022 by the Group and the municipal government, the lands and buildings in Huzhou were resumed by the municipal government.

The financial results of the property investment in the PRC was classified as discontinued operation. The compensation amount was received by the Group in full in February 2024, and the Huzhou Properties were 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 2025.

Further information can be found in the joint announcement issued by Easyknit and the Company dated 5 October 2022, and circular of the Company dated 18 October 2023 respectively.

(iii) Investment in Securities and Others

The Group adopted a prudent attitude in its well-diversified securities investment. During the financial year, the Group had acquired and disposed of listed securities and other investment products. The Group recorded fair value loss in securities and other investments from continuing operations of approximately HK$20,427,000 (FY2024: loss of HK$4,391,000). During the year ended 31 March 2025, the Group did not record fair value gain in investment in securities and others from discontinued operation (FY2024: gain of approximately HK$204,000). As a result, the Group reported a segment loss from continuing operations of approximately HK$20,530,000 (FY2024: segment loss of approximately HK$4,600,000) during the financial year. The Group received dividend income from the listed securities investments from continuing operations of approximately HK$37,000 (FY2024: approximately HK$1,373,000) during the year ended 31 March 2025.

As at 31 March 2025, the Group's investment in equity securities listed in Hong Kong amounted to approximately HK$41,531,000 (FY2024: approximately HK$47,124,000). This value represented an investment portfolio comprising eight (FY2024: eight) equity securities which are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The movements during the financial year were (a) net purchase of securities investments which had a fair value of approximately HK$5,753,000; and (b) net decrease in market value of securities investments in the amount of approximately HK$7,565,000.

For further information, please refer to "MATERIAL NOTIFIABLE TRANSACTIONS AND EVENTS" section below.

The Group held significant securities investments as at 31 March 2025 as below:

Company name (stock code)	Number of shares held	Approximate percentage held to the total issued share capital of the company/ investment	Investment cost/cost of acquisition	Dividend income for the year ended 31 March 2025	Fair value (loss)/gain for the year ended 31 March 2025	Fair value at 31 March 2025	Approximate percentage of total assets of the Group at 31 March 2025
		%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Best Food Holding Company Limited (1488)	33,126,000	2.10	38,195	–	(6,625)	26,501	0.55
Pacific Legend Group Limited (8547)	14,270,000	5.21	1,504	–	380	1,884	0.04
Symphony Holdings Limited (1223)	7,170,000	0.24	6,494	35	(72)	5,664	0.12
Capital Estate Limited (193)	6,240,000	2.68	1,666	–	892	2,558	0.05
Easyknit International Holdings Limited (1218)	2,243,000	3.03	7,532	–	(1,911)	3,813	0.08
Other listed shares*	1,126,600	N/A	2,514	2	(229)	1,111	0.02
Grand total:			57,905	37	(7,565)	41,531	0.86

* Other listed shares included one company whose shares are listed on the GEM of the Stock Exchange and two companies whose shares are listed on the Main Board of the Stock Exchange respectively.

The Group considers the prospects in respect of the investments in securities and others remain cautiously optimistic. The Group understands that the performance of the investments may be affected by global economic uncertainties and degree of volatility in the Hong Kong financial market and subject to other external factors. Accordingly, the Group will continuously maintain a diversified portfolio of investment of different segments of markets to minimise the possible financial risks. The Group will also closely monitor the performance progress of the investment portfolio in a prudent and balanced risk management approach from time to time.

(iv) Loan Financing

The loan financing business of the Group is primarily operated by City China International Limited ("**City China**"), an indirect wholly-owned subsidiary of the Company which is a licensed money lender carrying on business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The borrowers of the loan financing business are individuals and corporate entities that have short-term funding needs and could provide sufficient collaterals, if needed, for their borrowings. The borrowers are primarily acquired through business referrals and introductions. City China's source of funding is financed by the Group's internal resources. During the year ended 31 March 2025, the Group recorded interest income from loan financing business from continuing operations amounting to approximately HK$1,329,000 (FY2024: approximately HK$1,930,000), representing a decrease of approximately 31.1% as compared with last financial year. During the financial year, the Group had not recorded any interest income from loan financing business from discontinued operation (2024: nil). The segment loss of loan financing business from continuing operations was approximately HK$72,000 for the year ended 31 March 2025 (FY2024: segment profit of approximately HK$190,000). The outstanding principal amount of loans receivable as at 31 March 2025 was approximately HK$29,578,000 (FY2024: approximately HK$31,023,000). During the financial year, reversal of impairment loss of approximately HK$55,000 was recognised in profit or loss in its loan financing business from continuing operations amounting (FY2024: HK$473,000). During the financial year, no reversal of impairment loss (FY2024: nil) was recognized in profit or loss in its loan financing business from discontinued operation.

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. Before entering into loan agreements, the Group focuses on the due diligence procedures and credit risk assessment work, including but not limited to meeting with each borrower, conducting research on their backgrounds, evaluating their current business operations and financial conditions (such as income and assets proof), market reputation and creditability, conducting financial and recoverability analysis, and reviewing on repayment history (including recent settlement records, and any litigations and winding up or bankruptcy searches) and change in career or business background and financial position of each borrower in order to better understand the circumstances of each borrower. 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. To minimize credit risks, the Group may require guarantees, including collaterals or pledges with expected realized value exceeding the loan amount, post-dated cheques and/or personal or corporate guarantee(s). 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 and court proceedings in order to recover the loans. During the financial year, the Group closely monitored and regularly reviewed its loan portfolio and assessed the sufficiency of loan security for the loans receivable.

During the year ended 31 March 2025, the Group provided short- term loans of maturity of not more than three years. The repayment terms and conditions were determined by factors including the repayment ability of the borrowers, the Group's funding and cash flows management strategies, and the terms and rates of the prevailing market.

The Group has concentration of credit risk in relation to loans receivable, amounting to approximately HK$29,578,000 as at 31 March 2025 (FY2024: approximately HK$31,023,000), from a few borrowers with approximately 55% (FY2024: approximately 55%) of the balance were secured by properties with estimated fair values of HK$18,595,000 (FY2024: HK$17,745,000).

The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrowers. There have not been any significant changes in the quality of the collateral held for the loans receivable. In addition, the unsecured loans receivable as at 31 March 2025 amounting to HK$13,421,000 (FY2024: HK$14,052,000). The largest borrower of the Group by itself and together with the other four largest borrowers of the Group accounted for approximately 33% (FY2024: approximately 31%) and approximately 94% (FY2024: approximately 93%) respectively of the loans receivable of the Group as at 31 March 2025. During the financial year, the range of interest rates on the fixed-rate loans receivable of the Group was 0% (including an one-off upfront fee, representing 9% of the loan amount for three- year loan period paid in one lump sum at drawdown date) to 8% (2024: 0% to 14%) per annum, and the total number of the borrowers of the loan financing business of the Group is nine.

In view of the foreseeable increase in risk of default by the borrowers as economic uncertainties continued, the Group reassessed the credit ratings of individual borrowers and made necessary provisions for potential impairment loss. As at 31 March 2025, allowance for loans receivable amounted to approximately HK$1,022,000 (FY2024: approximately HK$1,077,000). Except for those credit-impaired loans receivable, there was no loans receivable which was past due as at 31 March 2025.

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 taken into account 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, such as 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 strict 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 became credit-impaired. Since then, the management has taken various actions (including legal actions) against the Borrower to recover the balances.

FINANCIAL REVIEW

	For the year ended 31 March			
	2025	**2024**	**Change**	
	HK$'000	*HK$'000*	*HK$'000*	*%*
Continuing operations				
Revenue	44,857	30,693	14,164	46%
Gross profit	26,834	27,173	(339)	(1%)
Gross profit margin	59.8%	88.5%	–	(29%)
Administrative expenses	(48,680)	(58,483)	9,803	(17%)
Finance costs	(92,555)	(55,074)	(37,481)	68%
Loss before taxation	(370,973)	(205,319)	(165,654)	81%
Taxation credit (charge)	13,195	(13,485)	26,680	N/A
Loss for the year from continuing operations	(357,778)	(218,804)	(138,974)	64%
Net loss margin	(797.6%)	(712.9%)	–	85%
Discontinued operation				
(Loss) profit for the year from discontinued operation	(7,521)	5,655	(13,176)	N/A
Loss for the year attributable to owners of the Company	(365,299)	(213,149)	(152,150)	71%

	For the year ended 31 March			
	2025	**2024**	**Change**	
	HK$	*HK$*	*HK$*	*%*
		(Restated)		
Loss per share				
From continuing and discontinued operations				
– Basic	(0.81)	(2.42)	1.61	(67%)
– Diluted	(0.81)	(2.42)	1.61	(67%)
From continuing operations				
– Basic	(0.79)	(2.49)	1.7	(68%)
– Diluted	(0.79)	(2.49)	1.7	(68%)

Revenue

For the year ended 31 March 2025, the Group's revenue from continuing operations increased by approximately 46.1 % to approximately HK$44,857,000 as compared with last financial year of approximately HK$30,693,000 which was mainly due to increase in properties sales and rental income. For the year ended 31 March 2025, no revenue was recorded from discontinued operation by the Group (FY2024: nil).

Gross Profit/Margin

Gross profit from continuing operations of the Group for the year ended 31 March 2025 was approximately HK$26,834,000, representing a decrease of approximately 1.2% or approximately HK$339,000 as compared to approximately HK$27,173,000 in 2024. Gross profit margin for the financial year decreased to approximately 59.8% (2024: approximately 88.5%).

Loss before Taxation

Loss before taxation from continuing operations of the Group for the year ended 31 March 2025 was approximately HK$370,973,000, as compared with loss before taxation of approximately HK$205,319,000 for the last financial year. Loss before taxation from discontinued operation of the Group for the year ended 31 March 2025 was approximately HK$3,752,000, as compared with profit before taxation of approximately HK$42,980,000 for the last financial year.

Administrative expenses from continuing operations of the Group decreased by approximately 16.8% to approximately HK$48,680,000 as compared with last financial year of approximately HK$58,483,000. Administrative expenses from discontinued operation of the Group increased by approximately HK$2,836,000 to approximately HK$4,194,000 as compared with last financial year of approximately HK$1,358,000.

During the financial year, there was net loss on changes in fair value of financial assets at fair value through profit or loss from continuing operations amounting to approximately HK$20,427,000 (FY2024: loss of approximately HK$4,391,000). During the financial year, no gain on changes in fair value of financial assets from discontinued operation was recorded (FY2024: gain of approximately HK$204,000).

Finance costs from continuing operations of the Group for the financial year were approximately HK$92,555,000, representing an increase of approximately HK$37,481,000 or approximately 68.1% from approximately HK$55,074,000 in 2024, of which approximately HK$20,525,000 (FY2024: approximately HK$17,941,000) was the effective interest expense on convertible note.

Loss Attributable to the Shareholders and Loss per Share

The consolidated loss from continuing operations for the year ended 31 March 2025 was approximately HK$357,778,000 (FY2024: loss of approximately HK$218,804,000) while the consolidated loss from discontinued operation was approximately HK$7,521,000 (FY2024: a profit of approximately HK$5,655,000).

Taxation credit from continuing operations for the year ended 31 March 2025 was approximately HK$13,195,000 (FY2024: taxation charge of HK$13,485,000).

Basic and diluted loss per Share from continuing and discontinued operations for the year ended 31 March 2025 were approximately HK$0.81 and HK$0.81 respectively (FY2024: restated basic and diluted loss per Share of approximately HK$2.42 and HK$2.42 respectively). Basic and diluted loss per Share from continuing operations for the financial year were approximately HK$0.79 and HK$0.79 respectively (FY2024: restated basic and diluted loss per Share of approximately HK$2.49 and HK$2.49 respectively).

Liquidity and Financial Resources

As at 31 March 2025, total assets of the Group amounted to approximately HK$4,842,030,000 (FY2024: approximately HK$5,408,807,000). In terms of financial resources as at 31 March 2025, the Group's total bank balances and cash was approximately HK$57,266,000 (2024: approximately HK$299,717,000). Such decrease was mainly due to the repayment of bank borrowings and interest paid.

As at 31 March 2025, the Group has total bank borrowings of approximately HK$1,892,260,000 (FY2024: approximately HK$2,066,734,000). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to Shareholders' equity, was approximately 0.7 (FY2024: approximately 0.7). As at 31 March 2025, the Group's current ratio was approximately 2.3 (FY2024: approximately 3.2).

The Group financed its operations primarily with recurring cash flow generated from its operations, proceeds raised from the capital market and bank financing.

Set out below are the particulars of the outstanding convertible note of the Company as at 31 March 2025:

2023 Convertible Note

Holder of the 2023 Convertible Note	:	Goodco Development Limited ("**Goodco**")
Principal amount	:	HK$209,000,000
Outstanding principal amount	:	HK$70,000,000
Interest	:	5% per annum
Issue date	:	20 February 2023
Maturity date	:	19 February 2028
Conversion price	:	HK$0.14* (subject to adjustments)

During the financial year, no exercise of the conversion rights under the 2023 Convertible Note was made and the outstanding principal amount as at the date of this annual report is HK$70,000,000.

* With respect to the 2023 Convertible Note, (i) upon completion of the rights issue of the Company 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) upon completion of partial redemptions during the financial year, 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.

For further information, please refer to the section headed "MATERIAL NOTIFIABLE TRANSACTIONS AND EVENTS" below.

Capital Structure

As at 31 March 2025, the total number of issued ordinary Shares was 1,014,444,348 (FY2024: 103,148,116 Shares) and the nominal value per Share was HK$0.01 (FY2024: HK$0.01). As at the date of this annual report, the total number of issued ordinary Shares was 1,014,444,348.

For movement of the total number of issued Shares during the financial year, please refer to the sub-sections headed "Placing of New Shares under Specific Mandate" and "The Rights Issue" below.

Charges of Assets

As at 31 March 2025, the Group had bank loans amounting to approximately HK$1,892,260,000 (FY2024: approximately HK$2,066,734,000) which were secured by the Group's properties with an aggregate net book value of approximately HK$1,057,900,000 (investment properties), approximately HK$1,846,612,000 (properties held for development for sale) and approximately HK$1,712,654,000 (properties held for sale) respectively (FY2024: approximately HK$1,211,443,000, HK$2,520,754,000 and HK$1,065,891,000 respectively).

