

壹家壹品（香港）控股有限公司*

EJE(HONG KONG) HOLDINGS LIMITED

(a company incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：8101



2020

第三季度業績報告

THIRD QUARTERLY REPORT



*For identification purpose only

*僅供識別

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This report, for which the directors (the "Directors") of EJE (HONG KONG) Holdings Limited (the "Company") collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of the Stock Exchange 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement in this report misleading.

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CORPORATE INFORMATION

PRC OFFICE

Floor 7, G2 Building, No.39 Ruihe Road, Nakin Park, Science City, Luogang, Huangpu District, Guangzhou, Guangdong Province, the PRC

HONG KONG OFFICE

Room 01, 23rd Floor.,
China Insurance Group Building,
141 Des Voeux Road Central,
61–65 Gilman Street and
73 Connaught Road Central,
Hong Kong

WEBSITE

www.ejelifving.com

BOARD OF DIRECTORS

Executive Directors

Mr. Qin Yuquan (*Chairman*)
Mr. Hung Cho Sing
Mr. Chau Tsz Kong Alan

Independent Non-executive Directors

Mr. Tang Kin Chor
Mr. Chan Chun Wing
Mr. Yiu Shung Kit

AUTHORISED REPRESENTATIVES

Mr. Chau Tsz Kong Alan
Mr. Wong King Chung

COMPANY SECRETARY

Mr. Wong King Chung

COMPLIANCE OFFICER

Mr. Wong King Chung

AUDIT COMMITTEE

Mr. Chan Chun Wing (*Chairman*)
Mr. Tang Kin Chor
Mr. Yiu Shung Kit

NOMINATION COMMITTEE

Mr. Tang Kin Chor (*Chairman*)
Mr. Chan Chun Wing
Mr. Yiu Shung Kit

REMUNERATION COMMITTEE

Mr. Yiu Shung Kit (*Chairman*)
Mr. Tang Kin Chor
Mr. Chan Chun Wing

AUDITOR

Elite Partners CPA Limited

LEGAL ADVISER

Lin and Associates

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKERS

Agricultural Bank of China

Industrial and Commercial Bank of China

Construction Bank of China

Public Bank (Hong Kong)

Bank of Communications (Hong Kong)

Bank of China (Hong Kong)

STOCK CODE

8101

The Board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2020, together with the unaudited comparative figures for the corresponding periods in 2019, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2020

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	6	22,543	56,510	52,674	137,742
Cost of sales		(12,310)	(41,481)	(31,309)	(93,664)
Gross profit		10,233	15,029	21,365	44,078
Other income	6	209	243	2,632	2,979
Selling and distribution expenses		(1,248)	(4,739)	(3,957)	(12,091)
Administrative expenses		(16,085)	(14,613)	(44,315)	(34,417)
Research expenses		(1,461)	(1,414)	(5,213)	(4,631)
Other operating expenses		(545)	–	(413)	(240)
Impairment to loan receivable under expected credit loss (“ECL”)		–	–	(796)	(747)
Fair value (loss) on investment property		–	–	(2,000)	(17,300)
Fair value gain on financial assets at fair value through profit or loss		3,910	4,929	10,214	1,235
Share of (loss)/profit from an associate		(2,015)	1,395	(1,672)	726
Finance costs	7	(5,363)	(5,487)	(19,640)	(14,468)
Loss before income tax credit	8	(12,365)	(4,657)	(43,795)	(34,876)
Income tax credit	9	1,457	1,425	4,328	2,953
Loss for the period		(10,908)	(3,232)	(39,467)	(31,923)
Other comprehensive Income that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of financial statements of foreign operation		4,254	1,927	6,696	(2,659)
Total comprehensive expenses for the period		(6,654)	(1,305)	(32,771)	(34,582)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2020

