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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 your 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 Easyknit International Holdings Limited (永義國際集團有限公司*), you should at once hand this circular to the purchaser or 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.

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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)**

**POSSIBLE VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
POSSIBLE DISPOSALS OF SHARES OF
HONG KONG EXCHANGES AND CLEARING LIMITED**

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 3 to 10 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 Wednesday, 28 February 2018 at 9:00 a.m. is set out on pages N-1 to N-3 of this circular. A proxy form for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such case, the proxy form shall be deemed to be revoked.

29 January 2018

* for identification purposes only

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DEFINITIONS

In this circular, unless the contents otherwise requires, the following expressions have the meanings as set out below:

“Board”	the board of Directors
“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
“Director(s)”	director(s) of the Company
“ELN”	an equity linked note
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKEx”	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 388)
“HKEx Disposal Mandate”	a general and conditional mandate proposed to be granted by the Shareholders to the Directors to dispose all or part of the HKEx Interests during the Mandate Period in accordance with the terms and conditions set out in this circular
“HKEx Interests”	391,541 HKEx Shares currently held by the Group as at the date of this circular, which are freely tradable on the Stock Exchange
“HKEx Shares”	shares of HKEx
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party(ies) independent of the Company and connected persons of the Company
“Last Trading Day”	Thursday, 28 December 2017, being the date prior to the publication of the announcement providing the information of the Proposed HKEx Disposal

DEFINITIONS

“Latest Practicable Date”	24 January 2018, being the latest practicable date prior to the printing of this circular for ascertaining information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandate Period”	the HKEx Disposal Mandate will be valid for a 12-month period from the date of passing of the relevant resolution(s) by the Shareholders at the SGM
“percentage ratios”	as defined in the Listing Rules
“PRC”	the People’s Republic of China
“Previous Disposal”	the disposal of an aggregate of 1,192,200 HKEx Shares for an aggregate gross sale proceeds of approximately HK\$261,598,900 (excluding transaction costs) in a series of transactions conducted during the period from 13 July 2017 to 13 November 2017, which constituted a major transaction for the Company and the details of these transactions were disclosed in the announcements dated 21 July 2017, 14 September 2017 and 17 November 2017 and the circulars dated 9 October 2017 and 7 December 2017 of the Company
“Proposed HKEx Disposal”	the possible disposals of all or partial of HKEx Interests during the Mandate Period
“SGM”	special general meeting of the Shareholders of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“very substantial disposal”	as defined in the Listing Rules
“%”	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

Independent Non-executive Directors:

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

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

29 January 2018

To the Shareholders

Dear Sir or Madam,

**POSSIBLE VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
POSSIBLE DISPOSALS OF SHARES OF
HONG KONG EXCHANGES AND CLEARING LIMITED**

INTRODUCTION

The Group through its wholly-owned subsidiaries purchases and sells listed securities including HKEx Shares in open market from time to time which could constitute notifiable transactions for the Company under the Listing Rules. During 2017, the Group has disposed on-market an aggregate of 1,192,200 HKEx Shares for an aggregate gross sale proceeds of approximately HK\$261,598,900 (excluding transaction costs) in a series of transactions conducted during the period from 13 July 2017 to 13 November 2017, which constituted a major transaction for the Company under the Listing Rules and the details of these transactions

* for identification purposes only

LETTER FROM THE BOARD

have been disclosed in the announcements dated 21 July 2017, 14 September 2017 and 17 November 2017 and the circulars dated 9 October 2017 and 7 December 2017 of the Company. In view of the prevailing market conditions, the Board proposes to dispose all or partial of the HKEx Interests in a gradual manner in order to generate revenues and good short term profits for the Group.

The aggregate consideration of the Previous Disposal and the estimated proceeds received from the Proposed HKEx Disposal represents more than 75% of the applicable percentage ratios, the transactions thereunder constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules.

Herebelow are the details of the Previous Disposal:

Date of transaction	No. of shares	Total purchase cost <i>HK\$</i>	Selling price per share <i>HK\$</i>	Gross Sale Proceeds <i>HK\$</i>
Previous Disposal				
13 July 2017	50,000	10,130,000	204.720	10,236,000
18 July 2017	50,000	9,938,000	211.040	10,552,000
19 July 2017	70,000	14,074,000	212.629	14,884,000
07 September 2017	70,000	13,927,000	210.057	14,703,997
08 September 2017	90,000	18,135,702	211.067	18,996,000
11 September 2017	160,000	32,584,000	213.225	34,116,000
12 September 2017	110,000	22,336,000	212.600	23,386,000
23 October 2017	128,300	26,453,386	219.56	28,169,320
24 October 2017	30,000	6,204,606	222.20	6,666,000
02 November 2017	103,900	21,349,278	224.92	23,369,600
08 November 2017	140,000	28,886,891	231.17	32,364,000
09 November 2017	70,000	13,707,518	230.17	16,112,000
13 November 2017	120,000	23,372,760	233.70	28,044,000

As the Previous Disposal was made on the market, the Company is not aware of the identities of the purchasers of the HKEx Shares. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the purchasers of the HKEx Shares and their ultimate beneficial owners are Independent Third Parties.

LETTER FROM THE BOARD

THE PROPOSED HKEX DISPOSAL

Terms and conditions of the Proposed HKEx Disposal

As at the Latest Practicable Date, the Group beneficially owns a total of 391,541 HKEx Shares, which are listed and freely tradable on the Stock Exchange, representing approximately 0.032% interest in the issued share capital of HKEx based on publicly available information. It is proposed that the Group will proceed the Proposed HKEx Disposal so as to realise its securities investment under the following terms and conditions:

1. the Group will dispose all or partial of the HKEx Interests in the open market through the trading system of the Stock Exchange;
2. the selling price of the HKEx Shares will be the market price of the HKEx Shares at the relevant times, where the market price refers to the price allowed under the trading system of the Stock Exchange, but will not be less than HK\$174 before expense per HKEx Share, as explained below; and
3. the HKEx Disposal Mandate will be valid for a 12-month period from the date of passing of the relevant resolution(s) by the Shareholders at the SGM.

