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

If you have sold or transferred all your securities in Easyknit International Holdings Limited (永義國際集團有限公司*), you should at once hand this circular to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale(s) or transfer(s) was/were effected for transmission to the purchaser(s) or the transferee(s).

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**EASYKNIT INTERNATIONAL HOLDINGS LIMITED****永義國際集團有限公司****(incorporated in Bermuda with limited liability)***(Stock Code: 1218)****MAJOR TRANSACTION****EXTENSION OF LOAN AGREEMENT**

7 December 2017

* *for identification purposes only*

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I – Financial information of the Group	I-1
Appendix II – General information	II-1

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 16 November 2016
“Board”	the board of Directors
“Borrower” or “Fortunate Gravity”	Fortunate Gravity Hongkong Limited, a company incorporated in Hong Kong with limited liability
“FE Share Charge”	the deed executed by Fortunate Gravity on 16 November 2016 in favour of the Lender by way of a fixed charge over FE Shares, as at the Latest Practicable Date, a total of 298,840,000 FE Shares were charged representing approximately 18.33% of the issued share capital of FE
“Fortunate Gravity Share Charge”	the share charge executed by the shareholders of Fortunate Gravity on 16 November 2016 in favour of the Lender by way of a fixed charge over all the issued shares of Fortunate Gravity, as security for due performance under the Loan Agreement
“BVI”	the British Virgin Islands
“Charged FE Shares”	as at the Latest Practicable Date, a total of 298,840,000 FE Shares, representing approximately 18.33% of the issued share capital of FE, subject to the FE Share Charge
“Charged Fortunate Gravity Shares”	the shares of Fortunate Gravity subject to the Fortunate Gravity Share Charge
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Drawdown Date”	the date on which the Loan is drawdown
“FE”	Fresh Express Delivery Holdings Group Co., Ltd., a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (stock code: 1175)
“FE Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of FE

DEFINITIONS

“Guarantor”	Ms. Wang Jie, an individual Independent Third Party, the sole director of Fortunate Gravity and the guarantor under the Personal Guarantee
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) which, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/ are third parties independent of and not connected with the Company and its connected persons (as that term is defined in the Listing Rules)
“Latest Practicable Date”	4 December 2017, being the latest practicable date prior to the printing of this circular for ascertaining information for inclusion in this circular
“Lender”	Great Sail Global Limited, a direct wholly-owned subsidiary of the Company, incorporated in the BVI with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of HK\$100,000,000 granted by the Lender to the Borrower subject to and upon the terms of the Loan Agreement
“Loan Agreement”	the loan agreement entered into between the Borrower and the Lender dated 16 November 2016
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Personal Guarantee”	the deed of guarantee to be executed by Ms. Wang Jie in favour of the Lender guaranteeing the obligations of the Borrower under the Loan Agreement
“PRC”	the People’s Republic of China, which for the purpose of the circular excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Security Documents”	the Share Charges and the Personal Guarantee
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Share Charges”	the FE Share Charge and the Fortunate Gravity Share Charge
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	a supplemental agreement dated 16 November 2017 entered into between the Lender, the Borrower, the Guarantor and the chargors under the Share Charges in respect of the extension of the Loan Agreement
“%”	per cent

LETTER FROM THE BOARD



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

Executive Directors:

Mr. Tse Wing Chiu Ricky
(President and Chief Executive Officer)
Ms. Lui Yuk Chu
(Vice President)
Ms. Koon Ho Yan Candy

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. Tsui Chun Kong
Mr. Jong Koon Sang
Mr. Hon Tam Chun

*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

7 December 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

EXTENSION OF LOAN AGREEMENT

INTRODUCTION

It was announced on 16 November 2017 that the Lender, the Borrower, the Guarantor and the chargors under the Share Charges on 16 November 2017 entered into the Supplemental Agreement to extend the term of the Loan Agreement to 14 February 2018.

The purpose of this circular is to provide you with, among others, (i) further details of the Supplemental Agreement; (ii) the financial information of the Group; and (iii) other information as required under the Listing Rules.