	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Notes				
Loss for the period attributable to owners of the Company	(10,907)	(3,232)	(39,466)	(31,923)
Loss for the period attributable to non-controlling interests	(1)	–	(1)	–
	(10,908)	(3,232)	(39,467)	(31,923)
Total comprehensive expenses for the period attributable to owners of the Company	(6,653)	(1,305)	(32,770)	(34,582)
Total comprehensive expense for the period attributable to non-controlling interests	(1)	–	(1)	–
	(6,654)	(1,305)	(32,771)	(34,582)
Loss per share (HK Cents)		(Restated)		(Restated)
— Basic and diluted	(3.77)	(1.12)	(13.65)	(11.04)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Equity attributable to owners of the Company							Total equity HK\$'000
	Share capital	Share premium	Convertible bonds reserves	Share option reserves	Translation reserves	Accumulated losses	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2020 (Audited)	72,300	172,613	293,092	2,844	(3,628)	(143,847)	-	393,374
Loss for the period	-	-	-	-	-	(39,466)	(1)	(39,467)
Other comprehensive income:								
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	6,696	-	-	6,696
Total comprehensive income/(expenses) for the period	-	-	-	-	6,696	(39,466)	(1)	(32,772)
Lapsed of convertible bonds	-	-	(293,092)	-	-	293,092	-	-
At 31 December 2020 (unaudited)	72,300	172,613	-	2,844	3,068	109,779	(1)	360,603
At 1 April 2019 (Audited)	72,300	172,613	293,092	2,844	(528)	(227,231)	-	313,090
Loss for the period	-	-	-	-	-	(31,923)	-	(31,923)
Other comprehensive expenses:								
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(2,659)	-	-	(2,659)
Total comprehensive expenses for the period	-	-	-	-	(2,659)	(31,923)	-	(34,582)
At 31 December 2019 (unaudited)	72,300	172,613	293,092	2,844	(3,187)	(259,154)	-	278,508

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

1. GENERAL INFORMATION

EJE (Hong Kong) Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 26 July 2012. The Company’s shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 October 2013.

The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (the “Group”) is located at Room 01, 23rd Floor, China Insurance Group Building, 141 Des Voeux Road Central, 61-65 Gilman Street and 73 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Group are (i) manufacture of custom-made furniture in the PRC; (ii) securities investment in Hong Kong; (iii) property investment in Hong Kong; and (iv) money lending in Hong Kong.

The unaudited condensed consolidated financial statements for the period ended 31 December 2020 (the “Financial Statements”) were approved by the board of directors on 8 February 2021.

2. BASIS OF PREPARATION

The Financial Statement have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is the functional currency of the Company and all values are rounded to the nearest thousands (HK\$’000), unless otherwise indicated.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

3. ACCOUNTING POLICIES

The accounting policies used in the preparation of the Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2020 ("2019/20 Annual Financial Statements"). Except for the changes stated as follow:

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on or after 1 April 2020. The adoption of new and revised HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current/prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

5. SEGMENT INFORMATION

(a) Reportable segments

For the period ended 31 December 2020

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group principally operated in four business segments, which are: (i) manufacture of custom-made furniture; (ii) securities investment; (iii) property investment; and (iv) money lending.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

5. SEGMENT INFORMATION (Continued)

(a) Reportable segments (Continued)

The segment information provided to the chief operating decision-maker for reportable segments and reconciliation of the segments total to the amounts reported by the Group in the Financial Statements are as follows:

	Three months ended 31 December 2020				
	Manufacture of custom-made furniture HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	20,363	-	1,799	381	22,543
Reportable segment (loss)/profit	(7,983)	1,723	1,402	89	(4,769)
Share of loss from an associate					(2,015)
Unallocated corporate expenses*					(4,124)
Loss for the period					(10,908)

	Nine months ended 31 December 2020				
	Manufacture of custom-made furniture HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	46,689	-	4,567	1,418	52,674
Reportable segment (loss)/profit	(26,809)	6,991	2,738	63	(17,017)
Share of loss from an associate					(1,672)
Fair value loss on investment property					(2,000)
Unallocated corporate expenses*					(18,778)
Loss for the period					(39,467)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

5. SEGMENT INFORMATION (Continued)

(a) Reportable segments (Continued)

For the period ended 31 December 2019

	Three months ended 31 December 2019					
	Manufacture of custom-made furniture HK\$'000 (unaudited)	Mattress and soft bed products HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	51,284	3,133	1,558	–	535	56,510
Reportable segment profit	349	5,833	857	4,300	1,153	12,492
Share of profit from an associate						1,395
Unallocated corporate expenses*						(17,119)
Loss for the period						(3,232)