In exercising the HKEx Disposal Mandate, the Directors will also consider the performance of HKEx Shares and its prevailing market price so as to maximize returns to the Group and avoid a large discount to the traded market price at the relevant times.

Basis for the determination of the minimum selling price for HKEx Shares

According to the Group's book and records, the total acquisition cost for 391,541 HKEx Shares is approximately HK\$75,625,000 and the average acquisition cost per HKEx Share is HK\$193.15. The minimum selling price of HK\$174 per HKEx Share is determined with reference to a discount of approximately 10% to the average acquisition cost of HK\$193.15 per HKEx Share.

Apart from the above acquisition cost, the Board has also made the reference to the lowest closing price of HK\$161.8 and the average closing price of HK\$188.9 per HKEx Share quoted on the Stock Exchange during the year 2016 when the Group executed the Previous Disposal during the year 2017. The adoption of this lowest price of HKEx Shares traded on the Stock Exchange in 2016 as the basis for considering the minimum selling price is to ensure a more flexible financial position of the Group for any new investment opportunities and to increase the cash flow and the working capital of the Group for its financial needs.

Overall, the Board considers the acquisition cost per HKEx Share and the closing price of HKEx Shares for the year 2016 rather than only the current closing price per HKEx Share of HK\$240 as at the Last Trading Day for the determination of the minimum selling price for the HKEx Disposal Mandate. It is mainly because this arrangement would allow flexibility for the Directors to accommodate fluctuations in the market conditions and enable the Directors effectively exercise the HKEx Disposal Mandate under the volatile market conditions to meet the financial needs of the Group.

LETTER FROM THE BOARD

The minimum selling price of HK\$174 per HKEx Share reflects the lowest acceptable price to dispose the HKEx Shares but not the expected price at which the Group targets to dispose all or partial of the HKEx Interests.

The minimum selling price of HK\$174 per HKEx Share represents:

- a discount of approximately 27.50% to the closing price of HK\$240 per HKEx Share as quoted on the Stock Exchange as at the Last Trading Day;
- a discount of approximately 26.27% to the average closing price of approximately HK\$236 per HKEx Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- a discount of approximately 25.96% to the average closing price of approximately HK\$235 per HKEx Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- a discount of approximately 16.35% to the average closing price of approximately HK\$208 per HKEx Share as quoted on the Stock Exchange during the 12-month period from 1 January 2017 to 31 December 2017; and
- a discount of approximately 7.94% to the average closing price of approximately HK\$189 per HKEx Share as quoted on the Stock Exchange during the 12-month period from 1 January 2016 to 31 December 2016.

Having considered the above factors, the Board considers that the deviation of the minimum selling price from the trading prices of the HKEx Shares (as illustrated above) is of strategic advantage to the Company and the minimum selling price of HK\$174 per HKEx Share will allow flexibility for the Directors to accommodate fluctuations in the market conditions and enable the Directors to effectively exercise the HKEx Disposal Mandate under the volatile market conditions, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

LETTER FROM THE BOARD

Financial Effect of the Proposed HKEx Disposal

Earnings

Based on the unaudited pro forma financial information of the Group as set out in Appendix II to this circular, the effect of the Proposed HKEx Disposal is that the profit would be decreased by approximately HK\$9.4 million.

Assets and Liabilities

Based on the unaudited pro forma financial information of the Group as set out in Appendix II to this circular, the effect of the Proposed HKEx Disposal is that (i) available-for-sale investments would be decreased by approximately HK\$54.7 million; (ii) investments held for trading would be decreased by approximately HK\$27.5 million and (iii) cash reserve would be increased by approximately HK\$67.6 million.

The actual amounts of proceeds, accounting gain or loss and the effects on the net assets and earnings of the Group will depend on the actual selling prices of the Proposed HKEx Disposal.

Manners of the Proposed HKEx Disposal

The Proposed HKEx Disposal will be proceeded in accordance with the terms and conditions as stipulated in this circular and also will comply with all relevant laws and regulations, including any applicable trading regulations governing the Proposed HKEx Disposal in Hong Kong.

Pursuant to the HKEx Disposal Mandate proposed to be granted to the Directors, the Group may dispose all or partial of the HKEx Interests on the Stock Exchange through its trading system during the Mandate Period. Nevertheless, the Directors will consider various factors from time to time including general market conditions and the Company's funding arrangements (in particular the progress of making any new investments and the performance of the existing investments).

Further, the Group does not have any discussion with any party for the disposal of the HKEx Interests as at the Latest Practicable Date. Nevertheless, the Board is of the view that it would be in the best interests of the Shareholders and the Company for the Directors to have flexibility in disposing of the HKEx Interests.

The Company will publish an announcement every month to disclose the details of the Proposed HKEx Disposal including the number of HKEx Shares disposed of pursuant to the HKEx Disposal Mandate on an aggregated basis and the net proceeds arising therefrom. In addition, the Company will disclose the details of the Proposed HKEx Disposal in the annual report and interim report of the Company.

LETTER FROM THE BOARD

Information about HKEx

According to publicly available information, HKEx is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 388). According to its company profile available on the internet, HKEx is the holding company of the Stock Exchange, Hong Kong Futures Exchange Limited and Hong Kong Securities Clearing Company Limited and brings together the market organisations which have transformed Hong Kong's financial services industry from a domestically focused market to become a central market place in Asia attracting investment funds from all over the world. HKEx was listed in June 2000 following the integration of Hong Kong's securities and derivatives markets. HKEx services comprise trading, clearing and settlement, depository and nominee services, and information services.