Exposure on Foreign Exchange Fluctuations

All bank borrowings are denominated in Hong Kong dollars. Most of the Group' s revenues and payments are denominated in Hong Kong dollars, United States dollars, Singapore dollars and Renminbi. During the financial year, 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 any significant contingent liabilities as at 31 March 2025 (FY2024: nil).

Capital Expenditures and Capital Commitments

Capital Expenditures

For the year ended 31 March 2025, the Group of approximately HK$10,000 invest in the purchase of property, plant and equipment (FY2024: approximately HK$681,000). These capital expenditures were financed from internal resources and funds from previous fund raising activities of the Company.

Capital Commitments

As at 31 March 2025, the Group had no capital commitment in respect of capital expenditures contracted for but not provided (FY2024: approximately HK$4,418,000).

Changes in Fair Value of Investment Properties

During the financial year, there was a loss of approximately HK$28,700,000 on changes in fair value of investment properties from continuing operations (FY2024: loss of approximately HK$9,563,000). During the financial year, the loss on changes in fair value of investment properties from discontinued operation was nil (FY2024: nil).

Finance Costs

Finance costs from continuing operations were approximately HK$92,555,000 for the year ended 31 March 2025, representing an increase of approximately HK$37,481,000 or approximately 68.1% from approximately HK$55,074,000 for the previous financial year. Included in the finance costs, approximately HK$20,525,000 (FY2024: approximately HK$17,941,000) was the effective interest expense on the convertible note.

MATERIAL NOTIFIABLE TRANSACTIONS AND EVENTS

Placing of New Shares under Specific Mandate

Unless otherwise stated, capitalized terms used herein this section shall have the same meanings as those defined in Company's announcements dated 23 January and 17 April 2024, and the Company's circular dated 29 February 2024. On 23 January 2024, the Company entered into a conditional placing agreement pursuant to which a total of 235,000,000 placing shares will be placed by the placing agent to not less than six placees at the placing price of HK$0.18 per placing share, representing approximately 69.5% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares. The Placing Shares under the Placing rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of the Placing Shares under the Placing is HK$2,350,000. The Placing Price represents a discount of approximately 4.76% to the closing price of HK$0.1890 per Share as quoted on the Stock Exchange on the Last Trading Day. The net proceeds from the placing, after deduction of the placing commission and other related costs and expenses of the placing, amounted to HK$41,877,000 would be used for repayment of the Group's bank borrowings and general working capital of the Group. The placing was completed on 17 April 2024. As at 31 March 2025, the net proceeds has been utilised as intended. Further information can be found in the Company's announcements dated 23 January and 17 April 2024, and the Company's circular dated 29 February 2024.

Connected Transaction – Proposed Alterations of terms of the 2023 Convertible Note and Proposed Grant of Specific Mandate to Issue Conversion Shares

On 23 January 2024, the Company entered into a deed of amendment with Goodco pursuant to which the conversion price of the 2023 Convertible Note issued by the Company with principal amount of HK$209,000,000 would be adjusted from HK$3.70 to HK$0.18 per conversion share and an early redemption provision was altered to give the Company and Goodco the right to redeem the 2023 Convertible Note at any time, in whole or in part. The number of conversion shares would be adjusted from 56,486,486 to 1,161,111,111. The aforesaid placing of new shares was approved in the special general meeting of the Company on 27 March 2024 and the conditions precedent under the deed of amendment were fulfilled on 17 April 2024. Accordingly, the placing of new shares and amendment of terms of the 2023 Convertible Note were completed on 17 April 2024. The modification of the terms is determined to be substantial and hence will result in the extinguishment of the original liability component of the 2023 Convertible Note and the recognition of new liability and equity components. Accordingly, the difference between the fair value of the new liability component and the carrying amount of the original liability component will be recognised in profit or loss during the year ended 31 March 2025. Further information can be found in the Company's announcements dated 23 January and 17 April 2024, and the Company's circular dated 6 March 2024.

Major Transaction – Disposal of Limited Partnership Interest

On 31 May 2024, the Group entered deeds of assignment with Independent Third Parties pursuant to which the Group agreed to assign and transfer all of the rights, title and interests in a limited partnership at a consideration of USD3,700,000 (equivalent to HK$28,971,000). The disposal was approved by the Shareholders at a special general meeting of the Company held on 17 July 2024. During the financial year, all the conditions precedent to the disposal had been fulfilled and completion of the disposal took place in July 2024. Further information can be found in the Company's announcement and circular dated 31 May 2024 and 24 June 2024 respectively.

Major Transaction – Disposal of Property in Hong Kong

On 28 June 2024, the Group, entered into a preliminary sale and purchase agreement with an Independent Third Party, pursuant to which the Group agreed to sell, and the Independent Third Party agreed to purchase, the property at a consideration of HK$36,000,000, subject to fulfilment of the conditions precedent as stipulated in the preliminary sale and purchase agreement. The property situated at Ground Floor, No. 148 Johnston Road, Hong Kong which comprises a shop on the ground floor in a fifteen- storey residential and commercial composite building with a saleable area of approximately 516 sq. ft. (equivalent to approximately 47.94 sq. m.) plus a yard of approximately 62 sq. ft. (equivalent to approximately 5.76 sq. m.). The disposal was approved by the Shareholders at a special general meeting of the Company held on 13 August 2024. During the financial year, all the conditions precedent to the disposal had been fulfilled and completion of the disposal took place in September 2024. Further information can be found in the Company's announcement and circular dated 28 June 2024 and 22 July 2024 respectively.

Major Transaction – Disposal of Property in Singapore

An agreement was entered into between the Group (as vendor) and an Independent Third Party (as purchaser), in relation to the grant and exercise of the option on 24 July 2024 to purchase the four-bedroom residential apartment units with a gross floor area of approximately 268 sq. m. (equivalent to approximately 2,885 sq. ft.) located on the eighteenth storey of a thirty-storey block within a condominium development of 15 Ardmore Park #18-02, Ardmore Park, Singapore 259959 at a sale price of S$12,000,000 (equivalent to approximately HK$72,216,000). The disposal was approved by the Shareholders at a special general meeting of the Company held on 3 September 2024.

During the financial year, all the conditions precedent to the disposal had been fulfilled and completion of the disposal took place in October 2024. Further information can be found in the Company's announcement and circular dated 24 July 2024 and 12 August 2024 respectively.

The Rights Issue

Unless otherwise stated, capitalized terms used herein this section shall have the same meanings as those defined in the announcement and circular of the Company dated 15 October 2024 and 29 November 2024 respectively.

On 15 October 2024, the Company announced that it proposed to raise up to approximately HK$62.2 million before expenses by way of the issue to the Qualifying Shareholders of a maximum of 676,296,232 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK$0.092 per Rights Share, representing a discount of approximately 8.00% to the closing price of HK$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day, on the basis of two Rights Shares for every one existing Share held on the Record Date. The Rights Issue, which is on a non-underwritten basis, is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. The Rights Shares, when allotted, fully-paid and issued, shall rank pari passu in all respects with Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares. The aggregate nominal value of the Rights Shares is HK$6,762,962. The net price per Rights Share (after deducting the relevant estimated expenses) is approximately HK$0.0905. The purpose of the Rights Issue is to repay the Group's bank loans and obtain additional general working capital. Approximately HK$47.0 million of the net proceeds was planned for repayment of the Group's bank loan(s) and the remaining balance of approximately HK$14.2 million was planned for general working capital of the Group.

In accordance with Rule 7.19A(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), as the Rights Issue will increase the number of Shares by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the SGM by way of poll.

A SGM regarding the Rights Issue was held on 19 December 2024 and the prospectus was despatched on 8 January 2025. On 3 February 2025, the Company announced the results of the Rights Issue and the conversion price adjustment as a result of the Rights Issue that reduced the conversion price from HK$0.18 to HK$0.14 per conversion Share of the 2023 Convertible Note. The dealings in the fully-paid Rights Shares on the Stock Exchange commenced on 5 February 2025. As at the date of this annual report, the net proceeds has been utilised as intended.

Further information can be found in the Company's announcements dated 15 October 2024 and 3 February 2025, the circular dated 29 November 2024 and the prospectus dated 8 January 2025.

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.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance is an integral part of the Group's corporate governance. As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on its businesses and operations of the Group. During the year ended 31 March 2025, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that caused material adverse impact on the Group's business operation.

ENVIRONMENTAL PERFORMANCE

The Group is embedded with a strong corporate culture for corporate social responsibilities that forms an integral part of its business strategies. Being a responsible corporate citizen, the Group is committed to the long- term sustainability of the environment in which it operates and support the environmental protection initiatives to conserve the natural resources. The Group understands global implications of climate change and is committed to place a high priority on reducing the potential impact on the environment by its business operations through building awareness of environmental conservation, minimizing carbon footprints, employing green office initiatives and enhancing environmental awareness among employees and other key stakeholders. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and to adopt effective measures in achieving efficient use of resources, energy-saving and waste management. Details will be disclosed in the environmental, social and governance report of the Company pursuant to the Listing Rules in due course.

KEY RISKS AND UNCERTAINTIES

The Group's businesses, financial condition, results of operations and prospects are subject to a number of directly or indirectly business risks and uncertainties. In general, volatility in the worldwide financial markets, fluctuations in commodity prices and increasing energy costs, uncertain inflationary pressures, uncertain interest rate movement, political turbulence, international trade competition and supply chain disruptions have all contributed to the increased uncertainty of global economic prospects.

Climate change poses different risks to the Group's businesses. Apart from physical risks such as rising earth's temperature and sea level, increasing greenhouse gas and extreme weather condition, have already created and will continue to create, resulting in a number of negative effects to the environment and the Group's assets, businesses and supply chain management which may pose increased risks for the Group's stakeholders such as employees, customers and suppliers.

Faced with such daunting macro-economic and geo-political risks and uncertainties, the Group devotes considerable effort to focus on developing its core businesses and to explore new market opportunities in order to create and realize long-term values to the Shareholders and its key stakeholders.

EMPLOYEES

As at 31 March 2025, the Group had 38 employees (FY2024: 40). Staff costs (including the Directors' emoluments) amounted to approximately HK$32,050,000 for the year ended 31 March 2025 (FY2024: approximately HK$40,218,000). The Group regards human resources as its valuable assets. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has participated in the Mandatory Provident Fund Scheme for all eligible employees of the Group in Hong Kong as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees, if needed. Other benefits to employees include medical and dental scheme and insurance coverage.

PROSPECTS

The Group will continue focusing its efforts on the development of its existing principal businesses, including property development, property investment, investment in securities and others and loan financing business while exploring other potential opportunities and projects with a view to providing steady and favourable returns to the Shareholders and bringing increased values to the Group's stakeholders.

Despite the existing uncertainties on global economic growth in the macroenvironment associated with uncertain inflation rate and interest rate movements, and ongoing geopolitical tensions, the Group continuously and closely monitors the current situation and remains prudently optimistic about the prospects of the property and securities markets 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 seize and identify appropriate investment and divestment opportunities during this challenging period that fit the objective and investment criteria of the Company, and will continue to seek attractive opportunities to replenish its property portfolio as an ongoing business exercise. The Board would exercise utmost caution so as to bring long-term benefits to the operating and financial results to the Company in the foreseeable future.

FOR THE YEAR ENDED 31 MARCH 2024

FINAL RESULTS

For the year ended 31 March 2024, the Group's consolidated loss attributable to the Shareholders was approximately HK$213,149,000 as compared with profit of approximately HK$63,572,000 last year (FY2023). The consolidated loss from continuing operations and profit from discontinued operation for the year ended 31 March 2024 were approximately HK$218,804,000 and HK$5,655,000 respectively as compared with profit of approximately HK$58,970,000 and HK$4,602,000 last year (FY2023) respectively. The consolidated net loss compared with net profit of corresponding last year was mainly attributable to, among other things, (i) loss on changes in fair value of investment properties; (ii) write-down on properties held for development for sale; and (iii) increase in finance costs.

For the year ended 31 March 2024, the Group's revenue from continuing operations amounted to approximately HK$30,693,000 as compared with last year (FY2023) of approximately HK$27,194,000, which represented an increase of approximately HK$3,499,000 or approximately 12.9% as compared with last year (FY2023). This year's gross profit margin was approximately 88.5% (FY2023: approximately 89.1%).

The basic and diluted loss per Share from continuing and discontinued operations for the year ended 31 March 2024 were HK$2.47 and HK$2.47 respectively (FY2023: restated basic and diluted earnings per Share of HK$1.50 and HK$1.37 respectively).

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2024 (FY2023: nil).

BUSINESS REVIEW

During the year, the Group was principally engaged in property development, property investment (comprising ownership and rental of investment properties), investment in securities and others and loan financing business which property development and property investment are the core businesses of the Group. The review of each business segment of the Group is set out below.

(i) Property Development

One of the Group's core businesses is property development. The Group has extensive experience on property redevelopment, in particular, acquisition of old buildings for renewal and redevelopment. Below are the major projects of the Group during the year.

(a) Project Matheson Street

As at 31 March 2024, the Group, through its indirect wholly-owned subsidiary, owned the property at No. 11 Matheson Street, Causeway Bay, Hong Kong, named as "THE HEDON". The total site area of the property is approximately 2,857 square feet with a gross floor area of approximately 42,854 square feet of 27-storeys brand new Ginza-style building. Construction of the project has been completed and occupation permit has been obtained in February 2024.

(b) Project King Lam Street

As at 31 March 2024, the Group, through its indirect wholly-owned subsidiary, owned the property located at No. 121 King Lam Street, Kowloon, Hong Kong, named as "One Two One". The total gross floor area of the property is approximately 7,326 square metres. The property is a brand new grade-A industrial building 28-storeys with a total of 47 units. Construction of the project has been completed and occupation permit has been obtained in May 2024.

(c) Project Kennedy Town

As at 31 March 2024, the Group, through its indirect wholly-owned subsidiaries, owned all the units of (i) Nos. 1B and 1C and Nos. 1D and 1E of Davis Street, Kennedy Town, Hong Kong ("**Davis Street**"); and (ii) Nos. 93 and 95 Catchick Street, Hong Kong ("**Catchick Street**"). The combined site area of Davis Street and Catchick Street is approximately 7,122 square feet which will be developed into a commercial and/or residential mixed use development to maximize its usage. Superstructure works have been commenced and the project is expected to complete in 2026.