* for identification purposes only

LETTER FROM THE BOARD

DETAILS OF SUPPLEMENTAL AGREEMENT

Date of the Supplemental Agreement:	16 November 2017
Lender:	Great Sail Global Limited
Borrower:	Fortunate Gravity Hongkong Limited
Loan amount:	HK\$100,000,000
Interest rate:	12% per annum
Security:	the Share Charges and the Personal Guarantee
Repayment:	the Borrower shall repay (a) the interest accrued on the outstanding principal amount of the Loan on a monthly basis in arrears; and (b) the outstanding principal amount of the Loan together with any accrued and unpaid interest in one lump sum in full on the final repayment date

PURPOSE OF THE LOAN

The Loan shall be used exclusively for the investment in future project and the general working capital of the Borrower.

PRINCIPAL TERMS OF THE LOAN AGREEMENT

Amount of the Loan:	HK\$100,000,000.
Interest rate:	Interest shall accrue on the Loan at the rate of 12% per annum. Interest shall be paid monthly in arrears, commencing from the Drawdown Date. The interest rate was determined by arm-length negotiations between the parties.
Security:	the Share Charges and the Personal Guarantee.

LETTER FROM THE BOARD

THE SHARE CHARGES AND PERSONAL GUARANTEE

The Loan is secured by each of the followings:

- (a) the FE Share Charge executed by Fortunate Gravity in favour of the Lender by way of a fixed charged over the Charged FE Shares;
- (b) the Fortunate Gravity Share Charge executed by Queen's Central Hongkong Limited and Theone Holdings Limited, the shareholders of Fortunate Gravity, in favour of the Lender by way of a fixed charged over all the issued shares of Fortunate Gravity; and
- (c) the Personal Guarantee executed by the Guarantor in favour of the Lender;

as continuing securities and continuing obligation for performance by the Borrower of its obligations in the Loan Agreement amongst other things.

Pursuant to the Share Charges, at any time after the occurrence of an event of default by the Borrower under the Loan Agreement (as supplemented and amended by the Supplemental Agreement), the Lender may, among other things, sell or dispose of all or any part of the Charged FE Shares and the Charged Fortunate Gravity Shares under the FE Share Charge and Fortunate Gravity Share Charge respectively, and may apply the proceeds of any such sale in or towards the discharge of the costs thereby incurred and of the obligations secured under the Security Documents in such manner as it in its absolute discretion thinks fit.

Pursuant to the Personal Guarantee, the Guarantor undertakes to pay to the Lender all sums, including but not limited the principal and interests, which are become payable by the Borrower under the Loan Agreement (as supplemented and amended by the Supplemental Agreement).

At the signing date of the Supplemental Agreement, the fair value of the Share Charges of 298,840,000 FE Shares was HK\$74,112,320 based on the market closing price of HK\$0.248 per FE Share and such FE Shares have not been pledged for other borrowings other than the Loan.

To the best knowledge of the Directors, and having made all reasonable enquiries, the Borrower, the chargors under the Fortunate Gravity Share Charge and the ultimate beneficial owners of Fortunate Gravity and the Guarantor are an Independent Third Parties.

REASONS FOR AND THE BENEFIT OF THE SUPPLEMENTAL AGREEMENT

Pursuant to the Loan Agreement, the Lender conditionally agreed to lend HK\$100,000,000 to the Borrower for a period of 12 months from the Drawdown Date, being 17 November 2016, until 16 November 2017.

Pursuant to the Supplemental Agreement, the term of the Loan Agreement has been extended to 14 February 2018.

LETTER FROM THE BOARD

As the term of the Loan Agreement expired on 16 November 2017, the Lender and the Borrower on 16 November 2017 entered into the Supplemental Agreement to extend the term of the Loan Agreement to 14 February 2018. Other than the final repayment date which has been extended to 14 February 2018, the principal terms of the Loan Agreement remain applicable to the Lender and the Borrower in connection with the Loan.

As money lending is one of the principal activities of the Group, the grant of the loan to the Borrower under the Loan Agreement (as supplemented and amended by the Supplemental Agreement) is in the ordinary and usual course of business of the Group.