The following information is extracted from the published documents of HKEx:

	For the nine months ended 30 September 2017	For the year ended 31 December	
	<i>HK\$ million</i>	2016	2015
		<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	9,657	11,116	13,375
Profit before taxation	6,411	6,799	9,278
Net profit after taxation attributable to shareholders of HKEx	5,526	5,769	7,956
Total assets	282,551	247,318	238,193

REASONS FOR AND BENEFITS OF THE PROPOSED HKEX DISPOSAL

The Board considers that the Proposed HKEx Disposal represents a good opportunity to increase the cash flow of the Company and where necessary, generate revenue and good short term profits for the Group. Looking forward, the Board intends to apply the net proceeds from the Proposed HKEx Disposal for general working capital or other appropriate investment opportunities.

The Board also considers that the terms and conditions of the Proposed HKEx Disposal are fair and reasonable and in the best interests of the Company and the Shareholders as a whole after considering the prevailing market sentiments and conditions, and the financial needs of the Group. In the meantime, the HKEx Disposal Mandate will provide flexibility to the Directors to dispose all or partial of the HKEx Interests at the appropriate times and prices in order to maximize returns to the Group.

The Shareholders should note that the actual amounts of proceeds, accounting gain or loss and the effects on the net assets and earnings of the Group will depend on the actual selling prices of the proposed disposal of the HKEx Shares.

LETTER FROM THE BOARD

IMPLICATIONS OF THE PROPOSED HKEX DISPOSAL UNDER THE LISTING RULES

If the Group proceeds with the Proposed HKEx Disposal and on the assumption that all HKEx Interests held by the Group are to be disposed of, the aggregate consideration of the Previous Disposal and the estimated proceeds received from the Proposed HKEx Disposal represents more than 75% of the applicable percentage ratios, the transactions thereunder constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed HKEx Disposal is subject to the requirements of announcement, circular and Shareholders' approval in accordance with Chapter 14 of the Listing Rules.

In consideration of the above requirements, the Board proposes to seek the approval of the Shareholders at the SGM for the Proposed HKEx Disposal together with the grant of the HKEx Disposal Mandate to the Directors to dispose all or partial of the HKEx Interests during the Mandate Period.

In the event that the Group finds out that the counterparty is a connected person before disposing of the HKEx Interests, the Company will strictly follow the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as may be applicable.

A circular, containing further details of the Proposed HKEx Disposal together with a notice of the SGM to approve the Proposed HKEx Disposal and the HKEx Disposal Mandate contemplated under is expected to be despatched to the Shareholders on or before 29 January 2018.

To the best of the knowledge and belief of the Directors having made all reasonable enquiry, no Shareholder has a material interest in the matters which are the subject of the Proposed HKEx Disposal such that it must abstain from voting, and, accordingly, all Shareholders will be permitted to vote at the SGM.

INFORMATION ABOUT THE COMPANY

The Group's principal businesses are property investment, property development, securities investment and loan financing business.

SGM

The aggregate of Previous Disposal and Proposed HKEx Disposal constitute a very substantial disposal for the Company under the Listing Rules, for which Shareholders' approval is required. At present, no Shareholder is required to abstain from voting on the approval of the Proposed HKEx Disposal.

LETTER FROM THE BOARD

A notice convening the SGM to be held on Wednesday, 28 February 2018 at 9:00 a.m. at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for the purpose of considering and, if thought fit, approving, among other things, the Proposed HKEx Disposal and the HKEx Disposal Mandate is set out on pages N-1 to N-3 of this circular.

Whether or not Shareholders are able to attend the SGM, they are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the proxy form will not preclude the Shareholders from subsequently attending and voting in person at the SGM or any adjournment thereof should they so wish.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' eligibility to attend and vote at the SGM, the register of members will be closed from Friday, 23 February 2018 to Wednesday, 28 February 2018, both days inclusive. During such period, no transfers of shares of the Company will be registered. In order to qualify to attend and vote at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 22 February 2018.

RECOMMENDATION

The Board considers that the Proposed HKEx Disposal and the HKEx Disposal Mandate are fair and reasonable and in the interests 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 Proposed HKEx Disposal and the HKEx Disposal Mandate contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of
Easyknit International Holdings Limited
Tse Wing Chiu Ricky
President and Chief Executive Officer

1. FINANCIAL SUMMARY OF THE GROUP

Here below are the details of the published annual and interim reports showing the financial information of the Company:

For the six months ended	Published date of interim report	Pages
30 September 2017 <i>http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1221/LTN20171221381.pdf</i>	14 December 2017	22-56
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

For the period ended 30 September 2017 (the “**Period**”), the Group’s revenue was HK\$247,005,000 slightly decrease of approximately HK\$72,000 as compared to the corresponding period in 2016 (“**2016 Period**”) of HK\$247,077,000; and the Group’s profit for the Period was HK\$22,802,000 (2016 Period: loss of HK\$162,739,000).

For the Period, the Group’s revenue was mostly derived from the aggregate of income generated from the disposal of properties held for sale, properties rental income and interest income from loan financing business.

For the Period, the profit was mainly attributable to the decrease in results attributable to interests in associates of HK\$81,173,000 (2016 Period: HK\$189,003,000); and gain on changes in fair value of investment properties of HK\$32,700,000 (2016 Period: loss of HK\$9,355,000).

The basic and diluted earnings per share for the Period was approximately HK\$0.29 (2016 Period: basic and diluted loss per share of HK\$2.05).

Business Review

During the Period, the Group was principally engaged in the property investment, property development, securities investment and loan financing business.

(i) Property Investment

The Group has investment properties in Hong Kong.

Revenue of the Group's property rental for the Period was HK\$27,005,000 (2016 Period: HK\$26,416,000), increase of approximately HK\$589,000 or 2.2% over the 2016 Period.

The Group's investment properties comprise residential, commercial and industrial properties.

As at 30 September 2017, the Group's commercial and residential rental properties in Hong Kong were both leased 100%. The industrial rental properties in Hong Kong continued to maintain a high occupancy rate of 89.6%. The property management fee income was HK\$437,000 (2016 Period: HK\$368,000).