(d) Project Fung Wah

As at 31 March 2024, the Group, through its indirect wholly-owned subsidiaries, owned the site at Nos. 646, 648 and 648A Castle Peak Road, Kowloon. The total site area is approximately 9,206 square feet. The site will be developed into a high-rise modern industrial building to maximize its usage. Foundation work is underway and the project is expected to complete in 2026.

(ii) Property Investment

The Group's other core business is property investment.

During the year, the total rental income of the Group recorded from continuing operations was approximately HK$28,751,000 (FY2023: approximately HK$24,408,000), representing an increase of approximately 17.8% over last year (FY2023).

Hong Kong

In Hong Kong, the Group owns residential, commercial and industrial units, and land with attached structure with a total carrying amount of approximately HK$1,176,600,000 as at 31 March 2024 (FY2023: approximately HK$1,200,400,000). For the year ended 31 March 2024, the Group recorded property rental income and building management fee income from continuing operations of approximately HK$27,423,000 (an increase of approximately 26.3% as compared with FY2023) and HK$12,000 respectively (FY2023: approximately HK$21,706,000 and nil respectively), which is primarily attributable to acquisitions of investment properties by the Group in February 2023.

Singapore

In Singapore, the Group owns one (FY2023: two) residential unit(s) with a total carrying amount of approximately HK$73,843,000 as at 31 March 2024 (FY2023: approximately HK$137,041,000). For the year ended 31 March 2024, the Group received property rental income from continuing operations of approximately HK$1,328,000 (FY2023: approximately HK$2,702,000), representing a decrease of approximately 50.9% over last year (FY2023), due to completion of disposal of one (1) residential unit in July 2023.

For further information, please refer to "Material Notifiable Transactions" section below.

The People's Republic of China (the "PRC")

The Group owned fifteen blocks of factory premises and five blocks of dormitories in Huzhou City, Zhejiang Province of the PRC. The Group had not recorded any property rental income and management fee income since January 2023 due to land resumption of these properties in Huzhou as detailed below (FY2023: approximately HK$4,602,000 and approximately HK$10,807,000 respectively).

Land Resumption with the Huzhou Government in respect of the Huzhou Properties

On 5 October 2022, the People's Government of Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC (the "**Huzhou Government**") and Easyknit Enterprises (Huzhou) Co., Ltd. ("**Enterprises Huzhou**"), an indirect wholly-owned subsidiary of the Company, entered into a land resumption agreement (the "**Land Resumption Agreement**"), pursuant to which, among other things, the Huzhou Government shall resume, and Enterprises Huzhou shall surrender the industrial complex of fifteen blocks of factory premises and five blocks of dormitories erected over two connected parcels of land situated at Easyknit Science and Technology City, No. 108 Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC which are owned by Enterprises Huzhou (the "**Huzhou Properties**") for industrial use with a total site area of 167,739.56 square metres, and the existing developments have a total gross floor area of 152,722.24 square metres.

Pursuant to the Land Resumption Agreement, a compensation amount of RMB386,982,000 (equivalent to approximately HK$439,752,000) (the "**Compensation Amount**") would be payable by the Huzhou Government to Enterprises Huzhou, and Enterprises Huzhou should cooperate with the Huzhou Government to complete the change of land title procedures, and vacate and handover the Huzhou Properties. The Compensation Amount will be used for the Group's general working capital, bank loan repayment and/or financing projects.

The financial results of the property investment in the PRC was classified as discontinued operation during the years ended 31 March 2023 and 31 March 2024. The Compensation Amount has been received by the Group in full in February 2024, 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.

Further information can be found in the joint announcement issued by Easyknit and the Company dated 5 October 2022, and circular of the Company dated 18 October 2023 respectively.

(iii) Investment in Securities and Others

The Group adopted a prudent attitude in its well-diversified securities investment. During the year, the Group had acquired and disposed of listed securities and unlisted equity securities and other investment products. The Group recorded fair value loss in securities and other investments from continuing operations of approximately HK$4,391,000 (FY2023: loss of approximately HK$4,531,000). During the year ended 31 March 2024, the Group recorded fair value gain in investment in securities and others from discontinued operation of approximately HK$204,000 (FY2023: loss of approximately HK$5,392,000). As a result, the Group reported a segment loss from continuing operations of approximately HK$4,600,000 (FY2023: segment loss of approximately HK$26,505,000) during the year. The Group received dividend income from the listed securities investments from continuing operations of approximately HK$1,373,000 (FY2023: approximately HK$2,598,000) during the year ended 31 March 2024.

As at 31 March 2024, the Group's investment in equity securities listed in Hong Kong and the United States of America amounted to approximately HK$47,124,000 (FY2023: approximately HK$23,914,000). This value represented an investment portfolio comprising 8 (FY2023: 104) equity securities which are listed on the Main Board and GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and an overseas recognised stock exchange. The movements during the year were: (a) net purchase of securities investments which had a fair value of approximately HK$26,983,000; and (b) net decrease in market value of securities investments in the amount of approximately HK$3,757,000.

For further information, please refer to "Material Notifiable Transactions" section below.

The Group held significant securities investments as at 31 March 2024 as below:

Company name (stock code)	Number of shares held	Approximate percentage held to the total issued share capital of the company/ investment	Investment cost/cost of acquisition	Dividend income for the year ended 31 March 2024	Fair value gain/(loss) for the year ended 31 March 2024	Fair value at 31 March 2024	Approximate percentage of total assets of the Group at 31 March 2024
		%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Best Food Holding Company Limited (1488)	33,126,000	2.10	38,195	–	3,207	33,126	0.61
Symphony Holdings Limited (1223)	7,170,000	0.24	6,494	–	(758)	5,736	0.11
Easyknit International Holdings Limited (1218)	1,726,000	2.33	6,468	–	(1,808)	4,660	0.09
Other listed shares*	331,000	0.78	4,778	50	(4,398)	3,602	0.07
Grand total:			55,935	50	(3,757)	47,124	0.88

* Other listed shares included one company whose shares are listed on the GEM of the Stock Exchange and four (4) companies are listed on an overseas recognised stock exchange respectively.

The Group considers the prospects in respect of the investments in securities and others remain cautiously optimistic. The Group understands that the performance of the investments may be affected by global economic uncertainties and degree of volatility in the Hong Kong financial market and subject to other external factors. Accordingly, the Group will continuously maintain a diversified portfolio of investment of different segments of markets to minimise the possible financial risks. The Group will also closely monitor the performance progress of the investment portfolio in a prudent and balanced risk management approach from time to time.

(iv) Loan Financing

The loan financing business of the Group is primarily operated by City China International Limited ("**City China**"), an indirect wholly-owned subsidiary of the Company which is a licensed money lender carrying on business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The borrowers of the loan financing business are individuals and corporate entities that have short-term funding needs and could provide sufficient collaterals for their borrowings. The borrowers are primarily acquired through business referrals and introductions. City China's source of funding is financed by the Group's internal resources. During the year ended 31 March 2024, the Group recorded interest income from loan financing business from continuing operations amounting to approximately HK$1,930,000 (FY2023: approximately HK$2,786,000), representing a decrease of approximately 30.7% as compared with last year (FY2023). During the year, the Group had not recorded any interest income from loan financing business from discontinued operation (FY2023: approximately HK$503,000). The segment profit of loan financing business from continuing operations was approximately HK$190,000 for the year ended 31 March 2024 (FY2023: segment loss of approximately HK$9,801,000). The outstanding principal amount of loans receivable as at 31 March 2024 was approximately HK$31,023,000 (FY2023: approximately HK$52,250,000). During the year, reversal of impairment loss of approximately HK$473,000 (FY2023: recognition of impairment loss of approximately HK$8,663,000) was recognized in profit or loss in its loan financing business from continuing operations. During the year, no reversal of impairment loss (FY2023: approximately HK$221,000) was recognized in profit or loss in its loan financing business from discontinued operation.

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. Before entering into loan agreements, the Group focuses on the due diligence procedures and credit risk assessment work, including but not limited to meeting with each borrower, conducting research on their backgrounds, evaluating their current business operations and financial conditions (such as income and assets proof), market reputation and creditability, conducting financial and recoverability analysis, and reviewing on repayment history (including recent settlement records, and any litigations and winding up or bankruptcy searches) and change in career or business background and financial position of each borrower in order to better understand the circumstances of each borrower. 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. To minimize credit risks, the Group typically requires guarantees, including collaterals or pledges with expected realized value exceeding the loan amount, post-dated cheques and/or personal or corporate guarantee(s). 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 values of collaterals or pledges by strengthening its overall credit risk management and control mechanism in its loan financing business. During the year ended 31 March 2024, the Group closely monitored and regularly reviewed its loan portfolio and assessed the values of collaterals or pledges to ensure the quality of securities held for the loans receivable. Exchange of collaterals or pledges was executed and necessary provisions for potential impairment loss were made for certain loans receivable. For collection of overdue loans, the Group discussed settlement plans with certain borrowers, issued demand letters and subsequently initiated legal actions and court proceedings in order to recover the loans.

During the year ended 31 March 2024, the Group provided short-term loans of maturity of not more than three years. The repayment terms and conditions were determined by factors including the repayment ability of the borrowers, the Group's funding and cash flows management strategies, and the terms and rates of the prevailing market.

The Group has concentration of credit risk in relation to loans receivable, amounting to approximately HK$31,023,000 as at 31 March 2024 (FY2023: approximately HK$52,250,000), from a few borrowers with approximately 55% (FY2023: approximately 60%) of the balance were secured by properties with estimated fair values of HK$17,745,000 (FY2023: HK$28,445,000). The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrowers. There have not been any significant changes in the quality of the collateral held for the loans receivable. In addition, the unsecured loans receivable as at 31 March 2024 amounting to nil (FY2023: HK$30,750,000) were with personal guarantee. The largest borrower of the Group by itself and together with the other four largest borrowers of the Group accounted for approximately 31% (FY2023: approximately 26%) and approximately 93% (FY2023: approximately 66%) respectively of the loans receivable of the Group as at 31 March 2024. During the year, the range of interest rates on the fixed-rate loans receivable of the Group was 0% (including an one-off upfront fee, representing 9% of the loan amount for three-year loan period paid in one lump sum at drawdown date) to 14% (FY2023: 0% to 8%) per annum, and the total number of the borrowers of the loan financing business of the Group is 7.

In view of the foreseeable increase in risk of default by the borrowers as economic uncertainties continued, the Group reassessed the credit ratings of individual borrowers and made necessary provisions for potential impairment loss. As at 31 March 2024, allowance for loans receivable amounted to approximately HK$1,077,000 (FY2023: approximately HK$53,480,000). Except for those credit-impaired loans receivable, there were no loans receivable which are past due as at 31 March 2024.

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 taken into account 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, such as 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 strict 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.

As at 31 March 2023, included in the gross amount of loans receivables were HK$51,930,000, net of accumulated impairment allowances of HK$51,930,000 due from a group of borrowers including an individual (the "**Borrower**") with gross amount of HK$27,380,000 and other individuals (with personal guarantee from the Borrower) with gross amount of HK$24,550,000. In prior years, the management assessed, taking into account the relevant information from public domain, such balances became credit-impaired. Since then, the management has taken various actions (including legal actions) against the Borrower to recover the balances.

During the year ended 31 March 2024, the management reassessed and considered the Group has no realistic prospect to recover the credit-impaired debts and hence the balance of HK$51,930,000 was written off.

The management has also negotiated with certain borrowers to make settlements of the loans and total settlements of HK$24,000,000 were received from the borrowers during the year.

FINANCIAL REVIEW

	For the year ended 31 March			
	2024	**2023**	**Change**	
	HK$'000	*HK$'000*	*HK$'000*	*%*
Continuing operations				
Revenue	30,693	27,194	3,499	12.9
Gross profit	27,173	24,225	2,948	12.2
Gross profit margin	88.5%	89.1%	N/A	(0.6)
Administrative expenses	(58,483)	(47,074)	(11,409)	24.2
Finance costs	(55,074)	(22,985)	(32,089)	139.6
(Loss) profit before taxation	(205,319)	57,321	(262,640)	N/A
Taxation (charge) credit	(13,485)	1,649	(15,134)	N/A
(Loss) profit for the year from continuing operations	(218,804)	58,970	(277,774)	N/A
Net (loss) profit margin	(712.9%)	216.8%	N/A	N/A
Discontinued operation				
Profit for the year from discontinued operation	5,655	4,602	1,053	22.9
(Loss) profit for the year attributable to owners of the Company	(213,149)	63,572	(276,721)	N/A

	For the year ended 31 March			
	2024	**2023**	**Change**	
	HK$	*HK$*	*HK$*	*%*
		(Restated)		
(Loss) earnings per share				
From continuing and discontinued operations				
– Basic	(2.47)	1.50	(3.97)	N/A
– Diluted	(2.47)	1.37	(3.84)	N/A
From continuing operations				
– Basic	(2.54)	1.39	(3.93)	N/A
– Diluted	(2.54)	1.27	(3.81)	N/A

Revenue

For the year ended 31 March 2024, the Group's revenue from continuing operations increased by approximately 12.9% to approximately HK$30,693,000 as compared with last year (FY2023) of approximately HK$27,194,000 which was mainly due to increase in rental income. For the year ended 31 March 2024, no revenue was recorded from discontinued operation by the Group as compared with last year (FY2023) of approximately HK$15,912,000 which was mainly due to the land resumption of the Huzhou Properties.

Gross Profit/Margin

Gross profit from continuing operations of the Group for the year ended 31 March 2024 was approximately HK$27,173,000, representing an increase of approximately 12.2% or approximately HK$2,948,000 as compared to approximately HK$24,225,000 in FY2023. Gross profit margin for the year reached approximately 88.5% (FY2023: approximately 89.1%), representing a decrease of approximately 0.6% over last financial year.

Loss/Profit before Taxation

Loss before taxation from continuing operations of the Group for the year ended 31 March 2024 was approximately HK$205,319,000, as compared with profit before taxation of approximately HK$57,321,000 last year (FY2023). Profit before taxation from discontinued operation of the Group for the year ended 31 March 2024 was approximately HK$42,980,000, as compared with approximately HK$8,651,000 last year (FY2023).

Administrative expenses from continuing operations of the Group increased by approximately 24.2% to approximately HK$58,483,000 as compared with last year (FY2023) of approximately HK$47,074,000. Administrative expenses from discontinued operation of the Group decreased by approximately 88.8% to approximately HK$1,358,000 as compared with last year (FY2023) of approximately HK$12,170,000.