The terms of the Supplemental Agreement are negotiated on an arm's length basis between the Lender and the Borrower. The Directors are of the view that the terms of the Loan Agreement (as supplemented and amended by the Supplemental Agreement) are on normal commercial terms. Given that a stable interest income would be generated from the Loan under the Loan Agreement (as supplemented and amended by the Supplemental Agreement), the Directors consider that the grant of the Loan under the Loan Agreement (as supplemented and amended by the Supplemental Agreement) is fair and reasonable and in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECTS OF THE GRANT OF LOAN

The Loan was from internal resources of the Group before entering into the Loan Agreement. There is no change in the consolidated net assets of the Company as a result of entering into the Supplemental Agreement. The continuation of the provision of the Loan by the Group to the Borrower pursuant to the Loan Agreement (as supplemented and amended by the Supplemental Agreement) will continue to generate interest income for the Group.

The Directors do not expect that the entering into of the Supplemental Agreement would have any adverse financial impact on the earnings, assets and liabilities of the Group.

INFORMATION ON THE GROUP AND THE LENDER

The Group is a principally engaged in property investment, property development, securities investment and money lending business.

The Lender is an investment holding company incorporated under the laws of the BVI with limited liability and is a direct wholly-owned subsidiary of the Company.

INFORMATION ON THE BORROWER, GUARANTOR AND FE

The Borrower is incorporated in Hong Kong with limited liability and is an investment holding company to invest in the private equities. As at the date of this circular, the sole asset of the Borrower is the investment in the FE Shares. The ultimate beneficial owners of the Borrower are Independent Third Parties.

The Guarantor is the sole director of the Borrower and is a professional investor to invest in the private equities and with experience in food and beverages business.

LETTER FROM THE BOARD

According to publicly available information, FE and its subsidiaries are principally engaged in cold chain food integrated distribution in the PRC. FE is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 1175).

The following financial information is extracted from public documents of FE:

	For the year ended 31 March	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	1,520,846	1,482,665
Profit before taxation	47,481	70,245
Net profit after taxation	40,243	57,544

The details of the management and analysis of FE for the past 3 years are disclosed in the following published annual report of FE:

For the year ended	Published date of annual report	Pages
31 March 2017	28 July 2017	4 – 5
31 March 2016	29 July 2016	4 – 5
31 March 2015	30 July 2015	4 – 5

IMPLICATION OF THE LISTING RULES

As the highest applicable Percentage Ratio calculated under Rule 14.07 of the Listing Rules in respect of the Supplemental Agreement is more than 25% but less than 100%, the entering into of the Supplemental Agreement constitutes a major transaction of the Company and is therefore subject to the announcement and shareholders' approval requirements under the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Loan and if the Supplemental Agreement and the transactions contemplated thereunder were put forward to the Shareholders for approval at a general meeting of the Company no Shareholder is required to abstain from voting on the resolution(s) approving the transactions.

The Company will comply with all applicable Listing Rules and any applicable requirements under Securities and Futures Ordinance if and when there is any default in repaying the Loan and the Lender enforces the relevant Share Charges.

LETTER FROM THE BOARD

WRITTEN SHAREHOLDERS' APPROVAL

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 grant of the Loan pursuant to the Supplemental Agreement and the transaction contemplated under the Supplemental Agreement and the Security Documents have been obtained from Sea Rejoice Limited and Magical Profits Limited, substantial shareholders of the Company with an aggregate interest in 46,609,144 Shares, representing approximately 58.69% of the issued share capital of the Company as at the Latest Practicable Date. Sea Rejoice Limited which holds 17,429,664 Shares, representing approximately 21.95% of the issued shares of the Company, is wholly-owned by Ms. Lui Yuk Chu, the vice president and executive director of the Company. Magical Profits Limited, which holds 29,179,480 Shares, representing approximately 36.74% of the issued shares of the Company is wholly-owned by The Winterbotham Trust Company Limited as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members, including Ms. Koon Ho Yan Candy, daughter of Ms. Lui Yuk Chu and an executive director of the Company, other than the spouse of Ms. Lui Yuk Chu). Sea Rejoice Limited and Magical Profits Limited are therefore a “closely allied group of shareholders” for the purpose of the Listing Rules.