(ii) Property Development

The Group did not launch any new development projects for sale/presale for the Period and continued to promote the sale of a small number of remaining residential units of its existing development projects in Hong Kong. For the Period, the revenue recorded from the property development segment was approximately HK\$204,309,000, representing a slightly decrease of approximately 4.0% as compared to approximately HK\$212,888,000 in the 2016 Period.

A new residential development project, known as No. 6 La Salle Road, Kowloon, Hong Kong, is expected to be launched in early 2018.

(iii) Securities Investment

The Group maintains a securities portfolio with a strategy of diversification to reduce effects of price fluctuations of any single securities.

For the Period, the Group held trading securities in the amount of HK\$179,242,000 as compared to HK\$287,493,000 as at 31 March 2017, representing a 37.7% decrease. It was derived from: (1) the disposal of trading securities which had a cost or fair value as at 31 March 2017 of HK\$119,738,000; (2) purchase of trading securities of HK\$10,321,000 during the Period; and (3) net increase in market value in the amount of HK\$1,166,000 of the trading securities.

The Group recognised (1) gain on fair value changes of trading securities for the Period of HK\$10,447,000 (2016 Period: loss of HK\$2,755,000); (2) loss of HK\$1,199,000 (2016 Period: HK\$663,000) on fair value changes of financial assets designated at fair value through profit or loss; (3) loss on changes in fair value of derivatives component of convertible notes of HK\$1,588,000 (2016 Period: HK\$7,007,000); (4) loss of HK\$1,561,000 (2016 Period: gain of HK\$19,157,000) on disposal of available for sale investments; and (5) impairment loss of available-for-sale investments of HK\$2,614,000 (2016 Period: HK\$22,493,000). This segment recorded a profit of HK\$22,835,000 (2016 Period: HK\$4,493,000).

(iv) Loan Financing

During the Period, this segment recorded a revenue of HK\$15,691,000 (2016 Period: HK\$7,773,000) representing 101.9% increase comparing with the 2016 Period.

Financial Review***Liquidity and Financial Resources***

The Group financed its operation through internally generated cash flow and bank borrowings. As at 30 September 2017, the Group's bank borrowings amounted to HK\$1,232,151,000 (31 March 2017: HK\$899,482,000). The gearing ratio of the Group, calculated as a ratio of total borrowings to total equity, for the Period was 0.43 (31 March 2017: 0.32).

As at 30 September 2017, the Group has net current assets of HK\$1,337,759,000 (31 March 2017: HK\$1,058,122,000). Current ratio as at 30 September 2017 was 4.4 (31 March 2017: 3.8). The bank balances and cash as at 30 September 2017 was HK\$158,235,000 (31 March 2017: HK\$25,473,000).

Capital Structure

During the Period, there was no change to the share capital of the Company. As at 30 September 2017, the total number of issued ordinary shares of the Company was 79,420,403 shares.

Charge on Group Assets

As at 30 September 2017, bank loans amounting to HK\$1,232,151,000 (31 March 2017: HK\$899,482,000) were secured by investment properties, properties held for development for sale; and deposit and prepayment for a life insurance policy and financial assets designated as at fair value through profit or loss of the Group having a net book value of HK\$2,545,347,000 (31 March 2017: HK\$2,160,596,000).

Exposure on Foreign Exchange Fluctuations

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

Material Acquisitions and Disposals

Acquisition of Waterloo Building Waterloo Building is located at Nos. 93, 93A, 95 and 95A of Waterloo Road, Kowloon, Hong Kong which is a 3-storey residential building comprising 12 units with a total saleable area of 13,821 sq.ft. The Group aimed to acquire the entire building and redevelop the Waterloo Building site.

1st Acquisition

On 13 April 2017, Good Year Ventures Limited (“GY”), a wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement with an independent third party to acquire an investment holding company known as Global Chance Holdings Limited and the 11 units of Waterloo Building for a total consideration of HK\$332,869,023.25. Details of the acquisition are set out in the Company’s announcement dated 13 April 2017 and the completion of the acquisition of the 11 units were taken place on 28 June 2017.

2nd Acquisition

On 5 July 2017, the Group via a wholly-owned subsidiary, as purchaser, entered into a sale and purchase agreement with an independent third party to acquire the remaining unit of Waterloo Building for a total consideration of HK\$41,800,000. Details of the acquisition are set out in the Company’s announcement dated 5 July 2017. The transaction was approved by the shareholders of the Company on 4 September 2017 and the completion of the acquisition of the remaining unit was taken place on 6 October 2017.

Contingent Liabilities

The Group did not have significant contingent liabilities as at 30 September 2017 (31 March 2017: nil).

Capital Expenditures

During the Period, the Group has spent HK\$6,457,000 on the acquisitions of property, plant and equipment (2016 Period: HK\$840,000); and have no capital expenditures in the additions of investment properties for both periods.

Capital Commitments

As at 30 September 2017, the Group has no capital commitments (31 March 2017: HK\$621,000). Changes in Fair Value of Investment Properties As at 30 September 2017, there is a gain of HK\$32,700,000 arising on changes in fair value of investment properties (2016 Period: loss of HK\$9,355,000).

Finances Costs

Finance costs was HK\$9,100,000, decreased by HK\$559,000 or 5.8% for the Period from HK\$9,659,000 in the 2016 Period.

Employees

As at 30 September 2017, the Group had a total of 36 employees (2016: 26 employees). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the employees in Hong Kong. The Group has a share option scheme to motivate employees.

Proposed Spin Off And Listing

Reference is made to the announcement of the Company dated 27 October 2017 under which the Company is currently considering the possibility of a spin-off and separate listing (“**Proposed Spinoff**”) of the Group’s residential property business (“**RP Business**”) on the Main Board of the Stock Exchange. A spin-off proposal was submitted to the Stock Exchange on 12 May 2017 pursuant to Practice Note 15 of the Listing Rules and on 24 October 2017, the Stock Exchange agreed that the Company may proceed with the Proposed Spin-off.