	Nine months ended 31 December 2019					
	Manufacture of custom-made furniture HK\$'000 (unaudited)	Mattress and soft bed products HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	126,806	5,062	4,696	–	1,178	137,742
Reportable segment profit/(loss)	1,876	5,931	2,943	(1,242)	676	10,184
Share of profit from an associate						726
Fair value loss on investment property						(17,300)
Unallocated corporate expenses*						(25,533)
Loss for the period						(31,923)

* Unallocated corporate expenses for the nine months ended 31 December 2020 and 2019 mainly included Staff cost and legal and professional fee.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

5. SEGMENT INFORMATION (Continued)

(b) Geographic information

The following table provides an analysis of the Group's revenue from external customers:

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue from external customers				
The PRC	20,363	54,417	46,689	131,868
Other countries	2,180	2,093	5,985	5,874
	22,543	56,510	52,674	137,742

(c) Information about a major customer

The Group's customer base is diversified and includes only the following customer with whom transactions have exceeded 10% of the Group's revenue:

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Customer A (Note)	3,427	N/A	12,545	N/A
Customer B (Note)	N/A	2,065	N/A	11,127
Customer C (Note)	N/A	165	N/A	11,673
	3,427	2,230	12,545	22,800

Note: The corresponding revenue did not contribute over 10% of the Group's revenue from continuing operations.

Except as disclosed above, no other customers contributed 10% or more of the Group's revenue from continuing operations for both periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

6. REVENUE AND OTHER INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue				
Sales of goods	20,363	54,417	46,689	131,868
Rental income	1,799	1,558	4,567	4,696
Loan interest income	381	535	1,418	1,178
	22,543	56,510	52,674	137,742

All of the Group's revenue from contract with customers are recognised at a point in time.

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income				
Interest income	-	1	-	39
Government grant	209	242	397	2,426
Sundry income	-	-	2,235	514
	209	243	2,632	2,979

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

7. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on bank overdraft	178	198	704	477
Interest on lease liabilities	1,037	978	2,575	2,658
Interest on other borrowings	608	391	1,841	791
Interest on promissory note	3,540	2,823	13,043	7,272
Interest on convertible bonds	-	1,096	1,477	3,269
	5,363	5,487	19,640	14,468

8. LOSS BEFORE INCOME TAX CREDIT

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	243	657	1,339	1,971
Depreciation of right-of-use asset	2,295	2,318	6,636	5,305
Staff cost (including directors' remuneration)				
– Wages, salaries and bonus	779	1,472	6,402	13,422
– Contribution to defined contribution plans	147	1,498	515	2,201

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

9. INCOME TAX CREDIT

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax — PRC	8	75	(6)	1,356
Current tax — Hong Kong	(172)	253	(510)	631
Deferred tax credit/(charge)	1,620	(1,753)	4,844	(4,940)
	1,457	(1,425)	4,328	(2,953)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

Accordingly, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the assessable profits and at 16.5% on the assessable profits above HK\$2 million.

The Group's PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% for both years, except for the tax rate of 廣州歌譽家居用品有限公司 (transliterated into 'Guangzhou Geyu Household Products Co., Limited') ("Guangzhou Geyu") and 廣州雅品家具科技有限公司 (transliterated into 'Guangzhou Yapin Furniture Technology Co., Limited') ("Guangzhou Yapin"). Guangzhou Geyu and Guangzhou Yapin are qualified as High and New Technology Enterprises and are entitled to preferential tax rate of 15% from 2018 to 2020 and from 2019 to 2021 respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$10,907,000 and approximately HK\$39,466,000 (three months and nine months ended 31 December 2019: HK\$3,232,000 and HK\$31,923,000) for the three months and nine months ended 31 December 2020 and weighted average number of ordinary shares of 289,200,000 and 289,200,000 (three months and nine months ended 31 December 2019: 289,200,000 (restated) and 289,200,000 (restated)) in issue during the three months and nine months ended 31 December 2020.

Pursuant to an ordinary resolution passed in the extraordinary general meeting of the Company held on 28 August 2020, every ten ordinary shares of HK\$0.025 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of HK\$0.25 each in the issued and unissued share capital of the Company. As a result of the share consolidation, the weighted average number of ordinary shares adopted in the calculation of the basic loss per share for the three months and nine months ended 31 December 2020 have been adjusted retrospectively.