RECOMMENDATION

The Board considers that the Supplemental Agreement was entered into after arm's length negotiation and the terms of the Loan Agreement as supplemented and amended by the Supplemental Agreement are fair and reasonable and in the interest of the Company and Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution if the Company were to convene a general meeting to approve the Supplemental Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Your faithfully,
By Order of the Board
Easyknit International Holdings Limited
Tse Wing Chiu Ricky
President & Chief Executive Officer

1. FINANCIAL SUMMARY OF THE GROUP

For the year ended	Published date of annual report	Pages
31 March 2017 <i>http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0629/LTN20170629279.pdf</i>	29 June 2017	69 – 173
31 March 2016 <i>http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0725/LTN20160725123.pdf</i>	25 July 2016	60 – 161
31 March 2015 <i>http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0722/LTN20150722096.pdf</i>	22 July 2015	57 – 153

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of its available financial resources, in the absence of unforeseen circumstances, the Group will have sufficient working capital for its requirements for the next 12 months from the date of this circular.

3. INDEBTEDNESS

At the close of business on 31 October 2017, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK\$1,156 million, which were guaranteed by the Company and were secured by certain properties of the Group.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 31 October 2017 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 borrowings and debt, or other material contingent liabilities.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As mentioned in the annual report of the Company for the year ended 31 March 2017, the Group will continue focus its efforts on the development of its existing principal businesses: (1) property investment; (2) property development; (3) securities investment; and (4) loan financing services and other potential projects with a view to providing steady returns as well as fruitful growth for the Shareholders.

In Hong Kong, despite additional measures imposed by the government to cool the housing market, the impact on the property market was only shortlived. With the prevailing low interest rates and the record high transacted land prices in the recent land auctions, sentiment in the primary property market has been holding up well, with home buyers' confidence remaining generally strong. In view of favourable market sentiment, the Group will continue to promote the sale of the remaining units of Paxton and it expects the launch of the presale of its residential property development at the site of No. 6 La Salle Road, Kowloon, Hong Kong in late 2017.

In addition, the Group will further extend its principal business and direct its resources to loan financing services and it is expected that such business will continue to be part of the main income stream of the Group.

Meanwhile, the Group will also maintain a stringent financial policy and a prudent cash flow management to ensure reasonable liquidity for the Group's operations as well as for its existing and future investments.

We believe that in such a volatile economic environment, these operation strategies will enable the Group to maintain its competitiveness and mitigate risks, thereby ensuring the Group's sustainable growth.

5. MATERIAL CHANGE

The Directors are not aware of any material change to the financial or trading position of the Group since 31 March 2017, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date save as disclosed in:

- (i) the Company's announcement dated 13 April 2017 relating to Good Year Ventures Limited ("**GY**"), a direct wholly-owned subsidiary of the Company, as the purchaser, entered into the agreement with the seller, pursuant to which amongst other things, GY conditionally agreed to acquire, and the seller agreed to sell the sale share and sale loan of Global Chance Holdings Limited at a total consideration of HK\$129,788,380.75;
- (ii) the Company's announcement dated 15 September 2017 relating to Main Profit Investment Limited ("**Main Profit**"), a wholly-owned subsidiary of the Company, as the lender entered into a loan agreement to provide a facility of HK\$130,000,000 to Jimu Group Holdings Limited ("**Jimu Group**"), an Independent Third Party, for a period of 6 months at an interest rate of 15.5% per annum;
- (iii) the Company's announcement dated 22 September 2017 relating to Main Profit as the lender entered into a deed of settlement with Jimu Group and Jimu Group agreed to settle the loan repayment amount of HK\$130,000,000 and other relevant expenses incurred in this transaction; and
- (iv) a provisional sale and purchase agreement dated 5 July 2017 entered into between Global Chance Holdings Limited ("**GCHL**") and the seller for the sale and purchase of Unit A, ground floor of No. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong for a consideration of HK\$41,800,000.