Preparation for the Proposed Spin-off is underway and no listing application has been submitted to the Stock Exchange for the separate listing of the RP Business on the Main Board of the Stock Exchange. In the event that the Proposed Spin-off would proceed, it may constitute a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules. Further announcement in respect of the Proposed Spin-off will be made by the Company as and when appropriate in accordance with the Listing Rules.

Prospects

As coupled with the Government’s long-term strategic plan to develop new living and business districts in Hong Kong in an attempt to build up a greater metropolitan area, the Group expects population of Hong Kong will increase further and this should generate further inelastic demand for residential properties. The Group therefore keeps an optimistic view about the property market and shall devote further resources and efforts in the tender and search of land for development. In addition, the Group shall continue to look for potential investment properties for recurring income and capital appreciation.

Furthermore, the Group continues to extend and direct its resources to loan financing business and it is expected that such business shall be part of the main income stream of the Group in the future.

The Board 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.

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 December 2017, the Group had outstanding bank borrowings of approximately HK\$1,130 million, which were guaranteed by the Company and were secured by certain properties of the Group. The bank borrowings are secured by leasehold properties, investment properties, properties held for development for sale and properties held for sale of the Group with aggregate carrying amounts of approximately HK\$76 million, HK\$1,543 million, HK\$786 million and 110 million respectively at 31 December 2017.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 31 December 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 borrowing 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 short-lived. 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 the 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.

The Directors believe that in such a volatile economic environment, these operations 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 adverse change to the financial or trading position of the Group since 31 March 2017, being the date to which the latest published audited consolidated 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 GY 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 the 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;
- (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; and
- (v) the Company's announcement dated 16 November 2017 relating to the entering of a supplemental agreement to revise the term of the loan agreement of 16 November 2016 between Great Sail Global Limited as lender and the borrower to extend the loan period to 14 February 2018.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**Introduction**

The following is an illustrative and unaudited pro forma condensed consolidated statement of financial position, unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and unaudited pro forma condensed consolidated statement of cash flows (collectively referred to as the “Unaudited Pro Forma Financial Information”) of the Group, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Proposed HKEx Disposal as if the Proposed HKEx Disposal had been completed as of 30 September 2017 in the case of the unaudited pro forma condensed consolidated statement of financial position as at 30 September 2017, or 1 April 2017 in the case of the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2017 and unaudited pro forma condensed consolidated statement of cash flows for the six months ended 30 September 2017, after making the pro forma adjustments relating to the Proposed HKEx Disposal that are factually supportable and directly attributable, as explained in the notes below.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of (i) the condensed consolidated statement of financial position as at 30 September 2017 had the Proposed HKEx Disposal been completed as of 30 September 2017, and (ii) the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2017 and condensed consolidated statement of cash flows for the six months ended 30 September 2017 had the Proposed HKEx Disposal been completed as at 1 April 2017; or at any future dates.

Unaudited Pro Forma Condensed Consolidated Statement of Financial Position of
the Group

	The Group as at 30 September 2017 <i>HK\$'000</i> (unaudited) <i>Note 1</i>	Pro forma adjustments		Pro forma total for the Group <i>HK\$'000</i> (unaudited)
		<i>HK\$'000</i>		
		<i>Note 2</i>	<i>Note 3</i>	
Non-current assets				
Property, plant and equipment	90,978	-	-	90,978
Investment properties	1,661,000	-	-	1,661,000
Interests in associates	511,025	-	-	511,025
Available-for-sale investments	87,609	(54,668)	-	32,941
Convertible notes	69,676	-	-	69,676
Derivatives component of convertible notes	17,068	-	-	17,068
Loans receivable	50,890	-	-	50,890
Intangible asset	500	-	-	500
Statutory deposits	205	-	-	205
Deposit and prepayments for a life insurance policy	10,138	-	-	10,138
	<u>2,499,089</u>	<u>(54,668)</u>	<u>-</u>	<u>2,444,421</u>
Current assets				
Properties held for development for sale	722,340	-	-	722,340
Deposits and prepayment for acquisition of properties held for development for sale	11,495	-	-	11,495
Properties held for sale	194,803	-	-	194,803
Investments held for trading	179,242	(27,477)	-	151,765
Trade and other receivables	151,667	-	-	151,667
Loans receivable	249,307	-	-	249,307
Financial assets designated as at fair value through profit or loss	68,293	-	-	68,293
Bank balances and cash	158,235	67,987	(400)	225,822
	<u>1,735,382</u>	<u>40,510</u>	<u>(400)</u>	<u>1,775,492</u>
Current liabilities				
Trade and other payables	81,893	-	-	81,893
Tax payable	33,135	-	-	33,135
Secured bank borrowings	282,595	-	-	282,595
	<u>397,623</u>	<u>-</u>	<u>-</u>	<u>397,623</u>
Net current assets	<u>1,337,759</u>	<u>40,510</u>	<u>(400)</u>	<u>1,377,869</u>
Total assets less current liabilities	<u><u>3,836,848</u></u>	<u><u>(14,158)</u></u>	<u><u>(400)</u></u>	<u><u>3,822,290</u></u>

	The Group as at 30 September 2017 <i>HK\$'000</i> (unaudited) <i>Note 1</i>	Pro forma adjustments		Pro forma total for the Group <i>HK\$'000</i> (unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>	
		<i>Note 2</i>	<i>Note 3</i>	
Capital and reserves				
Share capital	7,942	-	-	7,942
Reserves	2,879,350	(14,158)	(400)	2,864,792
Total equity	<u>2,887,292</u>	<u>(14,158)</u>	<u>(400)</u>	<u>2,872,734</u>
Non-current liabilities				
Secured bank borrowings	949,556	-	-	949,556
	<u>3,836,848</u>	<u>(14,158)</u>	<u>(400)</u>	<u>3,822,290</u>