During the year, there was net loss on changes in fair value of financial assets at fair value through profit or loss from continuing operations amounting to approximately HK$4,391,000 (FY2023: loss of approximately HK$4,531,000). During the year ended 31 March 2024, there was net gain on changes in fair value of financial assets from discontinued operation amounting to approximately HK$204,000 (FY2023: loss of approximately HK$5,392,000).

Finance costs from continuing operations of the Group for the year were approximately HK$55,074,000, representing an increase of approximately HK$32,089,000 or approximately 139.6% from approximately HK$22,985,000 in 2023, of which approximately HK$17,941,000 (FY2023: approximately HK$6,833,000) was the effective interest expense on convertible notes.

Loss/Profit Attributable to the Shareholders and Loss/Earnings per Share

The consolidated loss from continuing operations for the year ended 31 March 2024 was approximately HK$218,804,000 (FY2023: profit of approximately HK$58,970,000) while the consolidated profit from discontinued operation was approximately HK$5,655,000 (FY2023: approximately HK$4,602,000).

Taxation charge from continuing operations for the year was approximately HK$13,485,000 as compared with taxation credit of approximately HK$1,649,000 last year (FY2023).

Basic and diluted loss per Share from continuing and discontinued operations for the year ended 31 March 2024 were approximately HK$2.47 and HK$2.47 respectively (FY2023: restated basic and diluted earnings per Share of approximately HK$1.50 and HK$1.37 respectively). Basic and diluted loss per Share from continuing operations for the year were approximately HK$2.54 and HK$2.54 respectively (FY2023: restated basic and diluted earnings per Share of approximately HK$1.39 and HK$1.27 respectively).

Liquidity and Financial Resources

As at 31 March 2024, total assets of the Group amounted to approximately HK$5,408,807,000 (FY2023: approximately HK$5,624,267,000). In terms of financial resources as at 31 March 2024, the Group's total bank balances and cash was approximately HK$299,717,000 (FY2023: approximately HK$354,002,000).

As at 31 March 2024, the Group has total bank borrowings of approximately HK$2,066,734,000 (FY2023: approximately HK$1,871,919,000). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to Shareholders' equity, was approximately 0.7 (FY2023: approximately 0.6). As at 31 March 2024, the Group's current ratio was approximately 3.2 (FY2023: approximately 4.8).

The Group financed its operations primarily with recurring cash flow generated from its operations, proceeds raised from the capital market and bank financing.

Set out below are the particulars of the outstanding convertible note of the Company as at 31 March 2024:

2023 Convertible Note

Holder of the 2023 Convertible Note	:	Goodco Development Limited
Principal amount	:	HK$209,000,000
Outstanding principal amount	:	HK$209,000,000
Interest	:	5% per annum
Issue date	:	20 February 2023
Maturity date	:	19 February 2028
Conversion price	:	HK$3.70* (subject to adjustments)

* With respect to the 2023 Convertible Note, (i) upon effective of the capital reorganisation of the Company on 19 July 2023, the conversion price had been adjusted from HK$0.106 to HK$4.24 per conversion Share and the number of conversion Shares has been then adjusted from 1,971,698,113 to 49,292,452 conversion Shares; and (ii) upon completion of the placing of new Shares under specific mandate on 3 August 2023, the conversion price had been further adjusted to HK$3.70 per conversion Share and the number of conversion Shares had been further adjusted to 56,486,486 conversion Shares.

During the year, no exercise of the conversion rights under the 2023 Convertible Note was made and the outstanding principal amount as at the date of this annual report is HK$209,000,000.

For further information, please refer to the sections headed "Proposed Capital Reorganisation and Change in Board Lot Size", "2023 Placing of New Shares under Specific Mandate", "2024 Placing of New Shares under Specific Mandate" and "EVENTS AFTER THE END OF THE REPORTING PERIOD" below.

Capital Structure

As at 31 March 2024, the total number of issued ordinary Shares was 103,148,116 (FY2023: 2,125,924,676 Shares) and the nominal value per Share was HK$0.01 (FY2023: HK$0.01). As at the date of this annual report, the total number of issued ordinary Shares was 338,148,116.

For movement of the total number of issued Shares during the year, please refer to the sections headed "Proposed Capital Reorganisation and Change in Board Lot Size", "2023 Placing of New Shares under Specific Mandate", "2024 Placing of New Shares under Specific Mandate" and "EVENTS AFTER THE END OF THE REPORTING PERIOD" below.

Charges of Assets

As at 31 March 2024, the Group had bank loans amounting to approximately HK$2,066,734,000 (FY2023: approximately HK$1,871,919,000) which were secured by the Group's properties with an aggregate net book value of approximately HK$1,211,443,000 (investment properties), approximately HK$2,520,754,000 (properties held for development for sale), approximately HK$1,065,891,000 (properties held for sale) and nil (life insurance policies) respectively (FY2023: approximately HK$1,297,441,000, HK$3,307,920,000, nil and HK$13,626,000 respectively).

Exposure on Foreign Exchange Fluctuations

Most of the Group' s revenues and payments are denominated in Hong Kong dollars, United States dollars, Singapore dollars and Renminbi. During the year, 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 any significant contingent liabilities as at 31 March 2024 (FY2023: nil).

Capital Expenditures and Capital Commitments

Capital Expenditures

For the year ended 31 March 2024, the Group invested approximately HK$681,000 in the purchase of property, plant and equipment (FY2023: approximately HK$562,000, and spent approximately HK$346,547,000 through acquisition of subsidiaries on additions of investment properties, and approximately HK$2,839,000 on additions of intangible assets). These capital expenditures were financed from internal resources and funds from previous fund raising activities of the Company.

Capital Commitments

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

Proposed Capital Reorganisation and Change in Board Lot Size

On 29 May 2023, the Company announced to implement the capital reorganisation (the "**Capital Reorganisation**") which involved (i) the consolidation of every forty issued and unissued existing shares of the Company (the "**Existing Share(s)**") of par value of HK$0.01 each into one consolidated share (the "**Consolidated Share(s)**") of par value of HK$0.40 each (the "**Share Consolidation**"); (ii) immediately upon the Share Consolidation becoming effective, the capital reduction (the "**Capital Reduction**"), pursuant to which the par value of each issued Consolidated Share would be reduced from HK$0.40 to HK$0.01 by (a) eliminating any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; and (b) cancelling HK$0.39 of the paid-up capital of the Company on each issued Consolidated Share so that each issued new Share (the "**New Share(s)**") will be treated as one fully paid-up share of par value of HK$0.01 each in the share capital of the Company immediately following the Capital Reduction and the credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda; and (iii) immediately following the Share Consolidation and the Capital Reduction becoming effective, each authorised but unissued Consolidated Share (including those authorised unissued Consolidated Shares arising from the Capital Reduction) would be subdivided into forty authorised but unissued New Shares of par value of HK$0.01 each.

On 29 May 2023, the Company also announced to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 5,000 New Shares conditional upon the Capital Reorganisation becoming effective (the "**Change in Board Lot Size**").

The Capital Reorganisation was approved by the Shareholders by passing of a special resolution at a special general meeting of the Company held on 17 July 2023, and had become effective on 19 July 2023. Accordingly, the total number of issued Shares was decreased from 2,125,924,676 to 53,148,116. In addition, the Change in Board Lot Size had become effective on 2 August 2023.

Further information can be found in the Company's announcements dated 29 May 2023, 16 June 2023, 17 July 2023 and 19 July 2023, and circular dated 23 June 2023 respectively.

2023 Placing of New Shares under Specific Mandate

On 29 May 2023, Kingston Securities Limited (the "**Placing Agent**") and the Company entered into a conditional placing agreement (the "**2023 Placing Agreement**") pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of up to 50,000,000 placing Shares at the placing price of HK$0.50 per placing Share (assuming the Capital Reorganisation has become effective) to not less than six placees who and whose ultimate beneficial owners are Independent Third Parties. The placing Shares were allotted and issued under the specific mandate granted to the Directors by resolution of the Shareholders passed at a special general meeting of the Company held on 24 July 2023 (the "**2023 Placing**").

On 3 August 2023, all conditions to the 2023 Placing Agreement had been fulfilled and completion of the 2023 Placing took place. A total of 50,000,000 placing Shares have been successfully placed by the Placing Agent to not less than six placees at the placing price of HK$0.50 per placing Share pursuant to the terms and conditions of the 2023 Placing Agreement. The total number of issued Shares increased from 53,148,116 to 103,148,116.

The net proceeds from the 2023 Placing (after deducting the placing commission and other relevant costs and expenses) amounted to approximately HK$24,750,000 had been fully utilized for repayment of the Group's bank loan.

Further information can be found in the Company's announcements dated 29 May 2023, 16 June 2023, 24 July 2023 and 3 August 2023 respectively, and circular dated 23 June 2023.

2024 Placing of New Shares under Specific Mandate

On 23 January 2024, the Placing Agent and the Company entered into a conditional placing agreement (the "**2024 Placing Agreement**") pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of up to 235,000,000 placing Shares at the placing price of HK$0.18 per placing Share to not less than six placees who and whose ultimate beneficial owners are Independent Third Parties. The placing Shares were allotted and issued under the specific mandate granted to the Directors by resolution of the Shareholders passed at a special general meeting of the Company held on 21 March 2024 (the "**2024 Placing**").

The net proceeds from the 2024 Placing (after deducting the placing commission and other relevant costs and expenses) amount to approximately HK$41,700,000 of which approximately HK$35,000,000 is used for repayment of the Group's bank loan(s) and the remaining balance of approximately HK$6,700,000 is used for general working capital of the Group.

Further information can be found in the joint announcements dated 23 January 2024 and 23 February 2024, and joint circular dated 29 February 2024 of Easyknit and the Company respectively, and the section headed "EVENTS AFTER THE END OF THE REPORTING PERIOD" below.

Material Notifiable Transactions

(1) Discloseable Transaction – Acquisitions of Listed Securities

Gainever Corporation Limited ("**Gainever**") (an indirect wholly-owned subsidiary of the Company) acquired in a series of transactions for a total of 1,346,000 Easyknit shares on the open market during the period from 4 April 2023 to 12 April 2023 (both dates inclusive) at an aggregate purchase price of HK$4,657,220 (excluding stamp duty and related expenses) (equivalent to an average purchase price of approximately HK$3.46 per Easyknit share). On 21 July 2023, Gainever further acquired 380,000 Easyknit shares on the open market at a purchase price of HK$1,786,000 (excluding stamp duty and related expenses) (equivalent to an average purchase price of approximately HK$4.70 per Easyknit share). Immediately prior to the acquisitions, the Group did not hold any Easyknit shares. Following the acquisitions, the Group holds a total of 1,726,000 Easyknit shares, representing approximately 2.33% of the total issued share capital of Easyknit as at the date of this annual report. Both acquisitions constituted discloseable transactions for the Company under Chapter 14 of the Listing Rules.

Further information can be found in the Company's announcements dated 12 April 2023 and 24 July 2023 respectively.

(2) Very Substantial Disposal – Disposal of Property in Singapore

On 14 April 2023, the Vendor entered into an agreement (the "**Option to Purchase**") with an Independent Third Party (the "**Purchaser**") in relation to the grant and exercise of the option to purchase the property situated at 15 Ardmore Park #04-03, Ardmore Park, Singapore 259959 (the "**Property**"). Pursuant to the Option to Purchase, the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Property at a sale price of S$13,008,888 (equivalently to approximately HK$76,752,400) subject to the terms and conditions of the Option to Purchase (the "**Disposal**"). The Disposal constituted a very substantial disposal for the Company under Rule 14.06(4) of the Listing Rules.

Completion of the Disposal shall be subject to or conditional upon (i) the Company obtaining all requisite approval(s) from the Shareholders in respect of the sale of the Property pursuant to the Listing Rules; and (ii) Easyknit obtaining all requisite approval(s) from the Easyknit shareholders in respect of the sale of the Property pursuant to the Listing Rules (if required).

The Disposal was approved by the Shareholders at a special general meeting of the Company held on 31 May 2023.

During the year, all the conditions precedent to the Option to Purchase had been fulfilled and completion of the Disposal took place on 7 July 2023.

Further information can be found in the joint announcement issued by Easyknit and the Company dated 14 April 2023, the Company's announcement dated 31 May 2023, and the joint circular issued by Easyknit and the Company dated 8 May 2023.

(3) Discloseable Transaction – Acquisitions of Listed Securities

Gainever acquired on-market in a series of transactions for a total of 3,830,000 shares of Symphony Holdings Limited (stock code: 1223) ("**Symphony**") during the period from 2 August 2023 to 7 August 2023 (both dates inclusive) for an aggregate purchase price of approximately HK$3,485,300 (excluding stamp duty and related expenses) (equivalent to an average price of approximately HK$0.91 per acquired share). The acquisitions constituted a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

Further information can be found in the Company's announcement dated 8 August 2023.

Subsequently, Gainever further acquired 3,340,000 shares of Symphony at an average price of approximately HK$0.893 per acquired share. As at the date of this annual report, the Group holds an aggregate of 7,170,000 shares of Symphony, representing approximately 0.241% of the total issued share capital of Symphony.

(4) Major and Continuing Connected Transaction – Revolving Loan Agreement

On 29 August 2023, City China (as lender) and Main Profit Investment Limited (the "**Borrower**"), an indirect wholly-owned subsidiary of Easyknit, entered into a conditional revolving loan agreement (the "**Revolving Loan Agreement**") pursuant to which, among other things, City China has conditionally agreed to grant the revolving loan facility in the principal amount of up to a maximum of HK$80,000,000 to the Borrower for a term of two years from the effective date for the purpose of financing the property development projects of Easyknit and its subsidiaries (the "**Easyknit Group**") and general corporate use subject to the terms and conditions therein. Pursuant to the terms and conditions of the Revolving Loan Agreement, on 29 August 2023, Easyknit entered into a deed of guarantee (the "**Deed of Guarantee**") in favour of City China, under which Easyknit has guaranteed all liabilities of the Borrower to City China under the Revolving Loan Agreement.