For the comparative figures have been restated with the effective of share consolidation as presented in Note 12.

The calculation of diluted earnings per share for the three months and nine months ended 31 December 2020 and 31 December 2019 did not assume the exercise of the outstanding share options as the options were anti-diluted.

11. DIVIDEND

The Board does not recommend the payment of any dividend for nine months ended 31 December 2020 (2019 Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

12. SHARE CAPITAL

	Note	Number of ordinary shares '000	Amount HK\$'000
Authorised:			
At 1 April 2019, 31 December 2019 and 31 March 2020 (Audited)			
Ordinary shares of HK\$0.025 each Share consolidation	1	10,000,000 (9,000,000)	250,000 –
At 31 December 2020 (Unaudited)			
Ordinary shares of HK\$0.25 each		1,000,000	250,000
Issued and fully paid:			
At 1 April 2019, 31 December 2019 and 31 March 2020 (Audited)			
Ordinary shares of HK\$0.025 each Share consolidation	1	2,892,000 (2,602,800)	72,300 –
At 31 December 2020 (Unaudited)			
Ordinary shares of HK\$0.25 each		289,200	72,300

Note:

- (1) Pursuant to an ordinary resolution passed in the extraordinary general meeting of the Company on 28 August 2020, every ten issued and unissued shares of the Company of HK\$0.025 each were consolidated into one consolidated share of the Company of HK\$0.25 each with effective on 1 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2020 (2019: Nil).

FINANCIAL REVIEW

During the period, the turnover of the Group for the nine months ended 31 December 2020 was approximately HK\$52.7 million (2019: approximately HK\$137.7 million), representing an decrease of approximately 61.8% as compared to the same period in the previous year.

The manufacture of custom-made furniture segment has generated turnover approximately HK\$46.7 million for the nine months ended 31 December 2020, representing approximately 63.2% decrease from last year approximately HK\$126.8 million. Gross profit margin was approximately 32.9%, which is slightly improved from last year's 29.9%. The segment loss was approximately HK\$26.8 million, decreased by approximately HK\$28.7 million from last year segment profit of approximately HK\$1.9 million.

For the mattress and soft bed sales segment, the segment was officially being discontinued after the deregistration of related subsidiaries in March 2020.

There were four investment properties held by the Group as of 31 December 2020 with the total book cost of approximately HK\$205.5 million. The nine months revenue of the segment slightly decreased by approximately HK\$129,000 from last year approximately HK\$4.7 million to this year approximately HK\$4.6 million. This was due to special arrangement with some tenants under the COVID-19 impact. The net profit of the segment has also decreased from approximately HK\$2.9 million of last year to approximately HK\$2.7 million of this year. And, fair value loss on these investment properties was approximately HK\$2 million due to recent negative market sentiment in Hong Kong. The fair value of investment properties decreased by approximately 6.8% from last year approximately HK\$250.6 million to this year approximately HK\$246.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Regarding to money lending business, there was approximately HK\$13.2 million outstanding loan receivable as of 31 December 2020. The interest charge was range from 10% to 12% per annum. The total interest income generated from the business was approximately HK\$1.4 million (2019: approximately HK\$1.2 million). And, net profit of this segment was approximately HK\$63,000 (2019: approximately HK\$676,000). The rather poor performance was mainly due to finance cost of approximately HK\$275,000 and expected loss adjustment of approximately HK\$796,000 incurred during the period. Going forward, the Group is intended to maintain the loan receivable scale to no more than HK\$30 million level, and the loan interest rate will be ranging from 8% to 15% per annum.

Securities investment segment has recorded profit of approximately HK\$7.0 million, representing approximately HK\$8.2 million improvement from last year loss of approximately HK\$1.2 million. The Group recorded fair value gain on financial assets at fair value through profit or loss approximately HK\$10.2 million for the nine months ended 31 December 2020 which included unrealised fair value gain of approximately HK\$5.6 million and realised fair value gain of approximately HK\$4.6 million. These fair value gain were mainly attributable to the good performance of the global as well as Hong Kong's securities market in the recent period.