Notes:

- The figures are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2017 as set out in the published interim report of the Company for the six months ended 30 September 2017.
- The adjustment represents the disposal of 391,541 HKEx Shares in one on-market transaction at the minimum selling price of HK\$174 before expense per HKEx Share. Loss on the disposal of the 391,541 HKEx Shares amounts to approximately HK\$14,158,000 which is derived from (i) the gross sale proceeds of approximately HK\$68,128,000 based on the minimum selling price of HK\$174 per HKEx Share net of direct expenses of approximately HK\$141,000, comprising stamp duty of approximately HK\$65,000 and brokerage fee of approximately HK\$76,000; and (ii) carrying amount of the 391,541 HKEx Shares at 30 September 2017, comprising available-for-sale investments ("AFS Investments") of approximately HK\$54,668,000 and investments held for trading ("HFT Investments") of approximately HK\$27,477,000. It is assumed that the net sale proceeds, after deducting direct expenses, of approximately HK\$67,987,000 were all settled in cash as at 30 September 2017.

Details of how the Directors determine the minimum selling price of HK\$174 per HKEx Share are set out in the section headed "Basis for the determination of the minimum selling price for HKEx Shares" in the "Letter from the Board" of this circular. There is no certainty that the selling price will be higher than the minimum selling price of HK\$174 before expense per HKEx Share. Any change in the selling price of the HKEx Shares will affect the net sale proceeds and therefore the gain or loss on disposal of the 391,541 HKEx Shares which will be recognised in profit or loss. There is also no certainty that the disposal of any HKEx Shares will take place.

- The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$400,000.
- No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2017, including that part of the Previous Disposal happened after 30 September 2017. Details of the Previous Disposal are set out in the section headed "Introduction" in the "Letter from the Board" of this circular.

Unaudited Pro Forma Condensed Consolidated Statement of Profit or Loss and
Other Comprehensive Income of the Group

	The Group Six months ended 30 September 2017	Pro forma adjustments			Pro forma total for the Group
	HK\$'000 (unaudited) Note 1	HK\$'000 Note 2	HK\$'000 Note 3	HK\$'000 Note 4	HK\$'000 (unaudited)
Revenue	247,005	-	-	-	247,005
Cost of properties sold and services rendered	(125,027)	-	-	-	(125,027)
	121,978	-	-	-	121,978
Other income	23,229	-	-	-	23,229
Distribution and selling expenses	(25,571)	-	-	-	(25,571)
Administrative expenses	(27,820)	-	-	(400)	(28,220)
Gain on changes in fair value of investment properties	32,700	-	-	-	32,700
Gain (loss) on changes in fair value of investments held for trading	10,447	(2,916)	(1,820)	-	5,711
Gain on redemption of convertible note	1,135	-	-	-	1,135
Gain on modification of terms of convertible note	425	-	-	-	425
Loss on changes in fair value of financial assets designated as at fair value through profit or loss	(1,199)	-	-	-	(1,199)
Loss on changes in fair value of derivatives component of convertible notes	(1,588)	-	-	-	(1,588)
Loss on disposal of available-for-sale investments	(1,561)	(4,263)	-	-	(5,824)
Impairment loss on available-for-sale investments	(2,614)	-	-	-	(2,614)
Results attributable to interests in associates	(81,173)	-	-	-	(81,173)
Finance costs	(9,100)	-	-	-	(9,100)
Profit before taxation	39,288	(7,179)	(1,820)	(400)	29,889
Taxation charge	(16,486)	-	-	-	(16,486)
Profit for the period attributable to owners of the Company	22,802	(7,179)	(1,820)	(400)	13,403

	The Group	Pro forma adjustments			Pro forma
	Six months ended 30 September 2017	HKS'000	HKS'000	HKS'000	HKS'000
	(unaudited)				(unaudited)
	Note 1	Note 2	Note 3	Note 4	
Other comprehensive income (expense)					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Share of other comprehensive income (expenses) of associates:					
Share of translation reserve of associates	1,997	-	-	-	1,997
Share of investment valuation reserve of associates	3,455	-	-	-	3,455
Reclassification of translation reserve to profit or loss upon partial disposal of interests in associates without loss of significant influence	677	-	-	-	677
Reclassification of investment revaluation reserve to profit or loss upon partial disposal of interests in associates without loss of significant influence	(486)	-	-	-	(486)
	5,643	-	-	-	5,643
Changes in fair value of available-for-sale investments	6,383	-	(5,159)	-	1,224
Released on disposal of available-for-sale investments	1,561	-	-	-	1,561
Reclassification adjustment upon impairment of available-for-sale investments	2,614	-	-	-	2,614
Other comprehensive income for the period	16,201	-	(5,159)	-	11,042
Total comprehensive income for the period attributable to owners of the company	39,003	(7,179)	(6,979)	(400)	24,445

Notes:

1. The figures are extracted from the unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 September 2017 as set out in the published interim report of the Company for the six months ended 30 September 2017.
2. The adjustment represents the disposal of 391,541 HKEx Shares in one on-market transaction at the minimum selling price of HK\$174 before expense per HKEx Share on 1 April 2017. Of the 391,541 HKEx Shares, (i) 260,574 HKEx Shares were acquired in open market and accounted for as AFS Investments during the six months ended 30 September 2017 for an aggregate consideration of approximately HK\$49,509,000 including direct expenses such as stamp duty and brokerage fee with carrying value (being fair value) at 30 September 2017 of approximately HK\$54,668,000; (ii) 130,967 HKEx Shares held as HFT Investments, comprising (a) 113,921 HKEx Shares which have been held since 1 April 2017 with carrying amount (being fair value) at that day of approximately HK\$22,283,000 and at 30 September 2017 of approximately HK\$23,901,000 and (b) 17,046 HKEx Shares which were acquired in open market during the six months ended 30 September 2017 for an aggregate consideration of approximately HK\$3,374,000 including direct expenses such as stamp duty and brokerage fee with carrying value (being fair value) at 30 September 2017 of approximately HK\$3,576,000.