The Revolving Loan Agreement and transactions contemplated thereunder constituted a major transaction for the Company under Rule 14.06(3) of the Listing Rules. In addition, the Revolving Loan Agreement and transactions contemplated thereunder or the annual cap amount constituted the Continuing Connected Transaction (the "**Continuing Connected Transaction**") for the Company and are therefore subject to the reporting, announcement, circular and the Company's independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Completion of the Revolving Loan Agreement shall be subject to or conditional upon (i) execution of the Revolving Loan Agreement and the Deed of Guarantee by the Easyknit in form and substance satisfactory to City China; (ii) receipt by City China and/or the Company all necessary corporate, shareholder or government or other (if any) approvals and consents in relation to the Revolving Loan as may be required under the laws of Hong Kong or the Listing Rules; and (iii) receipt by the Borrower and/or Easyknit all necessary corporate, shareholder or government or other (if any) approvals and consents in relation to the Revolving Loan as may be required under the laws of Hong Kong or the Listing Rules.

Following the approval of the independent Shareholders at the special general meeting of the Company held on 9 November 2023 for the Revolving Loan Agreement and transactions contemplated thereunder or the annual cap amount, all conditions precedent under the Revolving Loan Agreement have been fulfilled and completion took place on 9 November 2023.

As at 31 March 2024 and the date of this annual report, total loan balance granted to the Easyknit Group under the Revolving Loan Agreement was HK$30,000,000 and HK$60,000,000 respectively.

Further information can be found in the joint announcement issued by Easyknit and the Company dated 29 August 2023 and the Company's announcements dated 19 September 2023, 25 September 2023, 6 October 2023 and 9 November 2023, and circular dated 18 October 2023 respectively.

(5) Connected Transaction – Proposed Alterations of Terms of the 2023 Convertible Note and Proposed Grant of Specific Mandate to Issue Conversion Shares

On 23 January 2024, Goodco Development Limited ("**Goodco**") as the noteholder (an indirect wholly-owned subsidiary of Easyknit and a substantial Shareholder, entered into a deed of amendment (the "**Deed of Amendment**") with the Company as the issuer pursuant to which they conditionally agreed to amend the terms of the 2023 Convertible Note to (i) change the current conversion price from HK$3.70 per conversion Share to the revised conversion price (subject to adjustments); and (ii) alter the early redemption provision, to give the Company and Goodco the right to redeem the 2023 Convertible Note at any time, in whole or in part (the "**Proposed Alterations**"). The Proposed Alterations were approved by the independent Shareholders' approval pursuant to the Deed of Amendment and transactions contemplated thereunder including the issue of further conversion Shares at a special general meeting of the Company held on 27 March 2024.

Details of the Proposed Alterations and the Deed of Amendment were set out in the joint announcement of Easyknit and the Company dated 23 January 2024, announcements of the Company dated 23 February 2024, 7 March 2024 and 27 March 2024, and circular of the Company dated 6 March 2024 respectively.

Proposed Adoption of the Amended and Restated Bye-laws

On 14 November 2023, the Company announced to propose amendments to the existing bye-laws of the Company (the "**Bye-laws**") (the "**Proposed Amendments**") in order to (i) bring the existing Byelaws in line with the Core Shareholder Protection Standards as set out in Appendix A1 to the Listing Rules; (ii) allow a meeting of the Shareholders to be convened and held as a physical meeting at one (1) or more physical meeting location(s) or a hybrid meeting or an exclusively electronic meeting by means of electronic facilities; and (iii) make other housekeeping amendments and update certain provisions with reference to the latest applicable laws of Bermuda and the Listing Rules. In view of the number of the Proposed Amendments, the Board proposed to effect the Proposed Amendments by the adoption of the amended and restated Bye-laws (the "**Amended and Restated Bye-laws**") in substitution for, and to the exclusion of the existing Bye-laws. The adoption of the Amended and Restated Bye-laws was approved by the Shareholders by way of a special resolution at a special general meeting of the Company held on 12 December 2023, and has become effective upon such approval.

Further information can be found in the Company's announcements dated 14 November 2023 and 12 December 2023, and circular dated 17 November 2023 respectively.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance is an integral part of the Group's corporate governance. As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on its businesses and operations of the Group. During the year ended 31 March 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL PERFORMANCE

The Group is embedded with a strong corporate culture for corporate social responsibilities that forms an integral part of its business strategies. Being a responsible corporate citizen, the Group is committed to the long- term sustainability of the environment in which it operates and support the environmental protection initiatives to conserve the natural resources. The Group understands global implications of climate change and is committed to place a high priority on reducing the potential impact on the environment by its business operations through building awareness of environmental conservation, minimizing carbon footprints, employing green office initiatives and enhancing environmental awareness among employees and other key stakeholders. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and to adopt effective measures in achieving efficient use of resources, energy-saving and waste management. Details will be disclosed in the environmental, social and governance report of the Company pursuant to the Listing Rules in due course.

KEY RISKS AND UNCERTAINTIES

The Group's businesses, financial condition, results of operations and prospects are subject to a number of directly or indirectly business risks and uncertainties. In general, volatility in the worldwide financial markets, fluctuations in commodity prices and increasing energy costs, strong inflationary pressures, high interest rates, political turbulence, international trade competition and supply chain disruptions have all contributed to the increased uncertainty of global economic prospects.

Climate change poses different risks to the Group's businesses. Apart from physical risks such as rising earth's temperature and sea level, increasing greenhouse gas and extreme weather condition, have already created and will continue to create, resulting in a number of negative effects to the environment and the Group's assets, businesses and supply chain management which may pose increased risks for the Group's stakeholders such as employees, customers and suppliers.

Faced with such daunting macro-economic and geo-political risks and uncertainties, the Group devotes considerable effort to focus on developing its core businesses and to explore new market opportunities in order to create and realize long-term values to the Shareholders and its key stakeholders.

EMPLOYEES

As at 31 March 2024, the Group had 40 employees (FY2023: 38). Staff costs (including the Directors' emoluments) amounted to approximately HK$40,218,000 for the year ended 31 March 2024 (FY2023: approximately HK$29,929,000). The Group regards human resources as its valuable assets. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has participated in the Mandatory Provident Fund Scheme for all eligible employees of the Group in Hong Kong as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. Other benefits to employees include medical and dental scheme and insurance coverage.

PROSPECTS

The Group would continue focusing its efforts on the development of its existing principal businesses, including property development, property investment, investment in securities and others and loan financing business while exploring other potential opportunities and projects with a view to providing steady and favourable returns to the Shareholders and bringing increased values to the Group's stakeholders.

Despite the increasing uncertainties on global economic growth in the macro- environment brought by high inflationary pressure and escalated interest rates, and ongoing geopolitical tensions, the Group continuously and closely monitors the current situation and remains prudently optimistic about the prospects of the property and securities markets 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 would continue to seize and identify appropriate investment and divestment opportunities during this challenging period that fit the objective and investment criteria of the Company, and would continue to seek attractive opportunities to replenish its property portfolio as an ongoing business exercise. The Board would exercise utmost caution so as to bring long-term benefits to the operating and financial results to the Company in the foreseeable future.

FOR THE YEAR ENDED 31 MARCH 2023

FINAL RESULTS

For the year ended 31 March 2023, the Group's consolidated profit attributable to shareholders of the Company (the "**Shareholders**") was approximately HK$63,572,000 as compared with last year (FY2022) of HK$116,447,000. The consolidated profit from continuing operations for the year ended 31 March 2023 was approximately HK$58,970,000 as compared with last year (FY2022) of approximately HK$86,523,000. The decrease in net profit was mainly attributable to, among other things, (i) decrease in revenue; (ii) decrease in gain on settlement of loans receivable by properties; and (iii) decrease in write-back on properties held for development for sale, net. Such decrease in profit was partially offset by (iv) increase in gain on changes in fair value of investment properties; and (v) decrease in impairment loss on loans receivable. The consolidated profit from discontinued operation was approximately HK$4,602,000 as compared with last year (FY2022) of approximately HK$29,924,000.

For the year ended 31 March 2023, the Group's revenue from continuing operations amounted to approximately HK$27,194,000 as compared with last year (FY2022) of approximately HK$37,081,000, which represented a decrease of approximately HK$9,887,000 or approximately 26.7% as compared with last year (FY2022). This year's gross profit margin was approximately 89.1% (FY2022: approximately 92.2%).

The basic and diluted earnings per share from continuing and discontinued operations for the year ended 31 March 2023 were HK3.75 cents and HK3.43 cents respectively (FY2022: HK12.50 cents and HK9.77 cents respectively).

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2023 (FY2022: nil).

BUSINESS REVIEW

During the year, the Group was principally engaged in property development, property investment (comprising ownership and rental of investment properties), investment in securities and others and loan financing business which property development and property investment are the core businesses of the Group. The review of each business segment of the Group is set out below.

(i) Property Development

One of the Group's core businesses is property development. The Group has extensive experience on property redevelopment, in particular, acquisition of old buildings for renewal and redevelopment. Below are the major projects of the Group during the year.

(a) Project Matheson Street

As at 31 March 2023, the Group, through its indirect wholly-owned subsidiary, owned the site at Nos. 11, 13 and 15 Matheson Street, Causeway Bay, Hong Kong. The total area of the site is approximately 2,857 square feet and is currently under construction. After redevelopment, the site will provide a gross floor area of approximately 42,854 square feet of commercial/office mixed-use building. Construction of the project is expected to complete in the last quarter of 2023.

(b) Project King Lam Street

As at 31 March 2023, the Group, through its indirect wholly-owned subsidiary, owned the site located at No. 121 King Lam Street, Kowloon, Hong Kong. The site area is approximately 5,483 square feet. The Group plans to redevelop the site into an industrial building with modern amenities, facilities and loading or unloading bays utilizing floor area allowable under all relevant laws and regulations which maximize the usage and potential of the lot to its fullest extent. Construction of the project is expected to complete in late 2023.

(c) Project Kennedy Town

As at 31 March 2023, the Group, through its indirect wholly-owned subsidiaries, owned all the units of (i) Nos. 1B and 1C and Nos. 1D and 1E of Davis Street, Kennedy Town, Hong Kong ("**Davis Street**"); and (ii) Nos. 93 and 95 Catchick Street, Kennedy Town, Hong Kong ("**Catchick Street**"). The combined site area of Davis Street and Catchick Street is approximately 7,122 square feet. The Group plans to redevelop the combined site into a commercial and/or residential mixed-use development to maximize its usage. Foundation work is underway and the project is expected to complete in 2025.

(d) Project Fung Wah

As at 31 March 2023, the Group, through its indirect wholly-owned subsidiaries, owned the site at Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Kowloon (collectively, the "**Fung Wah Factorial Building**"). The total site area is approximately 9,206 square feet. The Group plans to redevelop the Fung Wah Factorial Building into a high-rise modern industrial building to maximize its usage. Foundation work is underway and the project is expected to complete in 2026.

(ii) Property Investment

The Group's other core business is property investment.

During the year, the rental income of the Group recorded from continuing operations was approximately HK$24,408,000 (FY2022: approximately HK$30,528,000), representing a decrease of approximately 20.0% over last year (FY2022). The decrease is primarily attributable to certain properties in Hong Kong has been demolished for the purposes of property development.

Hong Kong

In Hong Kong, the Group owns residential, commercial and industrial units, and land with attached structure with a total carrying amount of approximately HK$1,200,400,000 as at 31 March 2023 (FY2022: approximately HK$796,200,000). For the year ended 31 March 2023, the Group recorded property rental income from continuing operations of approximately HK$21,706,000 (FY2022: approximately HK$27,793,000), representing a decrease of approximately 21.9% as compared with FY2022.

Singapore

In Singapore, the Group owns two residential units with a total carrying amount of approximately HK$137,041,000 as at 31 March 2023 (FY2022: approximately HK$183,680,000). For the year ended 31 March 2023, the Group received property rental income from continuing operations of approximately HK$2,702,000 (FY2022: approximately HK$2,735,000), representing a decrease of approximately 1.2% over last year (FY2022).

For further information, please refer to "Material Acquisitions and Disposals" section below.

The People's Republic of China (the "PRC")

As at 31 March 2023, the Group owned fifteen blocks of factory premises and five blocks of dormitories in Huzhou City, Zhejiang Province of the PRC. For the year ended 31 March 2023, the Group recorded property rental income and management fee income of approximately HK$4,602,000 and approximately HK$10,807,000 respectively (FY2022: approximately HK$8,210,000 and approximately HK$18,007,000 respectively), representing a decrease of approximately 43.9% and 40.0% respectively as compared with FY2022.

Land Resumption with the Huzhou Government in respect of the Huzhou Properties

On 5 October 2022, the People's Government of Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC (the "**Huzhou Government**") and Easyknit Enterprises (Huzhou) Co., Ltd. ("**Enterprises Huzhou**"), an indirect wholly-owned subsidiary of the Company, entered into a land resumption agreement (the "**Land Resumption Agreement**"), pursuant to which, among other things, the Huzhou Government shall resume, and Enterprises Huzhou shall surrender the industrial complex of fifteen blocks of factory premises and five blocks of dormitories erected over two connected parcels of land situated at Easyknit Science and Technology City, No. 108 Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC which are owned by Enterprises Huzhou (the "**Huzhou Properties**") for industrial use with a total site area of 167,739.56 square metres, and the existing developments have a total gross floor area of 152,722.24 square metres.

Pursuant to the Land Resumption Agreement, a compensation amount of RMB386,982,000 (equivalent to approximately HK$439,752,000) (the "**Compensation Amount**") would be payable by the Huzhou Government to Enterprises Huzhou, and Enterprises Huzhou should cooperate with the Huzhou Government to complete the change of land title procedures, and vacate and handover the Huzhou Properties. The Compensation Amount is expected to be used for the Group's general working capital, bank loan repayment and/or financing projects.

As at 31 March 2023, an amount of RMB199,586,000 (equivalent to approximately HK$226,802,000) has been received by the Group and up to the date of this annual report, the Group has received a total of RMB269,586,000 (equivalent to approximately HK$306,348,000) of the Compensation Amount.

Accordingly, the financial results of the property investment in the PRC was classified as discontinued operation as at 31 March 2023.

Further information can be found in the joint announcement issued by Easyknit and the Company dated 5 October 2022.