The administrative expenses of the Group primarily comprised of expenses incurred for the professional fee, amortization of intangible assets, staff costs and social insurance cost. For the nine months ended 31 December 2020, the Group's administrative expenses increased to approximately HK\$44.3 million compared to approximately HK\$34.4 million for the corresponding period of last year, representing an increase of approximately 28.76%. The increase was mainly attributable to approximately HK\$6 million previously recognized expense being written back to offset administrative expenses during 2019 period in the process of preparing deregistration for the mattress and soft bed products sales business.

Selling and distribution expenses for the nine months ended 31 December 2020 was approximately HK\$4.0 million comparing to approximately HK\$12.1 million in 2019, representing a decrease of approximately 67.3%. Such improvement was mainly attributable to the amortization of portrait right charge for the period was significantly decreased from approximately HK\$5.9 million of last year to this year approximately HK\$1.7 million of current period due to the portrait right agreement expired in June 2020. Portrait right was paid to artists to endorse and promote the corporate brand name of Yijia Yipin.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance cost for the nine months ended 31 December 2020 was approximately HK\$19.6 million comparing to approximately HK\$14.5 million in 2019, representing a significant increase of approximately HK\$5.2 million. Finance cost's increase mainly attributable to the promissory note interest of approximately HK\$13.0 million incurred in relation to the promissory note with original face value of HK\$280 million being issued for the acquisition of Green Step. Since the acquisition was only completed on 8 May 2019, there was only less than 8 months interest incurred approximately HK\$7.3 million in the corresponding period. Other finance cost also includes convertible bond interest of approximately HK\$1.5 million in relation to the convertible bond issued for the acquisition of Pioneer One in 2017.

Significant Investments

As at 31 December 2020, the Group held approximately HK\$25.7 million equity investments at fair value through profit or loss. Details of the significant investments are as follows:

	Fair value gain/(loss) HK\$'000	Market values HK\$'000	Approximate percentage of equity investments at fair value through profit and loss %	Approximate percentage to the net assets %
Individual investment less than 5% of net assets of the Group	5,614	25,732	100	7

As at 31 December 2020, the Group disposed some of the investments on market and the sales proceeds generated from the investments in marketable securities amounted to approximately HK\$21.1 million and gain recognised for the period of approximately HK\$4.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the transactions are as follows:

	Sales proceeds	Realised gain/(loss)
	HK\$'000	HK\$'000
C-Link Squared Limited	3,814	1,004
Hong Kong Education (Int'l) Investment Limited	5,501	1,175
Fire Rock Holdings Limited	5,010	2,033
Investment with individual realised gain/(loss) less than HK\$1,000,000	6,841	386

BUSINESS REVIEW AND PROSPECT

During the nine months period under review, the performance of the Group's custom-made furniture business continue overshadowed by the pervasive adverse impact of COVID-19. And, such adverse impact was reflected in the financial results. Although the prudent results of the pandemic control by the PRC government was evidenced in the second half of 2020, the aftermath of the pandemic still exist, and mainly manifested in the poor economic environment and declining spending power of customers. Many properties development projects were largely behind their original schedule due to the pandemic, and investment for expansion projects that were planned before the pandemic were forced to postpone. Which resulted in idle and excess production capacity. The performance of the Group for the nine months ended December 31, 2020 was still declining. Fortunately, the management adjusted business strategy timely in the second half of 2020. In addition to the retail franchise furniture business, the Company deliberately increased the weight of project sales business. On the other hand, in order to ensure liquidity and maintain sufficient working capital, the Company gradually take on more pure processing business (i.e. raw material for production are provided by customer) to reduce the scale of working capital required during the period. As a result, even though the total turnover has dropped significantly, the gross profit increased instead. Considering situations discussed above, revenue for the period under review has decreased approximately 63.2%. And, the net results decreased approximately HK\$28.7 million from last year net profit of approximately HK\$1.9 million to this year net loss of approximately HK\$26.8 million. Under the 9 months review period, the demand for furniture products in China was still suffering a great deal from the impact of COVID-19. Looking forward in 2021, the Company will continue to place more emphasis on domestic project sales business in order to sustain the turnover volume and maintain stable operations of the Company. At the same time, the Company will continue to seek opportunity to expand its retail franchise business subject to the recovery of COVID-19 and the economy. It is expected that the overall business turnover in 2021 may resume and even exceeded 2019 level.