For pro forma purpose, it is assumed that the AFS Investments acquired during the six months ended 30 September 2017 per (i) above and the HFT Investments acquired during the six months ended 30 September 2017 per (ii)(b) above were acquired on 1 April 2017 for an aggregate consideration including direct expenses of approximately HK\$49,509,000 and HK\$3,374,000, respectively. Loss on the disposal of 260,574 HKEx Shares (held as AFS Investments per (i) above) amounts to approximately HK\$4,263,000 which is derived from the gross sale proceeds of approximately HK\$45,340,000 based on the minimum selling price of HK\$174 per HKEx Share net of direct expenses of approximately HK\$94,000, comprising stamp duty of approximately HK\$45,000 and brokerage fee of approximately HK\$49,000, and carrying amount of these AFS Investments of approximately HK\$49,509,000. Loss on the disposal of 130,967 HKEx Shares (held as HFT Investments per (ii) above) amounts to approximately HK\$2,916,000 which is derived from the gross sale proceeds of approximately HK\$22,788,000 based on the minimum selling price of HK\$174 per HKEx Share net of direct expenses of approximately HK\$47,000, comprising stamp duty of approximately HK\$20,000 and brokerage fee of approximately HK\$27,000, and carrying amount of these HFT Investments of approximately HK\$25,657,000.

Details of how the Directors determine the minimum selling price of HK\$174 per HKEx Share are set out in the section headed "Basis for the determination of the minimum selling price for HKEx Shares" in the "Letter from the Board" of this circular. There is no certainty that the selling price will be higher than the minimum selling price of HK\$174 before expense per HKEx Share. Any change in the selling price of the HKEx Shares will affect the net sale proceeds and therefore the gain or loss on disposal of the 391,541 HKEx Shares which will be recognised in profit or loss. There is also no certainty that the disposal of any HKEx Shares will take place.

3. The adjustment represents elimination of (i) gain on changes in fair value of 260,574 HKEx Shares (held as AFS Investments per (2)(i) above) of approximately HK\$5,159,000; and gain on changes in fair value of 130,967 HKEx Shares (held as HFT Investments per (2)(ii) above) of approximately HK\$1,820,000.
4. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$400,000.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2017, including that part of the Previous Disposal happened after 30 September 2017. Details of the Previous Disposal are set out in the section headed "Introduction" in the "Letter from the Board" of this circular.

Unaudited Pro Forma Condensed Consolidated Statement of Cash Flows of the
Group

	The Group	Pro forma adjustments		Pro forma
	Six months ended			total for
	30 September 2017	HK\$'000	HK\$'000	the Group
	(unaudited)	Note 2	Note 3	(unaudited)
	Note 1			HK\$'000
Net cash used in operating activities	(168,906)	22,741	(400)	(146,565)
Net cash (used in) from investing activities				
Redemption of financial assets designated as at fair value through profit or loss	360,014	–	–	360,014
Proceeds from redemption of convertible notes	35,000	–	–	35,000
Proceeds received from disposal of available-for-sale investments	13,637	45,246	–	58,883
Dividend received from available-for-sale investments	1,525	–	–	1,525
Acquisition of financial assets designated as at fair value through profit or loss	(383,000)	–	–	(383,000)
Acquisition of convertible notes	(44,200)	–	–	(44,200)
Purchase of property, plant and equipment	(6,457)	–	–	(6,457)
Acquisition of available-for-sale investments	(706)	–	–	(706)
Other investing activities	9,130	–	–	9,130
	(15,057)	45,246	–	30,189
Net cash from (used in) financing activities				
Bank loans raised	472,257	–	–	472,257
Repayment of bank loans	(139,796)	–	–	(139,796)
Interest paid	(11,765)	–	–	(11,765)
Dividend paid	(3,971)	–	–	(3,971)
	316,725	–	–	316,725
Net increase in cash and cash equivalents	132,762	67,987	(400)	200,349
Cash and cash equivalents at beginning of the period	25,473	–	–	25,473
Cash and cash equivalents at end of the period, represented by bank balances and cash	158,235	67,987	(400)	225,822

Notes:

1. The figures are extracted from the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 September 2017 as set out in the published interim report of the Company for the six months ended 30 September 2017.
2. The adjustment represents the disposal of 391,541 HKEx Shares in one on-market transaction at the minimum selling price of HK\$174 before expense per HKEx Share on 1 April 2017. Of the 391,541 HKEx Shares, (i) 260,574 HKEx Shares were acquired in open market and accounted for as AFS Investments during the six months ended 30 September 2017 for an aggregate consideration of approximately HK\$49,509,000 including direct expenses such as stamp duty and brokerage fee with carrying value (being fair value) at 30 September 2017 of approximately HK\$54,668,000; (ii) 130,967 HKEx Shares held as HFT Investments, comprising (a) 113,921 HKEx Shares which have been held since 1 April 2017 with carrying amount (being fair value) at that day of approximately HK\$22,283,000 and at 30 September 2017 of approximately HK\$23,901,000 and (b) 17,046 HKEx Shares which were acquired in open market during the six months ended 30 September 2017 for an aggregate consideration of HK\$3,374,000 including direct expenses such as stamp duty and brokerage fee with carrying value (being fair value) at 30 September 2017 of approximately HK\$3,576,000.