(iii) Investment in Securities and Others

The Group adopted a prudent attitude in its well-diversified securities investment. During the year, the Group had acquired and disposed of listed securities and unlisted equity securities, equity linked notes and other investment products. The Group recorded fair value loss in securities and other investments from continuing operations of approximately HK$4,531,000 (FY2022: loss of approximately HK$16,126,000). During the year ended 31 March 2023, the Group recorded fair value loss in investment in securities and others from discontinued operation of approximately HK$5,392,000 (FY2022: loss of approximately HK$1,610,000). As a result, the Group reported a segment loss from continuing operations of approximately HK$26,505,000 (FY2022: segment loss of approximately HK$32,217,000) during the year under review. The Group received dividend income from the listed securities investments from continuing operations of approximately HK$2,598,000 (FY2022: approximately HK$5,546,000) during the year ended 31 March 2023.

As at 31 March 2023, the Group's investment in equity securities listed in Hong Kong and the United States of America amounted to approximately HK$23,914,000 (FY2022: approximately HK$52,818,000). This value represented an investment portfolio comprising 104 (FY2022: 8) equity securities which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and an overseas recognised stock exchange. The movements during the year were: (i) the purchase of securities investments which had a fair value of approximately HK$14,618,000; (ii) the disposal of securities investments which had a fair value of approximately HK$37,157,000; and (iii) net decrease in market value of securities investments in the amount of approximately HK$6,380,000.

For further information, please refer to "Material Acquisitions and Disposals" section below.

The Group held significant securities investments as at 31 March 2023 as below:

Company name (stock code)	Number of shares held	Approximate percentage held to the total issued share capital of the company/ investment	Investment cost/cost of acquisition	Dividend income for the year ended 31 March 2023	Fair value gain/(loss) for the year ended 31 March 2023	Fair value at 31 March 2023	Approximate percentage of total assets of the Group at 31 March 2023
		%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	%
Best Food Holding Company Limited (1488)	22,618,000	1.43	25,694	–	(1,131)	17,416	0.31
RLX Technology Inc. American depositary shares (RLX)	183,346	0.01	17,117	–	1,594	4,163	0.07
Other listed shares*	187,347	–	2,461	2,598	(6,843)	2,335	0.04
Grand total:			45,272	2,598	(6,380)	23,914	0.42

* Other listed shares included 3 companies and 1 company whose shares are listed on the Main Board and GEM Board of the Stock Exchange and 98 companies are listed on an overseas recognised stock exchange.

The Group considers the prospects in respect of the investments in securities and others remain cautiously optimistic. The Group understands that the performance of the investments may be affected by global economic uncertainties and degree of volatility in the Hong Kong financial market and subject to other external factors. Accordingly, the Group will continuously maintain a diversified portfolio of investment of different segments of markets to minimize the possible financial risks. The Group will also closely monitor the performance progress of the investment portfolio in a prudent and balanced risk management approach from time to time.

(iv) Loan Financing

The loan financing business of the Group is primarily operated by City China International Limited ("**City China**"), an indirect wholly-owned subsidiary of the Company which is a licensed money lender carrying on business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The borrowers of the loan financing business are individuals and corporate entities that have short-term funding needs and could provide sufficient collaterals for their borrowings. The borrowers are primarily acquired through business referrals and introductions. City China's source of funding is financed by the Group's internal resources. During the year, the Group recorded interest income from loan financing business from continuing operations amounting to approximately HK$2,786,000 (FY2022: approximately HK$6,553,000), representing a decrease of approximately 57.5% as compared with last year (FY2022). During the year ended 31 March 2023, the Group recorded interest income from loan financing business from discontinued operation amounting to approximately HK$503,000 (FY2022: approximately HK$1,177,000), representing a decrease of approximately 57.3% as compared with last year (FY2022). The segment loss of loan financing business from continuing operations was approximately HK$9,801,000 for the year ended 31 March 2023 (FY2022: segment profit of approximately HK$13,082,000). The outstanding principal amount of loans receivable as at 31 March 2023 was approximately HK$52,250,000 (FY2022: approximately HK$94,381,000). During the year ended 31 March 2023, impairment allowance of approximately HK$8,663,000 (FY2022: approximately HK$21,498,000) was recognized in profit or loss in its loan financing business from continuing operations. During the year ended 31 March 2023, reversal of impairment loss of approximately HK$221,000 (FY2022: approximately HK$37,000) was recognized in profit or loss in its loan financing business from discontinued operation.

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. Before entering into loan agreements, the Group focuses on the due diligence procedures and credit risk assessment work, including but not limited to meeting with each borrower, conducting research on their backgrounds, evaluating their current business operations and financial conditions, market reputation and creditability, conducting financial and recoverability analysis, and reviewing on repayment history (including recent settlement records, and any litigations and bankruptcy orders) and change in career or business background and financial position of each borrower in order to better understand the circumstances of each borrower. The Group regularly assesses the value of the collaterals and guarantees of the borrowers for their credit quality, and defines credit limits to be granted to the borrowers. To minimize credit risks, the Group typically requires guarantees, including collaterals with expected realized value exceeding the loan amount, post-dated cheques and/or personal or corporate guarantees. The Group closely monitors on an ongoing review of credit risks of loans recoverability and collection to ensure that follow-up actions (including legal actions if necessary) are taken to recover overdue debts.

The Group mainly provides short-term loans of maturity of not more than two (2) years. The repayment terms and conditions are determined by factors including the repayment ability of the borrowers, the Group's funding and cash flows management strategies, and the terms and rates of the prevailing market.

The Group has concentration of credit risk in relation to loans receivable, amounting to approximately HK$52,250,000 as at 31 March 2023 (FY2022: approximately HK$94,381,000), from a few borrowers with approximately 60% (FY2022: 69%) of the balance were secured by guaranteed money of nil (FY2022: HK$10,000,000) or properties with estimated fair values of HK$28,445,000 (FY2022: HK$161,407,000). The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrowers. There have not been any significant changes in the quality of the collateral held for the loans receivable. In addition, the unsecured loans receivable as at 31 March 2023 amounting to HK$30,750,000 (FY2022: HK$39,750,000) were with personal guarantee. The largest borrower of the Group by itself accounted for approximately 26% (FY2022: 17%) of the loans receivable of the Group as at 31 March 2023. During the year, the range of interest rates on the Group's loans receivable is 0% to 8% (FY2022: 4% to 8%) per annum, and the total number of the borrowers of the loan financing business of the Group is 11.

In view of the foreseeable increase in risk of default by the borrowers as economic uncertainties continued, the Group reassessed the credit ratings of individual borrowers and made necessary provisions for potential impairment loss. As at 31 March 2023, allowance for loans receivable amounted to approximately HK$53,480,000 (FY2022: approximately HK$47,239,000). Except for those credit-impaired loans receivable, there were no loans receivable which were past due as at 31 March 2023.

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 taken into account 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, such as 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 strict 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.

As at 31 March 2023, included in the gross amount of loans receivables are HK$51,930,000 (FY2022: HK$60,930,000), net of accumulated impairment allowances of HK$51,930,000 (FY2022: HK$44,930,000) due from a group of borrowers including an individual (the "**Borrower**") with gross amount of HK$27,380,000 (FY2022: HK$27,380,000) and other individuals (with personal guarantee from the Borrower) with gross amount of HK$24,550,000 (FY2022: HK$33,550,000). For prior year, the management assessed, taking into account the relevant information from public domain, such balances became credit-impaired and has taken various actions to recover the balances. The management has also negotiated with certain borrowers to make settlements of the loans and total settlements of HK$6,799,000 were received from the borrowers during the year.

FINANCIAL REVIEW

	For the year ended 31 March			
	2023	**2022**	**Change**	
	HK$'000	*HK$'000* (Restated)	*HK$'000*	%
Continuing operations				
Revenue	27,194	37,081	(9,887)	(26.7)
Gross profit	24,225	34,171	(9,946)	(29.1)
Gross profit margin	89.1%	92.2%		(3.1)
Administrative expenses	(47,074)	(46,001)	(1,073)	(2.3)
Finance costs	(22,985)	(20,485)	(2,500)	(12.2)
Profit before taxation	57,321	87,219	(29,898)	(34.3)
Taxation credit (charge)	1,649	(696)	2,345	N/A
Profit for the year from continuing operations	58,970	86,523	(27,553)	(31.8)
Net profit margin	216.8%	233.3%		(16.49)
Discontinued operation				
Profit for the year from discontinued operation	4,602	29,924	(25,322)	(84.6)
Profit for the year attributable to owners of the Company	63,572	116,447	(52,875)	(45.4)

	HK cents	*HK cents* (Restated)	*HK cents*	*Change %*
Earnings per share				
From continuing and discontinued operations				
– Basic	3.75	12.50	(8.75)	(70.0)
– Diluted	3.43	9.77	(6.34)	(64.9)
From continuing operations				
– Basic	3.48	9.29	(5.81)	(62.5)
– Diluted	3.19	7.51	(4.32)	(57.5)

Revenue

For the year ended 31 March 2023, the Group's revenue from continuing operations decreased by approximately 26.7% to approximately HK$27,194,000 as compared with last year (FY2022) of approximately HK$37,081,000 which was mainly due to decrease in rental income and interest income from loan financing. For the year ended 31 March 2023, the Group's revenue from discontinued operation decreased by approximately 41.9% to approximately HK$15,912,000 as compared with last year (FY2022) of approximately HK$27,394,000 which was mainly due to decrease in rental income and management fee income.

Gross Profit/Margin

Gross profit from continuing operations of the Group for the year ended 31 March 2023 was approximately HK$24,225,000, representing a decrease of approximately 29.1% or approximately HK$9,946,000 as compared to approximately HK$34,171,000 in 2022. Gross profit margin for the year reached approximately 89.1% (FY2022: approximately 92.2%), representing a decrease of approximately 3.1% over last financial year.

Profit before Taxation

Profit before taxation from continuing operations of the Group for the year ended 31 March 2023 was approximately HK$57,321,000 as compared with last year (FY2022) of approximately HK$87,219,000. Profit before taxation from discontinued operation of the Group for the year ended 31 March 2023 was approximately HK$8,651,000 as compared with last year (FY2022) of approximately HK$36,278,000.

Administrative expenses from continuing operations of the Group increased by approximately 2.3% to approximately HK$47,074,000 as compared with last year (FY2022) of approximately HK$46,001,000. Administrative expenses from discontinued operation of the Group increased by approximately 161.2% to approximately HK$12,170,000 as compared with last year (FY2022) of approximately HK$4,659,000.

During the year, there was net loss on changes in fair value of financial assets at fair value through profit or loss from continuing operations amounting to approximately HK$4,531,000 (FY2022: loss of approximately HK$16,126,000). During the year ended 31 March 2023, there was net loss on changes in fair value of financial assets from discontinued operation amounting to approximately HK$5,392,000 (FY2022: loss of approximately HK$1,610,000).

Finance costs from continuing operations of the Group for the year were approximately HK$22,985,000, representing an increase of approximately HK$2,500,000 or approximately 12.2% from approximately HK$20,485,000 in 2022, of which approximately HK$6,833,000 (FY2022: approximately HK$12,639,000) was the effective interest expense on convertible notes.

Profit Attributable to the Shareholders and Earnings per Share

The consolidated profit from continuing operations for the year ended 31 March 2023 was approximately HK$58,970,000 (2022: approximately HK$86,523,000); while the consolidated profit from discontinued operation was approximately HK$4,602,000 (FY2022: approximately HK$29,924,000).

Taxation credit from continuing operations for the year was approximately HK$1,649,000 as compared with taxation charge of approximately HK$696,000 last year (FY2022).

Basic and diluted earnings per share from continuing and discontinued operations for the year ended 31 March 2023 were approximately HK3.75 cents and HK3.43 cents respectively (FY2022: approximately HK12.50 cents and HK9.77 cents respectively). Basic and diluted earnings per share from continuing operations for the year were approximately HK3.48 cents and HK3.19 cents respectively (FY2022: approximately HK9.29 cents and HK7.51 cents respectively).

Liquidity and Financial Resources

As at 31 March 2023, total assets of the Group amounted to approximately HK$5,624,267,000 (FY2022: approximately HK$4,879,808,000). In terms of financial resources as at 31 March 2023, the Group's total bank balances and cash was approximately HK$354,002,000 (FY2022: approximately HK$82,099,000).

As at 31 March 2023, the Group has total bank borrowings of approximately HK$1,871,919,000 (FY2022: approximately HK$1,662,307,000). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to Shareholders' equity, was approximately 0.6 (FY2022: approximately 0.6). As at 31 March 2023, the Group's current ratio was approximately 4.8 (FY2022: approximately 3.8).

The Group financed its operations primarily with recurring cash flow generated from its operations, proceeds raised from the capital market and bank financing.

Set out below are the particulars of the outstanding convertible note of the Company as at 31 March 2023:

2023 Convertible Note

Holder of the 2023 Convertible Note	:	Goodco Development Limited
Principal amount	:	HK$209,000,000
Outstanding principal amount	:	HK$209,000,000
Interest rate	:	5% per annum
Issue date	:	20 February 2023
Maturity date	:	19 February 2028
Conversion price	:	HK$0.106 (subject to adjustments)

During the year, no exercise of the conversion rights under the 2023 Convertible Note was made and the outstanding principal amount as at the date of this annual report is HK$209,000,000.

For further information, please refer to "Material Acquisitions and Disposals" section below.

Placing of New Shares under General Mandate

On 30 March 2022, Kingston Securities Limited (the "**Placing Agent**") and the Company entered into a conditional placing agreement (the "**Placing Agreement 1**") pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 186,280,000 new Shares at the placing price of HK$0.10 per placing share of the Company ("**Share(s)**") to not less than six (6) placees who and whose ultimate beneficial owners are Independent Third Parties. The placing Shares were allotted and issued under the general mandate granted to the Directors by resolution of the Shareholders passed at an annual general meeting of the Company held on 13 August 2021 (the "**Placing under General Mandate**").

On 20 April 2022, all conditions to the Placing Agreement 1 have been fulfilled and the completion of the Placing under General Mandate took place. The total number of issued Shares increased from 931,458,010 to 1,117,738,010, and the conversion price of the convertible note issued to Goodco Development Limited ("**Goodco**", a substantial Shareholder) on 28 August 2019 has been adjusted from HK$0.25 to HK$0.24 per Share with effect from 20 April 2022.

As at 31 March 2023, the net proceeds from the Placing under General Mandate (after deducting the placing commission and other relevant costs and expenses) amounted to approximately HK$18,380,000 were fully utilized as the Group's general working capital.

Further information can be found in the Company's announcements dated 30 March 2022 and 20 April 2022 respectively.