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 misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

(i) Interests in the Company

Number of Director	Capacity	Number of Shares held (long position)	Aggregate number of Shares held	Approximate percentage of interests
Ms. Lui Yuk Chu	Beneficiary of a trust (Note i)	29,179,480	46,609,144	58.69%
	Interest of controlled corporation (Note ii)	17,429,664		
Ms. Koon Ho Yan Candy	Beneficiary of a trust (Note iii)	29,179,480	29,179,480	36.74%

Notes:

- (i) 29,179,480 Shares are registered in the name of and are beneficially owned by Magical Profits Limited which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited (“**Winterbotham Trust**”) as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).
- (ii) 17,429,664 Shares are beneficially owned by Sea Rejoice Limited which is wholly-owned by Ms. Lui Yuk Chu.

- (iii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

(ii) *Interests in the associated corporation*

Eminence Enterprise Limited (“Eminence”)

Number of director	Capacity	Number of ordinary shares held (long position)	Number of		Approximate percentage of interests
			underlying shares held	Total	
Ms. Lui Yuk Chu	Beneficiary of a trust	457,330,692	593,480,281	1,050,810,973	41.72%

In the 1,050,810,973 shares of Eminence, 93,549,498 shares and 363,781,194 shares of Eminence are registered in the name of and are beneficiary owned by Landmark Profits Limited and Goodco Development Limited respectively, both companies are wholly-owned subsidiaries of the Company. For the 593,480,281 underlying shares, of which 570,880,281 are the underlying shares of convertible notes issued by the Company to the Goodco Development Limited; and the remaining 22,600,000 underlying shares are the share optioned granted to Ms. Lui Yuk Chu and Mr. Koon Wing Yee (the spouse of Ms. Lui Yuk Chu) on 14 October 2016. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of the Company and is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of the Company and is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Winterbotham Trust as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' Interests

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons (“**Substantial Shareholders**”) (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital are set out below:

Name of Shareholder	Note	Capacity	Number of Shares held (long position)	Approximate percentage of interest
Lui Yuk Chu	<i>i, ii & iii</i>	Beneficial of a trust	46,609,144	58.69%
Koon Ho Yan Candy	<i>i</i>	Beneficial of a trust	29,179,480	36.74%
Koon Wing Yee	<i>i</i>	Interest of spouse	46,609,144	58.69%
Sea Rejoice Limited	<i>i & ii</i>	Beneficial owner	17,429,664	21.95%
Magical Profits Limited	<i>i & ii</i>	Beneficial owner	29,179,480	36.74%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	29,179,480	36.74%
Winterbotham Trust	<i>i & iii</i>	Trustee	29,179,480	36.74%
Winterbotham Holdings Limited	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
Markson International Holdings Limited	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
Christopher Geoffrey Douglas Hooper	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
Ivan Geoffrey Douglas Hooper	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%

Notes:

- (i) Out of 46,609,144 Shares, 17,429,664 Shares are beneficially owned by Sea Rejoice Limited which is wholly-owned by Ms. Lui Yuk Chu. The remaining 29,179,480 Shares are registered in the name of and are beneficially owned by Magical Profits Limited, which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Winterbotham Trust as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu, an executive Director, and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the 29,179,480 Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 46,609,144 Shares by virtue of the SFO.
- (ii) Ms. Lui Yuk Chu, being an executive Director, is also a director of Sea Rejoice Limited and Magical Profits Limited.

- (iii) Winterbotham Trust is the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Winterbotham Trust is owned as to 75% by Winterbotham Holdings Limited (“**Winterbotham Holdings**”) and 25% by Markson International Holdings Limited (“**Markson**”) respectively. Winterbotham Holdings is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper. And Markson is owned as to 60% by Mr. Christopher Geoffrey Douglas Hooper and 40% by Mr. Ivan Geoffrey Douglas Hooper respectively.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other persons who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries have been engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

4. DIRECTORS’ SERVICE CONTRACTS

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

5. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective 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