MANAGEMENT DISCUSSION AND ANALYSIS

The performance of all other segments of the Group was basically on par with the performance of the corresponding period from last year with an exception of the securities investment segment. Nevertheless, such exceptional performance of the securities investment segment was mainly due to market factors which might not be sustainable for long term. The stock market has outperformed and leading ahead of the actual economy, but volatility in 2021 is very much expected. The Group would remain its current scale of investment portfolio at approximately HK\$20 million level and will also adopt cautious measures to manage the Group's investment in securities market.

The consecutive two years of net loss results was mainly associated with tremendous drop of market demand due to COVID-19 situation. On top of such unfavourable market condition, there were also huge amortization expenses resulted from the intangible assets acquired from last year. This year such amortisation was amounting to approximately HK\$19.4 million as against last year approximately HK\$19.8 million. The decrease in amortisation expenses was due to the change of amortisation calculation for certain intangible assets after the acquisition of Green Step in May 2019. In addition, there were also fair value loss of approximately HK\$2 million for investment property and promissory note interest of approximately HK\$13.0 million. Such promissory notes were issued for the acquisition of Green Step.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

Directors', chief executives' interests in shares and short positions in the shares of the Company (the "Share(s)")

As at 31 December 2020, save as disclosed below, none of the Directors and chief executive has any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors or listed issuers.

Long positions in Shares

Name of Directors	Nature of interested	Number of shares	Number of underlying shares	Percentage of shareholding %
Mr. Hung Cho Sing	Beneficial owner	2,313,600*	(Note 1)	0.80%
Mr. Qin Yuquan	Interest of a Controlled Corporation	192,727,273*	(Note 2)	66.64%

Note 1: The interests in underlying shares represented interests in share options granted to the Director, further details of which are set out in the section headed "Share Option Scheme" below.

Note 2: Legendary Idea Limited is beneficially owned as to 50% by Corsello Investments Limited and 50% by Tian Cheng Ventures Limited. In return, Tian Cheng Ventures Limited is wholly owned by Mr. Qin Yuquan. Accordingly, Mr. Qin Yuquan are deemed to be interested in the 192,727,273* shares of the Company held by Tian Cheng Ventures Limited under the SFO.

* Pursuant to an ordinary resolution passed in the extraordinary general meeting of the Company on 28 August 2020, every ten issued and unissued shares of the Company of HK\$0.025 each were consolidated into one consolidated share of the Company of HK\$0.25 each with effective on 1 September 2020.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

So far was known to any Directors as at 31 December 2020, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept under Section 336 of the SFO:

Name of shareholders	Capacity	Number of shares interested	Percentage of shareholdings
Legendary Idea Limited	Beneficial owner (Note 1)	192,727,273*	66.64%
Corsello Investments Limited	Interest of a controlled corporation (Note 1)	192,727,273*	66.64%
Tian Cheng Ventures Limited	Interest of a controlled corporation (Note 1)	192,727,273*	66.64%
Chang Tin Duk, Victor	Interest of a controlled corporation (Note 1)	192,727,273*	66.64%
Qin Yuquan	Interest of a controlled corporation (Note 1)	192,727,273*	66.64%
Lai Yongmei	Interest of spouse (Note 2)	192,727,273*	66.64%
Tong Shing Ann, Sharon	Interest of spouse (Note 3)	192,727,273*	66.64%
Sau San Tong China Development Limited	Beneficial owner	22,172,800	7.67%
Sau San Tong Holdings Limited	Interest of a controlled corporation	22,172,800	7.67%
H N Group Limited	Beneficial owner	20,772,000	7.18%

Note:

1. Legendary Idea Limited is beneficially owned as to 50% by Corsello Investments Limited and 50% by Tian Cheng Ventures Limited. In return, Corsello Investments Limited is wholly owned by Mr. Chang Tin Duk, Victor. And, Tian Cheng Ventures Limited is wholly owned by Mr. Qin Yuquan. Accordingly, Mr. Chang Tin Duk, Victor and Mr. Qin Yuquan are deemed to be interested in the 192,727,273 shares of the Company held by Corsello Investments Limited and Tian Cheng Ventures Limited respectively under the SFO.
 2. Ms. Lai Yongmei, the spouse of Mr. Qin Yuquan, is deemed, or taken to be, interested in the 192,727,273 shares of the Company in which Mr. Qin Yuquan is interested for the purpose of the SFO.
 3. Ms. Tong Shing Ann, Sharon, the spouse of Mr. Chang Tin Duk, Victor, is deemed, or taken to be, interested in the 192,727,273 shares of the Company in which Mr. Chang Tin Duk, Victor is interested for the purpose of the SFO.
- * Pursuant to an ordinary resolution passed in the extraordinary general meeting of the Company on 28 August 2020, every ten issued and unissued shares of the Company of HK\$0.025 each were consolidated into one consolidated share of the Company of HK\$0.25 each with effective on 1 September 2020.

Save as disclosed above, as at 31 December 2020, the Directors are not aware of any other person (other than the Directors) who has an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

On 22 August 2014, a share option scheme (the “Share Option Scheme”) was approved by shareholders of the Company and adopted by the Company. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

Participants of the Scheme may include: any employee (full-time or part-time), Director, consultant or adviser of our Group; any substantial shareholder of our Group; and any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, to be determined by the Board, based on their contribution or potential contribution to the development and growth of the Group.

Concerning the Share Option Scheme, the maximum number of shares which may be allotted and issued upon the exercise of all options which initially shall not in aggregate exceed 10% of the shares in issue as at the date of adoption of the Share Option Scheme. The aggregate number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares of the Company in issue from time to time. No options shall be granted under any schemes of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

The total number of shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue as at the date of grant.

Any grant of share options to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is required to be approved by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or any independent non-executive Director of the Company, or to any of their respective associates, such that within any 12-month period, in aggregate in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of each offer) in excess of HK\$5 million, are subject to shareholders' approval in a general meeting.

An offer of a grant of options may be accepted within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

OTHER INFORMATION

The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

The subscription price for Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the offer date, which must be a business day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations sheets for trade in one or more board lots of the shares for the five business days immediately preceding the offer date; and (iii) the nominal value of a share. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

Grantee	Date granted and vested	Exercisable period (Both dates inclusive)	Exercise price	At 1 April 2020	Granted during the period	Lapsed during the period	Adjusted during the effective of open offer	Outstanding at 31 December 2020
Director – Mr. Hung	8 September 2016	8 September 2016 to 7 September 2021	0.87	2,313,600*	–	–	–	2,313,600*
An employee A	8 September 2016	8 September 2016 to 7 September 2021	0.87	313,600*	–	–	–	313,600*
An employee B	8 September 2016	8 September 2016 to 7 September 2021	0.87	2,313,600*	–	–	–	2,313,600*
Consultant	8 September 2016	8 September 2016 to 7 September 2021	0.87	2,313,600*	–	–	–	2,313,600*
				7,254,400*	–	–	–	7,254,400*

* Pursuant to an ordinary resolution passed in the extraordinary general meeting of the Company on 28 August 2020, every ten issued and unissued shares of the Company of HK\$0.025 each were consolidated into one consolidated share of the Company of HK\$0.25 each with effective on 1 September 2020.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2020 or at any time during the nine months ended 31 December 2020.

COMPETING INTERESTS

During the period under review, none of the Directors or the controlling shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Groups or had any other conflict or potential conflict of interest with the Group.

OTHER INFORMATION

AUDIT COMMITTEE

The Company established the Audit Committee on 26 September 2013 with written terms of reference in compliance with paragraph C3.3 of the CG Code. The full terms of reference setting out details of duties of the Audit Committee is available on the websites of the Stock Exchange and the Company.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Tang Kin Chor, Mr. Chan Chun Wing and Mr. Yiu Shung Kit. Mr. Chan Chun Wing is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, nominate and monitor external auditors, review quarterly report of the compliance department's findings, meet with external auditor regularly and provide advices and comments to the Directors.

The Audit Committee has reviewed the Group's consolidated financial statements for the period ended 31 December 2020.

The Audit Committee also reviewed the non-compliance report of the Group for the year ended 31 December 2020 and no material non-compliance issue has been identified.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules of the Stock Exchange.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review.

OTHER INFORMATION

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

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 8 February 2021

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