For pro forma purpose, it is assumed that the AFS Investments acquired during the six months ended 30 September 2017 per (i) above and the HFT Investments acquired during the six months ended 30 September 2017 per (ii)(b) above were acquired on 1 April 2017 for an aggregate consideration including direct expenses of approximately HK\$49,509,000 and HK\$3,374,000, respectively. Loss on the disposal of 260,574 HKEx Shares (held as AFS Investments per (i) above) amounts to approximately HK\$4,263,000 which is derived from the gross sale proceeds of approximately HK\$45,340,000 based on the minimum selling price of HK\$174 per HKEx Share net of direct expenses of approximately HK\$94,000, comprising stamp duty of approximately HK\$45,000 and brokerage fee of approximately HK\$49,000, and carrying amount of these AFS Investments of approximately HK\$49,509,000. Loss on the disposal of 130,967 HKEx Shares (held as HFT Investments per (ii) above) amounts to approximately HK\$2,916,000 which is derived from the gross sale proceeds of approximately HK\$22,788,000 based on the minimum selling price of HK\$174 per HKEx Share net of direct expenses of approximately HK\$47,000, comprising stamp duty of approximately HK\$20,000 and brokerage fee of approximately HK\$27,000, and carrying amount of these HFT Investments of approximately HK\$25,657,000. It is assumed that the net sale proceeds, after deducting direct expenses, of approximately HK\$67,987,000 were all settled in cash as at 30 September 2017.

Details of how the Directors determine the minimum selling price of HK\$174 per HKEx Share are set out in the section headed “Basis for the determination of the minimum selling price for HKEx Shares” in the “Letter from the Board” of this circular. There is no certainty that the selling price will be higher than the minimum selling price of HK\$174 before expense per HKEx Share. Any change in the selling price of the HKEx Shares will affect the net sale proceeds and therefore the gain or loss on disposal of the 391,541 HKEx Shares which will be recognised in profit or loss. There is also no certainty that the disposal of any HKEx Shares will take place.

3. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$400,000.
4. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2017, including that part of the Previous Disposal happened after 30 September 2017. Details of the Previous Disposal are set out in the section headed “Introduction” in the “Letter from the Board” of this circular.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT
ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT
ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL
INFORMATION****TO THE DIRECTORS OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Easyknit International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma condensed consolidated statement of financial position as at 30 September 2017, the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2017, the unaudited pro forma condensed consolidated statement of cash flows for the six months ended 30 September 2017 and related notes as set out in Section A of Appendix II to the circular issued by the Company dated 29 January 2018 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the possible disposals of 391,541 shares of Hong Kong Exchanges and Clearing Limited (the "Proposed HKEx Disposal") on the Group's financial position as at 30 September 2017 and the Group's financial performance and cash flows for the six months ended 30 September 2017 as if the Proposed HKEx Disposal had taken place at 30 September 2017 and 1 April 2017, 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 unaudited condensed consolidated financial statements for the six months ended 30 September 2017, on which no review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 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 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

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.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited 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 unaudited 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 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 unaudited 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 unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular 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 30 September 2017 or 1 April 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited 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 unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited 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 unaudited 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 unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 January 2018

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 underlying shares held	Approximate percentage of interests	
				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 options 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) 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;
- (b) 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;
- (c) 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;
- (d) 1 executed term sheet dated 21 September 2016 for the purchase of the ELN of CSOP FTSE China A50 ETF (stock code: 2822) for a consideration of HK\$50,000,000;
- (e) 3 executed term sheet 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;
- (f) 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;
- (g) 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;
- (h) 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;

- (i) 2 executed term sheets dated 20 February 2017 and 4 July 2017 for the purchase of the ELNs of Hong Kong Exchanges and Clearing Limited (stock code: 388) for a total consideration of HK\$100,000,000;
- (j) 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;
- (k) 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;
- (l) 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;
- (m) 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;
- (n) 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
- (o) a supplemental agreement dated 16 November 2017 entered into between Great Sail as lender and FG as the borrower to extend due date of the loan agreement to 14 February 2018.

8. EXPERT AND CONSENT

The following is the qualification of the expert who is named in this circular or has given its opinions or advices which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
<ul style="list-style-type: none"> (a) did not have any direct or indirect interest in any assets which have been, since 31 March 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and (b) did not have any shareholding in any member of the 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 Group. 	

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name 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 with extensive experience in the legal field.
- (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.

10. 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 for the three years ended 31 March 2015, 2016 and 2017;
- (c) the interim report of the Company for the six months ended 30 September 2017;
- (d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Group as set out in Appendix II to this circular;
- (e) the letter of consent referred to in the paragraph headed "Expert and consent" in this appendix;
- (f) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (g) 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; and
- (h) this circular.

NOTICE OF SPECIAL GENERAL MEETING



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Easyknit International Holdings 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 Wednesday, 28 February 2018, at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) subject to paragraph (b) below, the disposal by the Company and/or its subsidiaries of all or partial of a total of 391,541 shares in Hong Kong Exchanges and Clearing Limited (each “**HKEx Share**”) currently held by the subsidiaries of the Company as at the date of this notice of the Meeting during the Relevant Period be and is hereby approved;
- (b) no disposal of HKEx Shares pursuant to the authority granted under this ordinary resolution shall be made unless:
 - (i) the price per HKEx Share at which such disposal is made shall be equal to or exceed HK\$174 per HKEx Share;
 - (ii) the HKEx Shares to be disposed of shall be sold on-market through The Stock Exchange of Hong Kong Limited;
 - (iii) for the purpose of this ordinary resolution, the Relevant Period means a 12-month period from the date of passing of this ordinary resolution by the shareholders at the special general meeting of the Company.

* for identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

- (c) the directors of the Company be and are hereby authorized to execute all such documents, instruments and agreements and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to any such disposal as they may in their absolute discretion consider necessary or desirable with full power to authorize any other person to do so in the name of and as the act of the Company.”

By Order of the Board
Easyknit International Holdings Limited
Tse Wing Chiu Ricky
President and Chief Executive Officer

Hong Kong, 29 January 2018

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

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. A form of proxy for use at the Meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the Meeting.
5. The register of members of the Company will be closed from Friday, 23 February 2018 to Wednesday, 28 February 2018, both days inclusive. During which period, no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 22 February 2018.
6. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened and in such event, the form of proxy will be deemed to be revoked.
7. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.