Save as disclosed in this circular, none of the Directors are interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the 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 have been, since 31 March 2017, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) 1 executed term sheet dated 8 December 2015 for the purchase of the equity linked note (“ELN”) of China Construction Bank Corporation (stock code: 939) for a total consideration of HK\$100,000,000;
- (b) 1 executed term sheet dated 9 December 2015 for the purchase of the ELN of Industrial and Commercial Bank of China Limited (stock code: 1398) for a total consideration of HK\$30,000,000;
- (c) 2 executed term sheets dated 3 May 2016 and 5 May 2016 for the purchase of the ELNs of Ping An Insurance (Group) Co. of China Limited (stock code: 2318) for a total consideration of HK\$79,000,000;
- (d) 6 executed term sheets dated 19 May 2016, 27 June 2016 and 29 September 2016 for the purchase of the ELNs of Hong Kong Exchanges and Clearing Limited (stock code: 388) for a total consideration of HK\$170,000,000;
- (e) 2 executed term sheets dated 30 June 2016 and 30 September 2016 for the purchase of the ELNs of Industrial and Commercial Bank of China Limited (stock code: 1398) for a total consideration of HK\$93,000,000;
- (f) 1 executed term sheet dated 21 September 2016 for the purchase of the ELN of CSOP FTSE China ASO ETF (stock code: 2822) for a consideration of HK\$50,000,000;
- (g) 3 executed term sheets dated 23 September 2016, 28 December 2016 and 28 March 2017 for the purchase of the ELNs of China Construction Bank Corporation (stock code: 939) for a consideration of HK\$120,000,000;
- (h) a loan agreement dated 17 November 2016 entered into between Great Sail Global Limited (“**Great Sail**”), a wholly-owned subsidiary of the Company, as a lender, and Fortunate Gravity Hongkong Limited (“**FG**”), an Independent Third Party to lend up to HK\$100,000,000 for a term of 12 months at the interest rate of 12% per annum. The loan is secured by a share charge;

- (i) a loan agreement dated 7 December 2016 entered into between Planetic International Limited, a wholly-owned subsidiary of the Company, as a lender, and Mr. Ting, an Independent Third Party to lend up to HK\$63,000,000 for a term of 12 months at the interest rate of 8% per annum. The loan is secured by a share charge;
- (j) 3 executed terms sheets dated 3 January 2017, 27 February 2017 and 18 May 2017 for the purchase of the ELNs of Industrial and Commercial Bank of China Limited (stock code: 1398) for a total consideration of HK\$145,000,000;
- (k) 2 executed term sheets dated 20 February 2017 and 4 July 2017 for the purchase of the ELN of Hong Kong Exchanges and Clearing Limited (stock code: 388) for a total consideration of HK\$100,000,000;
- (l) 1 executed term sheet dated 5 May 2017 for the purchase of ELN of Agricultural Bank of China Limited (stock code: 1288) for a consideration of HK\$35,000,000;
- (m) 1 executed term sheet dated 30 June 2017 for the purchase of the ELN of HSBC Holdings plc (stock code: 0005) for a consideration of HK\$50,000,000;
- (n) an agreement dated 13 April 2017 entered into between GY and the seller for the sale and purchase of the sale share and sell loan of Global Chance Holdings Limited;
- (o) a loan agreement dated 15 September 2017 entered into Main Profit Investment Limited (“**Main Profit**”), a wholly-owned subsidiary of the Company, as a lender, and Jimu Group, an Independent Third Party to lend up to HK\$130,000,000 for a term of 6 months at the interest rate of 15.5% per annum. The loan is secured by a share charge and a personal guarantee;
- (p) a deed of settlement dated 22 September 2017 entered into Main Profit and Jimu Group to settle the loan repayment amount of HK\$130,000,000 and other relevant expenses incurred in the transaction; and
- (q) the Supplemental Agreement.

8. GENERAL

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, 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 Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular prevails over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for a period of 14 days from the date of this circular;

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company containing audited consolidated financial statements of the Company for the three years ended 31 March 2015, 2016 and 2017;
- (c) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (d) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts;
- (e) the Loan Agreement;
- (f) the Supplemental Agreement;
- (g) the Share Charges;
- (h) the Personal Guarantee; and
- (i) this circular.