Conversion of the Goodco Convertible Notes

On 25 July 2022, the Company received the conversion notices from Goodco, the noteholder of three (3) convertible notes issued to Goodco on 11 May 2017, 26 September 2017 and 28 August 2019 respectively (the "**Goodco Convertible Notes**"), requesting to exercise its conversion rights in full attached to the Goodco Convertible Notes to convert a total principal amount of HK$97,280,000 into an aggregate of 400,786,666 conversion Shares (the "**Conversion**"). On the same date, upon completion of the Conversion, 400,786,666 Shares were issued and allotted to Goodco, and the total number of issued Shares increased from 1,117,738,010 to 1,518,524,676.

Placing of New Shares under Specific Mandate

On 27 July 2022, the Placing Agent and the Company entered into a conditional placing agreement (the "**Placing Agreement 2**") pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of up to 607,400,000 new Shares at the placing price of HK$0.068 per placing Share to not less than six (6) placees who and whose ultimate beneficial owners are Independent Third Parties. The placing Shares were allotted and issued under the specific mandate granted to the Directors by resolution of the Shareholders passed at a special general meeting of the Company held on 14 September 2022 (the "**Placing under Specific Mandate**").

On 26 September 2022, all conditions to the Placing Agreement 2 have been fulfilled and the completion of the Placing under Specific Mandate took place. A total of 607,400,000 placing Shares have been successfully placed by the Placing Agent to not less than six (6) places at the placing price of HK$0.068 per placing Share pursuant to the terms and conditions of the Placing Agreement 2. The total number of issued Shares increased from 1,518,524,676 to 2,125,924,676.

As at 31 March 2023, the net proceeds from the Placing under Specific Mandate (after deducting the placing commission and other relevant costs and expenses) amounted to approximately HK$40,800,000 were fully utilized as the Group's general working capital.

Further information can be found in the Company's announcements dated 27 July 2022, 14 September 2022, 26 September 2022 and 29 November 2022 respectively, and circular dated 23 August 2022.

Material Acquisitions and Disposals

(1) Discloseable Transaction – Acquisition of Equity Linked Note

On 19 April 2022, Fanju Investments Limited (a direct wholly-owned subsidiary of the Company) acquired an equity linked note (the "**ELN**") which is linked to the shares of BOC Hong Kong (Holdings) Limited (stock code: 2388) for a principal amount of HK$20,000,000 (before expenses). The coupon rate for the ELN was 15% per annum. Such ELN was matured on 6 July 2022. The acquisition constituted a discloseable transaction for the Company under Rule 14.06(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Further information can be found in the joint announcement issued by Easyknit and the Company dated 20 April 2022.

(2) Discloseable Transaction – Disposals of Listed Securities

Goldchamp International Limited and Clever Wise Holdings Limited, both being indirect wholly-owned subsidiaries of the Company, disposed on-market a total of 3,800,000 shares of China Construction Bank Corporation (stock code: 939) on 7 September 2022 and 9 September 2022 respectively for an aggregate consideration of approximately HK$18,050,000 (exclusive of expenses) (equivalent to an average price of approximately HK$4.75 per disposed share). The disposals constituted a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

Further information can be found in the joint announcement issued by Easyknit and the Company dated 13 September 2022.

(3) Major Transaction – Disposal of Property in Singapore

On 4 November 2022, Grow Well Profits Limited (the "**Vendor**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement (the "**Option to Purchase 1**") with two Independent Third Parties (the "**Purchasers**") in relation to the grant and exercise of the option to purchase the property situated at 15 Ardmore Park #06-04, Ardmore Park, Singapore 259959 ("**Property 1**"). Pursuant to the Option to Purchase, the Vendor has agreed to sell, and the Purchasers have agreed to purchase the Property at a sale price of S$12,500,000 (equivalently to approximately HK$68,150,000) subject to the terms and conditions of the Option to Purchase 1 (the "**Disposal 1**"). The Disposal 1 constituted a major transaction for the Company under Rule 14.06(3) of the Listing Rules.

Completion of the Disposal 1 shall be subject to or conditional upon (i) the Company obtaining all requisite approval(s) from the Shareholders in respect of the sale of Property 1 pursuant to the Listing Rules; and (ii) Easyknit obtaining all requisite approval(s) from the Easyknit shareholders in respect of the sale of Property 1 pursuant to the Listing Rules (if required).

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written approvals of the Disposal 1 have been obtained from Easyknit, Goodco and Ace Winner Investment Limited (both being wholly-owned subsidiaries of Easyknit), a closely allied group of the Shareholders holding 27,000,000 Shares, 562,231,961 Shares and 484,538,175 Shares respectively, together holding a total of 1,073,770,136 Shares, representing approximately 50.50% of the total issued Shares as at the date of the joint announcement issued by Easyknit and the Company dated 4 November 2022.

During the year, all the conditions precedent to the Option to Purchase 1 have been fulfilled and completion of the Disposal 1 took place on 16 December 2022.

Further information can be found in the joint announcement issued by Easyknit and the Company dated 4 November 2022 and the Company's circular dated 25 November 2022.

(4) Very Substantial Acquisition, Connected Transaction and Issue of 2023 Convertible Note

On 30 November 2022 (after trading hours), Easyknit Properties Holdings Limited ("**Easyknit Properties**", a wholly-owned subsidiary of Easyknit) and the Company entered into four respective conditional sale and purchase agreements (the "**Sale and Purchase Agreements**") for, *inter alia* , the sale by Easyknit Properties and purchase by the Company, the entire issued share capital of each of On Channel International Limited, Day Glory Investment Limited, Well Honest Investment Limited and Asia Million Investment Limited (collectively, the "Sale Companies") and the assignment of each of the shareholder's loan owing by the Sale Companies to Easyknit, for an aggregate consideration of HK$340,000,000 (the "**Consideration**").

Following the approval of the Easyknit shareholders and the independent Shareholders at the special general meeting of Easyknit and the Company held on 15 February 2023 respectively for the Sale and Purchase Agreements and transactions contemplated thereunder, all conditions precedent under the Sale and Purchase Agreements have been fulfilled and completion took place on 20 February 2023. The net purchase price of HK$214,000,000 (being the Consideration less the total principal amount of outstanding bank loans) has been satisfied as to HK$5,000,000 in cash, and the balance of HK$209,000,000 has been satisfied by way of the issue of 5% per annum coupon rate 5-year convertible note (the "**2023 Convertible Note**") by the Company (as issuer) to Goodco (as noteholder). A total of 1,971,698,113 conversion Shares of par value HK$0.01 each at an initial conversion price of HK$0.106 per conversion Share (subject to adjustments) shall be allotted and issued to Goodco upon exercise of the conversion rights pursuant to the terms and conditions of the 2023 Convertible Note.

Upon completion on 20 February 2023, each of the Sale Companies became an indirect non wholly-owned subsidiary of Easyknit and an indirect wholly-owned subsidiary of Eminence.

Further information can be found in the joint announcements dated 14 December 2022 and 20 February 2023 respectively, the Company's announcement dated 15 February 2023, and the joint circular dated 21 January 2023, issued by Easyknit and the Company.

Capital Structure

As at 31 March 2023, the total number of issued ordinary Share was 2,125,924,676 (31 March 2022: 931,458,010 Shares) and the nominal value per Share was HK$0.01 (31 March 2022: HK$0.01).

For movement of the total number of issued Shares during the year, please refer to the sections headed "Placing of New Shares under General Mandate", "Conversion of the Goodco Convertible Notes" and "Placing of New Shares under Specific Mandate" above.

Charges of Assets

As at 31 March 2023, the Group had bank loans amounting to approximately HK$1,871,919,000 (FY2022: approximately HK$1,662,307,000) which were secured by the Group's properties with an aggregate net book value of approximately HK$1,297,441,000 (investment properties), approximately HK$3,307,920,000 (properties held for development for sale) and approximately HK$13,626,000 (life insurance policies) respectively (FY2022: approximately HK$939,880,000, HK$3,020,650,000 and HK$12,914,000 respectively).

Exposure on Foreign Exchange Fluctuations

Most of the Group's revenues and payments are denominated in Hong Kong dollars, United States dollars, Singapore dollars and Renminbi. During the year, 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 any significant contingent liabilities as at 31 March 2023 (FY2022: nil).

Capital Expenditures and Capital Commitments

Capital Expenditures

For the year ended 31 March 2023, the Group invested approximately HK$562,000 (FY2022: approximately HK$1,013,000) in the purchase of property, plant and equipment, and spent approximately HK$346,547,000 through acquisition of subsidiaries (FY2022: approximately HK$41,433,000) on additions of investment properties, and approximately HK$2,839,000 (FY2022: approximately HK$10,733,000) on additions of intangible assets. These capital expenditures were financed from internal resources and funds from previous fund raising activities of the Company.

Capital Commitments

As at 31 March 2023, the Group had capital commitments in respect of capital expenditures contracted for but not provided of approximately HK$19,635,000 (FY2022: approximately HK$20,339,000).

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on its businesses and operations of the Group. During the year ended 31 March 2023, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL PERFORMANCE

The Group is embedded with a strong corporate culture for corporate social responsibilities that forms an integral part of its business strategies. Being a responsible corporate citizen, the Group is committed to the long-term sustainability of the environment in which it operates and support the environmental protection initiatives to conserve the natural resources. The Group understands global implications of climate change and is committed to place a high priority on reducing the potential impact on the environment by its business operations through building awareness of environmental conservation, minimizing carbon footprints, employing green office initiatives and enhancing environmental awareness among employees and other key stakeholders. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and to adopt effective measures in achieving efficient use of resources, energy-saving and waste management. Details are disclosed in the "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT" of this annual report pursuant to the Listing Rules.

KEY RISKS AND UNCERTAINTIES

The Group's businesses, financial condition, results of operations and prospects are subject to a number of directly or indirectly business risks and uncertainties. In general, volatility in the worldwide financial markets, fluctuations in commodity prices and increasing energy costs, strong inflationary pressures, potential interest rate hikes, political turbulence, international trade competition and supply chain disruptions have all contributed to the increased uncertainty of global economic prospects.

Climate change poses different risks to the Group's businesses. Apart from physical risks such as rising earth's temperature and sea level, increasing greenhouse gas and extreme weather condition, have already created and will continue to create, resulting in a number of negative effects to the environment and the Group's assets, businesses and supply chain management which may pose increased risks for the Group's stakeholders such as employees, customers and suppliers.

Faced with such daunting macro-economic and geo-political risks and uncertainties, the Group devotes considerable effort to focus on developing its core businesses and to explore new market opportunities in order to create and realize long-term values to the Shareholders and its key stakeholders.

EMPLOYEES

As at 31 March 2023, the Group had 38 employees (FY2022: 64). Staff costs (including the Directors' emoluments) amounted to approximately HK$29,929,000 for the year ended 31 March 2023 (FY2022: approximately HK$27,898,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has participated in the Mandatory Provident Fund Scheme for all eligible employees of the Group in Hong Kong as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. Other benefits to employees include medical and dental scheme and insurance coverage.

PROSPECTS

The Group would continue focusing its efforts on the development of its existing principal businesses, including property development, property investment, investment in securities and others and loan financing business while exploring other potential projects with a view to providing steady and favourable returns to the Shareholders and bringing increased values to the Group's stakeholders.

Despite the increasing uncertainties on global economic growth brought by high inflation and interest rates and geo-political tensions, the Group continuously and closely monitors the current situation and remains prudently optimistic about the prospects of the property and securities markets 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 would continue to identify appropriate investment and divestment opportunities during this challenging period that fit the objective and investment criteria of the Company, and would continue to seek attractive opportunities to replenish its property portfolio as an ongoing business exercise. The Board would exercise utmost caution so as to bring long-term benefits to the operating and financial results to the Company in the foreseeable future.

Set out below is the management discussion and analysis of the Sale Company for the three financial years ended 31 March 2023, 2024 and 2025, and the five months ended 31 August 2025, which is prepared based on the financial information of the Sale Company as set out in Appendix III to this circular.

BUSINESS OVERVIEW

The material asset of the Sale Company (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 gross area of the Property is 13,544 sq. ft. Other assets of Mark Profit mainly include equity securities listed in Hong Kong which include 42,308,000 shares of Best Food Holding Company Limited (stock code: 1488) and 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318) with a total fair value of approximately HK$46.3 million as at 31 March 2025.

FINANCIAL REVIEW

Revenue

The revenue of the Sale Company represented the rental income received or receivable from properties leasing during the financial years ended 31 March 2023, 2024 and 2025 and for the five months ended 31 August 2025 (the "**Reporting Period**"), respectively.

The Sale Company's revenue remained fairly stable at around HK$11.1 million during the three years ended 31 March 2025. The revenue of the Sale Company was approximately HK$4.63 million for the five months ended 31 August 2024 and 2025 respectively.

Net profit/(loss) for the year/period

The net profit of the Sale Company was approximately HK$27.6 million for the year ended 31 March 2023. The net loss of the Sale Company was approximately HK$41.6 million and HK$33.1 million for the two years ended 31 March 2024 and 2025 respectively, which was mainly due to the loss arising from change in fair value of investment properties, the loss on change in FVTPL and the general increase in finance costs.

The net loss of the Sale Company was approximately HK$32.5 million for the five months ended 31 August 2024 and it decreased to approximately HK$1.6 million for the five months ended 31 August 2025. Such decrease in net loss was mainly due to the gain arising from change in fair value of investment properties of HK$11.0 million and the decrease in loss on change in FVTPL of approximately HK$15.0 million.

Contingent liabilities

As at 31 March 2023, 2024 and 2025 and as at 31 August 2025, the Sale Company did not have any contingent liabilities.

Liquidity and financial resources

As at 31 March 2023, 2024, 2025 and as at 31 August 2025, the total secured bank borrowings of the Sale Company was approximately HK$371.4 million, HK$318.5 million, HK$301.9 million and HK$297.2 million respectively. At 31 March 2023, 2024, 2025 and 31 August 2025, Mark Profit's bank borrowings carry interest at HIBOR plus 1% to HIBOR to 1.55% per annum, with effective interest ranging from 4.13% to 4.76%, 4.38% to 6.23%, 3.75% to 5.56% and 2.55% to 4.53% per annum, respectively. At 31 March 2023, 2024, 2025 and 31 August 2025, the loans are secured by investment properties of the Sale Company.

As at 31 March 2023, 2024, 2025 and as at 31 August 2025, the amount due to fellow subsidiaries of the Sale Company was approximately HK$10.6 million, HK$9.4 million, HK$19.1 million and HK$22.7 million respectively, which was unsecured, non-interest bearing and repayable on demand.

Gearing ratio

The Sale Company's gearing ratio, which is calculated as a ratio of total bank borrowings to its shareholders equity, was approximately 0.47, 0.42, 0.42 and 0.42 as at 31 March 2023, 2024, 2025 and as at 31 August 2025 respectively.

Foreign exchange risk

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

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Sale Company did not have any material acquisitions or disposal of subsidiaries, associates and joint ventures affiliated companies during the Reporting Period.

Significant investments held

The significant investments held by the Sale Company during the Reporting Period include investment properties (the Property) and financial assets at FVTPL (equity securities listed in Hong Kong). As at 31 March 2023, 2024, 2025 and as at 31 August 2025, investment properties amounted to HK$720 million, HK$693 million, HK$682 million and HK$693 million respectively. As at 31 March 2023, 2024, 2025 and as at 31 August 2025, financial assets at FVTPL amounted to approximately HK$64.0 million, HK$71.5 million, HK$46.3 million and HK$51.6 million respectively.

Human resources

The Sale Company did not have employee during the Reporting Period but some staff cost, included in the administrative expenses of the Sale Company, was allocated by Easyknit.

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, 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) Interests of the Directors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors or chief executive of the Company (the "**Chief Executive**") had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) (the "**SFO**"), which were required (i) 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 the Directors or the Chief Executive were taken or deemed to have taken under such provisions of the SFO), or (ii) to be entered in the register kept by the Company under Section 352 of the SFO, or (iii) 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.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the Chief Executive, the following persons or corporations (other than a Director or the Chief Executive) 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 Underlying Shares

Name of substantial Shareholder	*Notes*	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of the total issued Shares
Goodco Development Limited ("**Goodco**")	*(i), (iii) and (iv)*	Beneficial owner	42,167,397	662,500,000	704,667,397	69.46%
Easyknit Properties Holdings Limited	*(i), (iii) and (iv)*	Interest of controlled corporation	42,167,397	662,500,000	704,667,397	69.46%

Name of substantial Shareholder	*Notes*	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of the total issued Shares
Easyknit International Holdings Limited ("**Easyknit**")	*(i), (iii) and (iv)*	Interest of controlled corporation	80,261,811	662,500,000	742,761,811	73.22%
		Beneficial owner	2,025,000	662,500,000	2,025,000	0.20%
			82,286,811	662,500,000	744,786,811	73.42%
Magical Profits Limited	*(ii), (iii) and (iv)*	Interest of controlled corporation	82,286,811	662,500,000	744,786,811	73.42%
Accumulate More Profits Limited	*(ii) and (iv)*	Interest of controlled corporation	82,286,811	662,500,000	744,786,811	73.42%
Delacroix Limited	*(ii) and (iv)*	Interest of controlled corporation	82,286,811	662,500,000	744,786,811	73.42%
The Winterbotham Trust Company Limited	*(ii) and (iv)*	Interest of controlled corporation	82,286,811	662,500,000	744,786,811	73.42%
Winterbotham Holdings Limited	*(ii) and (iv)*	Interest of controlled corporation	82,286,811	662,500,000	744,786,811	73.42%
Christopher Geoffrey Douglas Hooper	*(ii) and (iv)*	Interest of controlled corporation	82,286,811	662,500,000	744,786,811	73.42%
Markson International Holding Limited	*(ii) and (iv)*	Interest of controlled corporation	82,286,811	662,500,000	744,786,811	73.42%
Ivan Geoffrey Douglas Hooper	*(ii) and (iv)*	Interest of controlled corporation	82,286,811	662,500,000	744,786,811	73.42%
Hu Rong		Beneficial owner	122,681,000	–	122,681,000	12.09%
Chu Nin Yiu, Stephen		Beneficial owner	106,325,339	–	106,325,339	10.48%
Victor Or		Beneficial owner	94,440,000	–	94,440,000	9.31%

Notes:

(i) In the 80,261,811 Shares, 36,340,362* Shares, 1,754,052 Shares and 42,167,397 Shares were registered in the name of and beneficially owned by Ace Winner Investment Limited, Landmark Profits Limited and Goodco (which was wholly-owned by Easyknit Properties Holdings Limited) respectively, all of which were wholly-owned subsidiaries of Easyknit. 2,025,000 Shares were also beneficially owned by Easyknit.

(ii) As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Magical Profits Limited, which was interested in approximately 39.43% of the issued share capital of Easyknit, was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Delacroix Limited and beneficially owned by The Winterbotham Trust Company Limited as trustee of The Magical 2000 Trust. The Winterbotham Trust Company Limited was owned as to 60% by Winterbotham Holdings Limited, which in turn was owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper, and 40% by Markson International Holding Limited, which in turn was owned as to approximately 99.99% by Mr. Ivan Geoffrey Douglas Hooper, respectively.

(iii) Ms. Lui Yuk Chu, a Director, was also a director of Goodco, Easyknit Properties Holdings Limited, Easyknit and Magical Profits Limited and a substantial shareholder of Easyknit.

(iv) According to two Forms 2 filed on 5 September 2025 and 10 September 2025 by Easyknit, in respect of the 5% per annum coupon rate convertible note issued to Goodco by the Company on 20 February 2023 in the original principal amount of HK$209,000,000 (the "**2023 Convertible Note**"), (a) upon completion of amendment to the 2023 Convertible Note on 2 September 2025, conversion price of 2023 Convertible Note has been revised from HK$0.14 to HK$0.07 per conversion share and number of unissued conversion shares of the Company has been increased from 500,000,000 to 1,000,000,000 on the basis of the outstanding principal amount of 2023 Convertible Note held by Goodco is HK$70,000,000; and (b) upon completion of the disposal of 33.75% of the outstanding principal amount of the 2023 Convertible Note held by Goodco on 5 September 2025, the number of unissued conversion shares of the Company held by Goodco has been decreased from 1,000,000,000 to 662,500,000 at the adjusted conversion price of HK$0.07 per conversion share. Therefore, Easyknit's shareholding interest in the Company is 73.42%.

* According to Form 2 filed on 2 July 2021 by Ace Winner Investment Limited, on 25 June 2021, 300,000,000 Shares were pledged to Hang Seng Bank Limited. Upon completion of the capital reorganisation of the Company on 19 July 2023, the number of pledged Shares has reduced from 300,000,000 to 7,500,000 Shares, representing approximately 0.74% equity interest of total issued Shares as at the Latest Practicable Date.

Apart from Ms. Lui Yuk Chu, no Director was also a director or an employee of any substantial Shareholders.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the Chief Executive were not aware of any other persons (other than a Director or the Chief Executive) who had an interest or short position in the Shares and underlying Shares which would 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 recorded in the register kept by the Company under Section 336 of the SFO.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or claims of material importance and, so far as the Directors were aware, there was no litigation or claim of material importance pending or threatened by or against the Enlarged Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member 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).

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

Name of Director	Name of company	Nature of competing business	Nature of interest
Lui Yuk Chu	Easyknit	Property development, property investment, investment in securities and others and loan financing	Director and substantial shareholder of Easyknit

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

6. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors was interested in any contract or arrangement entered into by any member of the Enlarged Group which was subsisting at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of or leased to or which were proposed to be acquired, disposed of by, or leased to any member of the Enlarged Group since 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Enlarged Group were made up.

7. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Enlarged Group) had been entered into by the Enlarged Group within the two years immediately preceding and including the Latest Practicable Date:

(a) the conditional placing agreement dated 23 January 2024 entered into between Kingston Securities Limited (as placing agent) and the Company (as issuer) in relation to the placing, on a best effort basis, of up to 235,000,000 new Shares at the placing price of HK$0.18 per placing Share under specific mandate for net proceeds of approximately HK$42,300,000;

(b) the deed of amendment dated 23 January 2024 entered into between the Company and Goodco in relation to the proposed alterations of certain terms of the 2023 Convertible Note;

(c) the deeds of assignment and assumption of interests (the "**Deeds of Assignment**") in Templewater I, L.P. (the "**Limited Partnership**") both dated 31 May 2024 entered into between Prime Avenue Ventures Limited ("**Prime Avenue**") (as transferor), a direct wholly-owned subsidiary of the Company, respectively with each of Full Fortune Legacy Limited and Ulisse Holdings Limited (as transferees) (collectively, the "**Transferees**") and Templewater I, G.P., the general partner of the Limited Partnership pursuant to which Prime Avenue has conditionally agreed to assign and transfer to the Transferees all of the rights, title and interests in the Limited Partnership at the total consideration of US$3,700,000 (equivalent to approximately HK$28,860,000), subject to adjustments as provided in the respective Deeds of Assignment;

(d) the preliminary sale and purchase agreement dated 28 June 2024 (the "**Preliminary Sale and Purchase Agreement**") entered into among Clever Wise Holdings Limited (as vendor), an indirect wholly-owned subsidiary of the Company, CLC Land Limited (as purchaser) and Centaline Property Agency Limited (as agent) in relation to the disposal of the property located at Ground Floor, No. 148 Johnston Road, Wanchai, Hong Kong at a consideration of HK$36,000,000 pursuant to the terms and conditions of the Preliminary Sale and Purchase Agreement;

(e) the agreement entered into between Grow Well Profits Limited (as vendor), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company, and Park Ki Chool (as purchaser), an individual and an Independent Third Party, in relation to the grant and exercise of the option on 24 July 2024 to purchase the four-bedroom residential apartment units with a gross floor area of approximately 268 sq. m. (equivalent to approximately 2,885 sq. ft.) located on the eighteenth storey of a thirty-storey block within a condominium development of 15 Ardmore Park #18-02, Ardmore Park, Singapore 259959 at a sale price of S$12,000,000 (equivalent to approximately HK$69,600,000);

(f) the irrevocable undertaking dated 15 October 2024 from Goodco to the Company;

(g) the second deed of amendment entered into between the Company ad Goodco on 4 June 2025 pursuant to which the Company and Goodco conditionally agreed to amend the conversion price of the 2023 Convertible Note; and

(h) 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
Ample Capital Limited	Independent Financial Adviser
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 2025 (being the date to which the latest published audited consolidated accounts of the Enlarged Group were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group; and

(b) any shareholding in any member of the Enlarged 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 Enlarged 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 Clarendon House, 2 Church Street, Hamilton HM11, 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) The English text of this circular and the enclosed form of proxy shall prevail over the Chinese text where there is any inconsistency.

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.eminence-enterprise.com) for 14 days from the date of this circular:

(a) the letter from the Independent Board Committee as set out on page 39 of this circular;

(b) the letter from the Independent Financial Adviser as set out on pages 40 to 79 of this circular;

(c) the valuation report on the Property prepared by Vincorn Consulting and Appraisal Limited as set out in Appendix I to this circular;

(d) the accountants' report on unaudited pro forma financial information of Post-Transaction Group issued by ZHONGHUI ANDA CPA Limited as set out in Appendix IV to this circular;

(e) the letter from ZHONGHUI ANDA CPA Limited, the reporting accountant, in respect of the accountants' report on audited financial information of the Sale Company as set out in Appendix III to this circular;

(f) the annual reports of the Company for the years ended 31 March 2023, 2024 and 2025 respectively;

(g) the material contract disclosed in the paragraph under the heading "7. Material Contracts" in this Appendix to this circular; and

(h) the written consents referred to in the paragraph headed "8. Experts and Consents" in this Appendix to this circular.

EMINENCE ENTERPRISE LIMITED
高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Eminence Enterprise 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 Monday, 15 December 2025 at 9:30 a.m. (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed, with or without amendment, 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 25 November 2025 issued by the Company (the "**Circular**").

ORDINARY RESOLUTION

"**THAT**:

(a) the acquisition by the Company of the Sale Company pursuant to the terms and conditions of the Sale and Purchase Agreement (copy of which is produced to the SGM and initialed by the chairman of the SGM for the purpose of identification) and the transactions contemplated thereunder including but not limited to the issue of the 2025 Convertible Note and the Conversion Shares referred to therein be and are hereby approved, confirmed and ratified;

(b) subject to and conditional upon the fulfillment of the conditions in the Sale and Purchase Agreement, the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note be and is hereby approved; and

(c) any one or two of the 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 (including but not limited to the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note)."

By order of the Board
EMINENCE ENTERPRISE LIMITED
Lai Law Kau
Chairman and Chief Executive Officer

Hong Kong, 25 November 2025

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
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

Notes:

1. Any shareholder of the Company (the "**Shareholder**") entitled to attend and vote at the SGM convened by the above notice is entitled to appoint another person as his or her proxy to attend and vote instead of him or her. A Shareholder who is the holder of two or more shares of the Company (the "**Share(s)**") may appoint more than one proxy to represent him or her and on his or her behalf at the SGM. A proxy need not be a Shareholder. In addition, a proxy or proxies representing either a Shareholder who is an individual or a Shareholder which is a corporation shall be entitled to exercise the same power on behalf of the Shareholder which he or she or they represent(s) as such Shareholder could exercise.

2. Where there are joint registered holders of any Share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such Share as if he or she was solely entitled thereto; but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company (the "**Register of Members**") in respect of such Share shall alone be entitled to vote in respect thereof.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his or her attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer, attorney or other person duly authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorized to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at 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 adjourned meeting thereof (as the case may be) at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.

5. For determining the entitlement to attend and vote at the SGM (the "**Entitlement to SGM**"), the Register of Members will be closed from Wednesday, 10 December 2025 to Monday, 15 December 2025 (both dates inclusive), during which period no transfer of the Shares will be effected. In order to qualify to attend and vote at the SGM, all transfers forms 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 Tuesday, 9 December 2025, for registration. The record date for Entitlement to SGM will be Monday, 15 December 2025.

6. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the SGM or any adjournment thereof (as the case may be) or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.

7. The ordinary resolution(s) set out in this notice will be taken by poll at the SGM.

As at the date of this notice, the Board comprises Mr. Lai Law Kau, Ms. Lui Yuk Chu and Mr. Kwong Jimmy Cheung Tim as executive Directors; and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly as independent non-executive Directors.

In case of any inconsistency, the English version of this notice shall prevail over the Chinese version.